

Technology Company CSR: Case Analysis of Panasonic

By: Hao Tan

A50042623

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1. Panasonic CSR

1. 1. What is CSR

CSR is defined as a “voluntary corporate commitment to exceed the explicit and implicit obligations imposed on a company by society’s expectations of conventional corporate behavior”.¹ According to Porter, CSR has four questions including, moral obligation, sustainability, license to operate, and reputation.² Moral obligation means that companies have the obligation to do the right things. Sustainability is for the company to meet the needs of the present, without compromising the ability of the future. License is to meet the needs that every company needs permission from governments, communities, and numerous other stakeholders to do business. Reputation is to improve a company’s image, to strengthen the brand, and even raise the value of its stock.

Today, CSR is not only a theory concept rather it becomes an important business strategy in many companies. But healthy business needs healthy society, which can provide good education, health care and equal opportunity. On the other hand, healthy society also needs successful companies to create jobs, wealth, and innovation that improve standards of living and social conditions. As a result, successful companies should involve into the CSR activity by identifying the points of intersection, choosing which social issues to address, creating a corporate social agenda, integrating inside-out and outside-in practices.

¹ Oliver Falck, Stephan Heblch Corporate Social Responsibility: Doing Well by Doing Good, 2007.

² Michael E. Porter, Mark R. Kramer, Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility, 2006.

1.2 Panasonic

Panasonic was founded in 1918, by Konosuke Matsushita, by first selling duplex lamp sockets. In 1927, Panasonic produced bicycle lamp and the first product is marketed under the brand name National. In February 1920, Matsushita designed a trademark for the company consisting of the letter M and overlaid with an arrow and surrounded by a wide diamond. To him it symbolized reaching a target, overcoming whatever obstacles might be encountered along the way. Since then, though the economy has been worsened, the company continued to grow for sales of its products increased.³

At the annual management policy meeting in January 1951, Matsushita said there is a greater specialization should be needed for the company's next period of expansion, and that the company had to change its narrow outlook to a global perspective. After he went to US for a business trip in 1951, he was surprised by the gap between Japan and the U.S, and he decided that the Japanese company has so much to learn from American electronics industry. In 1961, the company began to provide technical assistance to several oversea countries and construct plants abroad with the aim of expanding its operations on a global scale. [3]

In 1991, Panasonic began the "Environmental Charter". This charter calls for the adoption of the latest environmentally friendly technologies and processes. Each operating unit in Panasonic group began to pursue its business activities within the charter's environmental parameters. Since the environmental problem got more and more concerns around the world, Panasonic has taken the lead in the global move for corporate environmental responsibility. [3]

Now Panasonic has various business domains, from AV to home appliances, to industrial solutions and to other consumer electronic products. It has different bands, including Digital AVC Networks, Home Appliances, PEW & PanaHome, Components and Devices, SANYO and Others. Each brand

³ www.panasonic.com

has its distinct R&D, production, and sales functions that satisfy specific consumer needs worldwide. [3]

1.3 CSR issue in Panasonic

Panasonic is aiming to become the number one green innovation company in the electronics industry, by then end of 2018. And they are planning to do it from two ways (as the chart 1): one is Green Life, aiming to make green lifestyle become reality; the other is the Green Business innovation, which seeks to implement and offer an optimum green business-style. [3]



Chart 1 Panasonic CSR plan

2. Panasonic CSR activity

2.1 Environment

2.1.1 CO2 EMISSION REDUCTION

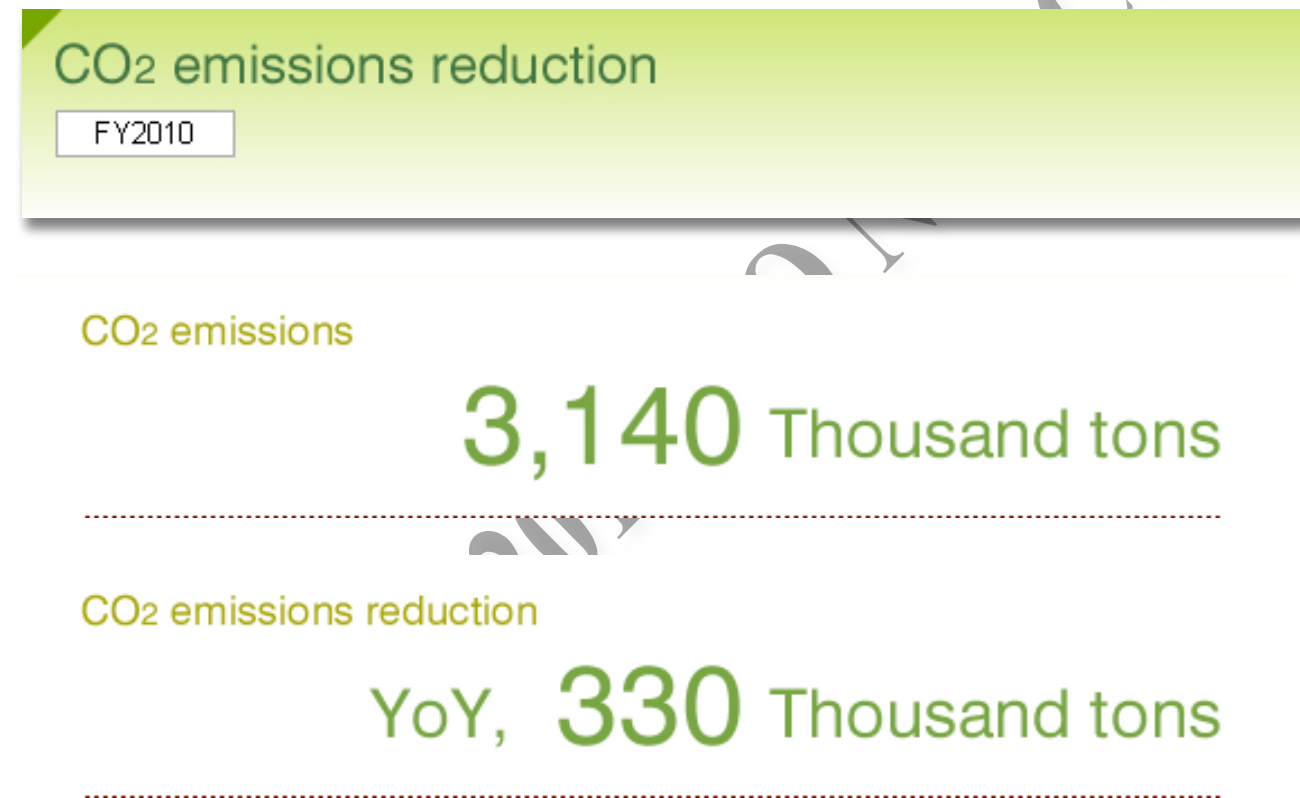


Chart 2 Panasonic CO2 emission plan

Seen from chart 2, by using relevant measures under the three year mid-term management plan, Panasonic was aiming to reduce total CO₂ emissions from its production activities by 0.3 million tons on a global scale. And in financial year 2010, Panasonic reduced CO₂ emissions by 0.33 million tons through vigorous reduction measures and was able to reduce emissions by 0.84 million tons in total over the last three years, far exceeding the target which was only 0.33 million tons. [3]

2.1.2 RESOURCE CYCLE

Panasonic is also supporting Individual Producer Responsibility (IPR)⁴ to promote recycling in many different ways. In Japan, Panasonic has contributed to the development of Home Appliance Recycling Law, which includes many aspects of IPR. In Europe, Panasonic has established

⁴ www.iprworks.org/

EcologyNet Europe GmbH (ENE), aiming to collect and recycle the End-of-Life products appropriately with high quality recyclers. In the US, Panasonic is also responding to states with e-waste law and providing nationwide voluntary take-back program through Electric Manufacturers Recycling Management Company, LLC (MRM).

2.2 ENERGY

In US, ENERGY STAR is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy in order to save money and protect the environment through energy efficient products and practices.⁵ In 1992 ENERGY STAR was introduced as a voluntary labeling program to identify and promote energy efficient products and to reduce greenhouse gas emissions. At that time, computers and monitors were the first labeled products. Now the ENERGY STAR label is on over 60 product categories including major appliances, office equipment, lighting, and home electronics. EPA has also extended the label to cover new homes and commercial and industrial buildings.

An individual product can earn the ENERGY STAR label by meeting the energy efficiency requirements set forth in ENERGY STAR product specifications. EPA set specifications based on the following set of key guiding principles:

- The category which the product belongs to must contribute significant energy savings in the nationwide.
- A qualified product must also deliver the feature and performance demanded by consumers, in addition to increased energy efficiency.
- If the qualified product costs more than a conventional, less-efficient similar product, purchasers have to recover their investment in increased energy efficiency through utility bill savings, within a reasonable period of time.

⁵ www.energystar.gov/

- Energy efficiency can be achieved through broadly available, non-proprietary technologies offered by more than one manufacturer.
- Product energy consumption and performance can be measured and verified by testing.
- Labeling could function as effectively differentiation for products and be visible for purchasers.
- EPA's ENERGY STAR partnership offers a proven energy management strategy that helps in measuring current energy performance, setting goals, tracking savings, and rewarding improvements.

As the winner of the ENERGY STAR Partner for five consecutive years, Panasonic produces over 445 ENERGY STAR labeled products, the number was exceeding any other manufacturer. From TVs to DVD players, computers to home office equipment, Panasonic ENERGY STAR labeled products use less energy and last longer than most conventional products, resulting in cost savings over time. At the same time, Panasonic's energy-efficient technology also helps utility companies reduce the heat and gas emissions which damage the Earth's ozone layer.

2.3 COMMUNITY

Panasonic involves a lot into the community activity, especially aiming at the younger generation.

Here are the programs, including:

2.3.1 KID WITNESS NEWS

First started in the US and currently implemented on a global scale, Kid Witness News is a hands-on video education program developed by Panasonic, which through the program to lend video cameras, and other products to elementary or junior high schools to increase creativity, communication skills as well as teamwork through video production. Totally, there are around

10,000 children from more than 650 schools in 26 countries and region around the world are participating in the program. [3]

2.3.2 PANASONIC SCHOLARSHIP

The Panasonic Scholarship was established in 1998 to celebrate the company's 80th anniversary, aiming to nurture the future leaders of Asia and to encourage communication between Japan and other Asian countries. It provides financial support to students from Asia who pursues a master degree in science and engineering at Japanese university. Until the end of April 2009, 278 students have got funds from the scholarships. [3]

2.3.3 PANASONIC PROFESSORSHIPS AND LECTURE SERIES

To support the development of future business leaders and engineers, Panasonic established Panasonic Professorships at the Massachusetts Institute of Technology in 1975 in the fields of computer science and robotics, and at the Wharton School of the University of Pennsylvania in 1991 in manufacturing and logistics. In addition, the company inaugurated Konosuke Matsushita

2.3.4 PANASONIC TRUST (UK)

Professorships at Harvard Business School in 1981 in the area of leadership, at Stanford University in 1985 in international labor economics and policy analysis, and at Keio Business School in 1990 in business management. Furthermore, it also partnered with Fudan University in 1996 to institute the Panasonic Lecture Series. [3]

Panasonic Trust is to encourage and support the professional development and retraining of engineers in the UK. By providing funding for individuals to study courses, engineers could develop or update their knowledge and skills in new or emerging technologies and the various fields of engineering, manufacturing, materials science, environmental technology and IT. From its first start in November 1984, the Panasonic Trust program has supported 1600 engineers and provided supporting funds with value of £1.4 Million. [3]

2.3.5 BUILDING SCHOOLS (THAILAND)

In the last twelve years, Panasonic has built 75 schools in Thailand, bringing education chances to over 30,000 children in the remote areas. Although construction projects ended in 2003, the company continues to oversee maintenance, provide financial assistance for lunch programs, libraries and scholarships, as well as donate educational and other products such as color TVs, DVD recorders, mini-systems, flashlights and batteries, to the schools. [3]

2.4 Workforce

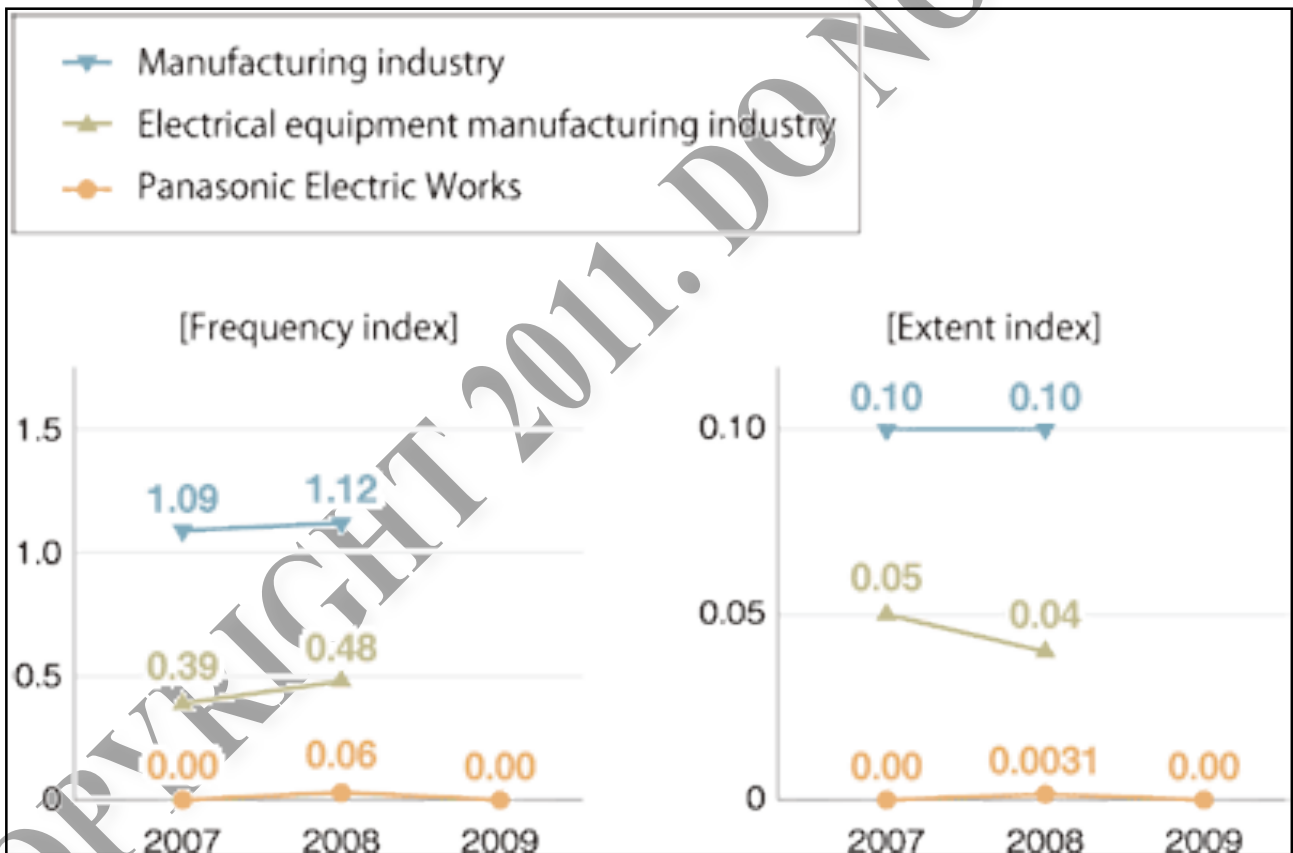


Chart 3 Panasonic Accident Rate comparing to the industry

See from the chart 3, Panasonic has Accident Rate per million hours quite almost zero, and is lower than the manufacture industry average and electronic equipments manufacture average.

In 2007, in one of the company making nickel-cadmium batteries for electronic products giant Panasonic, in Wuxi, China, more than 20 workers were found to be suffering from high levels of cadmium, a toxic and cancer-causing chemical. Two of the workers were diagnosed to be suffering

from cadmium poisoning, an affliction high on health authorities' danger list of occupational disease.⁶

As a result, in FY2010, Panasonic placed "hazard-free" workplaces, under the slogan "Time for Change in Real Earnest - Foster Hazard Awareness and eliminate all Potential for Disasters", through the following activities:

- Members of top management personally patrolled work sites, and took necessary actions.
- Daily safety and health activities including hazard recognition trainings
- Promoted safety awareness education activities.

3. Partner with the Nature Step

In order to test the credibility and accountability of Panasonic, I found there is a non-profit organization corporate with it to enhance the CSR activity. The Nature Step is a not-for-profit organization, and currently has 11 offices with international headquarters in Sweden. It was founded with the vision of creating a sustainable human society with the essential mission to promote understanding, competence, strategic planning and, above all, action towards sustainability. The Nature Step focuses on education, advisory work and research. Seen as chart 4, the company like Panasonic will pay \$1,250 member fee, which is not a high number, and there is one office of Nature Step in Tokyo. So I believe that the relationship between the Nature Step and the Panasonic is not money driven and quite academic.⁷

\$2,750.00	Founding Membership
\$1,250.00	Sustaining Membership
\$650.00	Business (Over \$500,000)
\$325.00	Business (\$250,000 - \$500,000)
\$150.00	Business (under \$250,000)

⁶ http://www.chinadaily.com.cn/china/2008-07/03/content_6815829.htm

⁷ www.thenaturestep.com

\$300.00	Government Organizations
\$300.00	Educational Institutions
\$300.00	Non-Profit Organizations
\$150.00	Individuals

Chart 4 Membership Fee out the Nature Step

4. Got independent assurance by KPMG

Panasonic also got the independent assurance by KPMG, and KPMG AZSA Sustainability Co., Ltd., based on KPMG's globally uniform assurance methodology, is an organization offering assurance services including third-party assurance on CSR reports. It support enterprises to deal with managerial problems of sustainability, and it collaborates with Business Advisory Division of KPMG AZSA LLC, which offers professional advisory services in sustainability management, and it also shares cutting-edge knowledge with members of KPMG Climate Change and Sustainability Services, which is a global network comprising approximately 300 professionals. Also in October 2009, KPMG AZSA Sustainability Co., Ltd. became a data partner of Global Reporting Initiative (GRI), with the aims of expressing support for GRI's activities and gathering society's wider attention for sustainability reports which are prepared in accordance with GRI guidelines.⁸

5. Greenpeace rank Panasonic 7th in the green electronics

⁸ www.globalreporting.org/

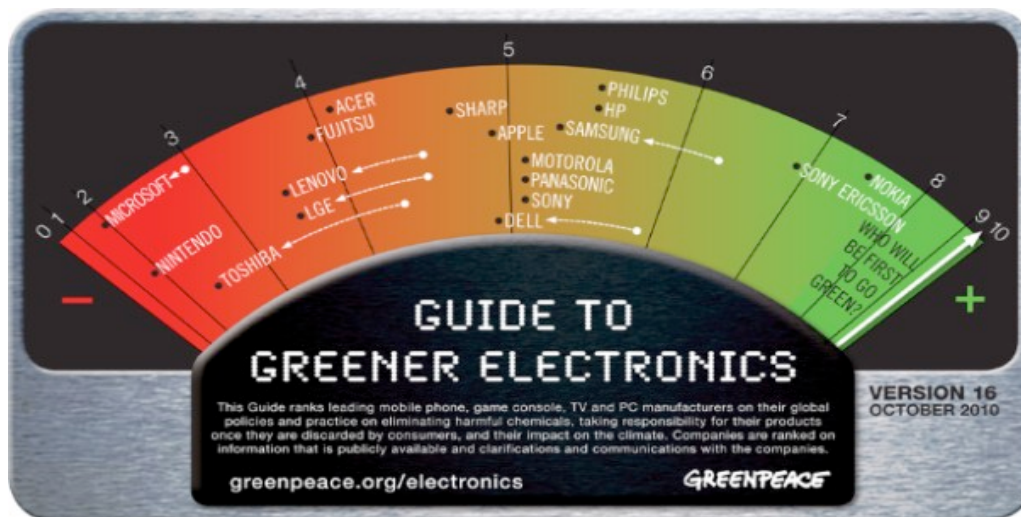


Chart 5 Greenpeace ranking for green electronics⁹

See from chart 5, we see that Panasonic rank 7th in the green electronics. Greenpeace is an independent, campaigning organization which uses non violent, creative confrontation to expose global environmental problems, and to force the solutions which are essential to a green and peaceful future. It was started in 1971, motivated by their vision of a green and peaceful world, a small team of activists set sail from Vancouver, Canada, in an old fishing boat. Greenpeace's goal is to ensure the ability of the earth to nurture life in all its diversity.

According to the Greenpeace electronics ranking, Panasonic stays in 6th place in 2010 (together with Sony and Motorola) with an increased score of 5.1, up from 4.9 in 2009. Comparing to other electronic companies, Panasonic is very good at Chemicals Management and Energy efficiency of new models, quite good at PVC-free and/or BFR-free models, Voluntary take-back Global, GHG emissions reduction support, Carbon Footprint disclosure. But Panasonic is not good at Precautionary Principle, Timeline for PVC & BFR phaseout, Individual producer responsibility, Information to individual customers, Amounts recycled, Use of recycled plastic content, Own GHG emissions reduction commitment and really bad at Timeline for additional substances phaseout and Amounts of renewable energy used.

⁹ www. greenpeace.org/electronics

6. EVALUATION OF PANASONIC CSR

There are non-profit organization having the education and researching relationship with each other, I think it could help Panasonic to meet more global standard and become more effective on CSR issues. And the CSR reports are assured by the global consulting firm, making people more convinced by what has been said in the environmental report and sustainability report.

But after reviewing the CSR report of Panasonic, I found that being environmental friendly and energy efficient is likely the label of the Panasonic products for their marketing strategy and sales.

And the five ads target different “green” products for home and business, including:

- Panasonic has a line of VIERA Full HD 3D TVs has a feature of Energy Star 4.0 rating.
- Panasonic has worked on the development of solar energy panels, whole-house fuel cells, super-efficient LED light bulbs, and next-generation battery cells to power electric vehicles.
- Panasonic has a Toughbook line of laptop computers, which meet or exceed many of the world’s strictest environmental standards.
- Panasonic’s High Definition Visual Communications system enables businesses to conduct meetings in Full HD over the Internet, eliminating the need to travel to meetings.
- Panasonic’s line of home fans with a feature of the green manufacturing process, were awarded the 2010 Energy Star “Partner of the Year Award.”¹⁰

As a result, I am thinking perhaps the focus on environment and energy is a strategy to make their products stand out in the market, and by emphasizing how environmental friendly and energy efficient is important for the consumer and the society.

7. CONCLUSION AND RECOMMENDATION

¹⁰ <http://www.environmentalleader.com/2010/10/19/panasonic-unveils-eco-ad-campaign/>

After searching a lot on Panasonic website, I could believe that since Panasonic is wanting to become the number one green electronic company in the world, even though those websites are just PR things, Panasonic is really doing a lot of things from environment friendly, energy efficient, enhance on working condition, involvement into the community. And they have the organization to work with to use the recent academic achievement into the company CSR management. They also have the world wide accepted accounting firm to assure their reports.

The CSR issue in Panasonic is still a sales and marketing strategy, by convincing people how important environmental problem is, and how Panasonic could solve the problem to attract the consumers. But it just highlighted those issues they did well, and how much they have achieved, it did not mention many of the issues they are not doing very well in. For instance, they said that they are helping the European countries, US, and Japan to decrease the e-waste and have achieved a lot in recycling, but comparing to the industry, they are not doing as well as other companies like Nokia. And the CSR especially the labor condition needs to be better enforced and supervised in the supply chain like China.

My Recommendation:

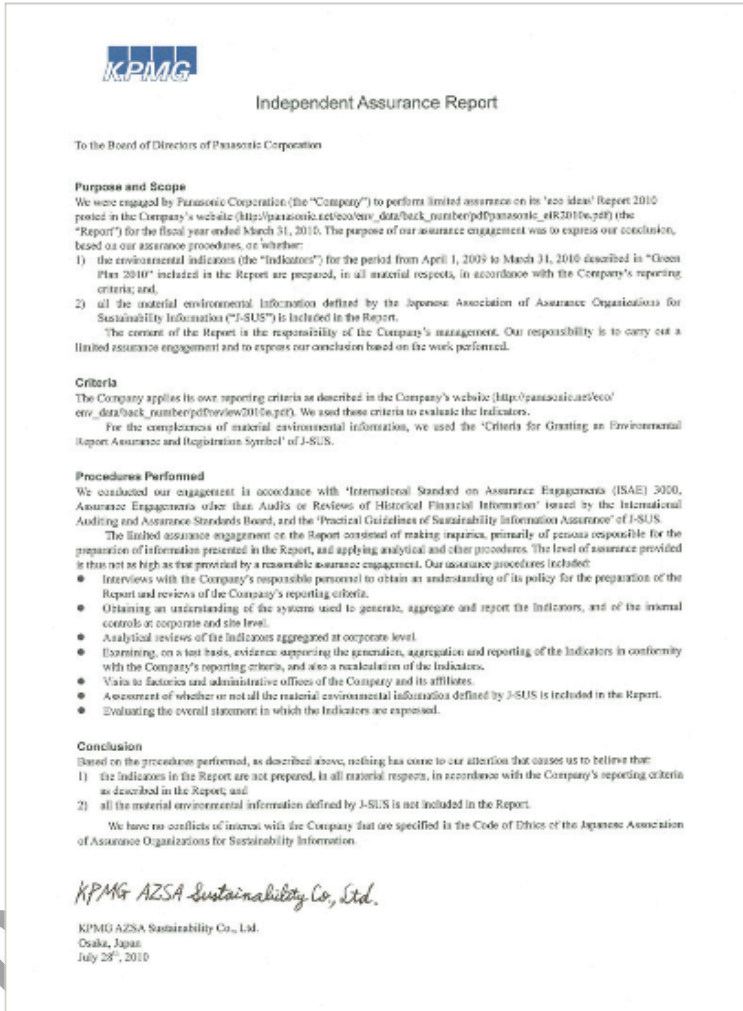
- Make the CSR website easier to find, and do not list everything in the report on the website.
- Send people to the supply chain to supervise the working condition in the supply chain.

8. DISCUSSED QUESTIONS

1. Does Panasonic have any incentives to move beyond green washing?
2. What benchmark data would make Panasonic's CSR activities more credible?
3. Which of these activities is PR, and which is CSR on specific issues area, which is to lower costs?
4. Are the third parties really reliable sources of credibility?

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Independent Assurance Report by KPMG AZSA Sustainability Co., Ltd.



On-site review at Panasonic Automotive Systems Dalian Co., Ltd.



On-site review at Panasonic Ecology Systems Guangdong Co., Ltd.

Outline of on-site review
 • Period: From February to April in 2010
 • Sites: Eleven sites



This J-SUS imprint indicates that the environmental information contained in the 'eco ideas' Report satisfies the applicable provision of the code of the Japanese Association of Assurance Organizations for Sustainability Information
<http://www.j-sus.org/>