

Reading the KHI Group CSR Report 2010

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Judging from what I have read in this report, the Kawasaki Heavy Industries Group does not see CSR as something special and separate but is trying to attain both CSR and corporate business activities at the highest level. For example, under the heading, “A Future for Society Created by the KHI Group,” I can see that the Group’s corporate strategy and human happiness and prosperity are closely connected. I am favorably impressed by the way that top management sees CSR as the pivotal center of its business activities and that each company understands the meaning and significance of CSR. On the other hand, I found some issues to be considered. The following is my personal opinion of this report.

(1) Issues in CSR

This report sets up five themes as CSR issues: business, management, employees, global environment, and social contribution. This classification is appropriate and easy to understand, and provides a way of organizing the items that the Group will have to deal with in the future. I also give high marks to the way in which they discuss these matters with great depth and detail. I would like to see them move one step further and decide how to order their priorities and establish a timeline for their efforts. Furthermore, even when discussing the same theme, there is a mixture of items for which they assess themselves highly and items for which they assess themselves poorly, but this indicates that there are separate concerns subsumed in this theme that they had not anticipated ahead of time. For example, I can see a tendency with respect to many themes in which they write clear guidelines that do not lead to action. I think they need to consider each item from several different angles.

(2) CSR as a Corporate Effort

Each company’s CSR report is constructed systematically, and the details of the efforts are clearly explained. The reports do not merely describe business activities and product technology. Their discussions about how they confront global environmental problems leave a favorable impression. However, I think they need to make more specific proposals about the corporate missions that ought to become the action guidelines for each company. When I look at the cover design of this report, I think I can define the value that the Group provides is “Linking people and things.” Then, in that value field, it proposes “a society in which CO₂-free hydrogen is the next-generation energy source.” If that is the case, it must answer questions such as, “Why will hydrogen play a major role?” “What will a society in which hydrogen is the major energy source be like?” and “How will our lives change?”

(3) The Readers of the Report

Rolling stock, aerospace, ships and offshore structures, and motorcycles are business areas that connote “dreams” and “longing” to children. Furthermore, the Group has defined “the future” as one of its key words for CSR. The most important stakeholders for CSR are children, and the Group must convey to children the message that pursuing what one dreams about and longs for is linked to the future of humanity throughout the world. The Group needs a “Message to Children” in order to create a system for getting children interested in the environment and informing the next generation. I believe that these kinds of efforts will be an important social mission for the Kawasaki Heavy Industries Group.

A Response to the Third-Party Opinion

It was in October 2006 that the KHI Group set up an organization that was labeled with the word “CSR.” Four years have elapsed since then, and during that time, not only the main office but also the managers of each business division have been joining together to consider questions such as what CSR is, how we should understand it, and how we should act. Gradually, we have determined which issues are covered by CSR, and we have been able to classify the issues that we will need to deal with in the future. That is to say, we are positioning this fiscal year as the initial year of the KHI Group’s full-fledged CSR efforts. These efforts are based on continuing and

developing society’s trust, which we have cultivated in the past.

Having read Professor Isobe’s third-party opinion, I would like to hear more opinions from stakeholders and readers and use them as the basis for thinking about what forms of CSR would be most suitable for the KHI Group to pursue.



Seiji Yamashita
Executive Officer
General Manager of CSR Division

Postcards for the questionnaire are made of non-wood (reed)-based paper. Reed paper is a product certified by the Non-Wood Green Products Association of Japan.

Kawasaki Heavy Industries, Ltd.

Incorporated		October 15, 1896
Head Offices		Tokyo Head Office: World Trade Center Bldg., 4-1, Hamamatsu-cho 2-chome, Minato-ku, Tokyo, 105-6116 Japan Kobe Head Office: Kobe Crystal Tower, 1-3, Higashikawasaki-cho 1-chome, Chuo-ku, Kobe, Hyogo, 650-8680 Japan
Representative		Satoshi Hasegawa, President
Capital		¥104,328 million (As of March 31, 2010)
Number of Shares Issued		1,669,629,122 (As of March 31, 2010)
Net Sales		<Consolidated > ¥1,173,473 million (Fiscal year ended March 31, 2010) <Non-consolidated > ¥644,133 million (Fiscal year ended March 31, 2010)
Number of Employees		<Consolidated > 32,297 (As of March 31, 2010) <Non-consolidated > 10,537 (As of March 31, 2010)