

Corporate Social Responsibility and Toyota

“Evaluation of Toyota’s CSR by Society”

- Selected as constituent of Dow Jones Asia Pacific Index (DJSI), Sept. 2010 an Japan 40 DJSI**
- Selected as constituent of FTSE4Good Global Index, Sept. 2010**
- Selected as one of most globally sustainable corporations by Global 100, Jan. 2010**
- Selected as constituent of MS-SRI, Aug. 2010**

Source: Toyota Motor Corp.
2008 Annual Report

Two of Toyota's Seven Guiding Principles (adopted in 1992 and revised 1997)

- **“Dedicate ourselves to providing clean and safe products”**
- **“Provide outstanding products and services that fulfill the needs of customers worldwide”**

CSR Policy: Contribution towards Sustainable Development (adopted 2005, revised in 2008)

- “Based on our philosophy of ‘customer first’ we develop and provided innovative safe and outstanding high quality products and services that meet a wide variety of customers’ demands to enrich the lives of people around the world”**

Customers as CSR Stakeholders

- **Toyota includes customers as important stakeholders in their CSR mandate**
- **Route to insure marrying TQM with CSR**
- **Not so common with many other consumer goods firms**
- **Understanding why it would be logical for Toyota to include customers as stakeholders.**

How Many Safety/Quality Problems Does Toyota Have?

Basic Principle of Risk Management

***Identify risks early and eliminate them while they still are minor problems**

***Implications for shareholder relationships**

Crisis Management as an Indicator of Corporate Social Responsibility

- **Poor crisis management is not consistent with corporate social responsibility and can have long-term negative effects**

Toyota's Early Response to the Crisis

- Did not listen to early warning signals, did not react quickly, did not show much humility definitely did not demonstrate transparency, did not get the full story out quickly and did give the appearance of stonewalling**
- President Akio Toyoda – “missing in action”**
- Not easy to display CSR in crisis situations**

More on Transparency

- **Toyota treated consumers in the United States differently than it treated those in Europe, Canada and Japan**

Summary Thoughts

- **Toyota's countermeasures**
- **Toyota is a learning organization**
- **They will learn the right lessons**
- **But a costly experience**