

Toyota Motor Corporation: Committed to Quality, Rewarded by Smiles

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Introduction

In the history of mankind, one of the greatest feats which have taken place is that in the area of conquering distances. Over the years, the automobile industry has grown by leaps and bounds and has become a major driver of industrial growth in many parts of the world. The American automobile industry is one of the finest examples of the above. As time has passed by there has been an increasing need to look at automobiles not merely as a luxury item denoting a status symbol for the individual. It has become a necessity and people wanted to own vehicles to ease their needs for commuting on a day to day basis comfortably and with a sense of privacy. This increasing demand spread across many parts of the globe and major automobile companies started their own operations and created their own brands which tried to capture different segments of the market.

All this led to a price war among automobile companies who saw immense opportunities in the area of passenger vehicles. The growth of cities and the resultant congestions further ignited the companies' imagination to come out with vehicles which were of different makes especially keeping in view, the common man's need. Increasingly, the rise of prices of oil also fuelled the necessity for having fuel-efficient cars which were easier on the pocket of the consumers. The next wave saw the emergence of eco – friendly less polluting vehicles with different standards so as to save the environment from getting vitiated.



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The above saw the emergence of non- traditional car markets with the first major competition coming from the Japanese car makers directly challenging the supremacy of the American car market. The American and European cars which were heavy bodied guzzled a lot of fuel. The Japanese car makers clearly started posing a threat and challenge to the traditional car makers by introducing light vehicles which at once swift and easy to maneuverer and also fuel efficient and eco- friendly in nature.

Among the most innovative automobile manufacturers in the world emerges the name of Toyota Motors. This company while building vehicles took innovation to a different level altogether and has become one of the most trusted companies in the world. Some of the principles on which they build their production systems began to seen as a pioneering effort in the field of operations management and quality initiatives in this industry. This is a case study about Toyota Motors and endeavour has been made to elucidate the growth and emergence of this mammoth company as a global entity which is surviving the test of time amongst its competitors by constantly localizing and innovating to meet customers' needs, the world over.

About the Company

Toyota Motor commonly known as Toyota and abbreviated as TMC is a multinational automaker headquartered in Toyota, Aichi, Japan. In 2010, Toyota Motor Corporation employed 317,734 people worldwide, and was the world's largest automobile manufacturer by production. It is a publicly listed company. The company was founded by Kiichiro Toyoda in 1937 as a spinoff from his father's company Toyota Industries to create automobiles. Three years earlier, in 1934, while still a department of Toyota Industries, it created its first product, the Type A engine, and, in 1936, its first passenger car, the Toyota AA. Toyota Motor Corporation group companies are Toyota (including the Scion brand), Lexus, Daihatsu and Hino Motors, along with several "non-automotive" companies. TMC is part of the Toyota Group, and is one of the largest conglomerates in the world.

Toyota Motor Corporation is headquartered in *Toyota City, Aichi*. Besides, manufacturing automobiles, Toyota provides financial services through its Toyota Financial Services division and also builds robots. Toyota group has 522 subsidiaries. Some of its subsidiaries are Hino Motors, Ltd., Daihatsu Motor Co., Ltd., Toyota Financial Services, DENSO, Toyota Industries, Fuji Heavy Industries. It had a production of 7,308,039 units in the *FY 2011* and the revenue was ¥18.99 trillion FY2011 or US\$235.89 billion with profits of ¥408.18 billion (FY2011) i.e. (US\$ 5.07 billion.) [<http://en.wikipedia, 2011.org/wiki/Toyota>].

Toyota has factories in almost all parts of the globe, and its primary activity is to manufacture or assemble vehicles for the local markets. Toyota has manufacturing or assembly plants in a number of countries including, Japan, Australia, India, Sri Lanka, Canada, Indonesia, Poland, South Africa, Turkey, Colombia, the United Kingdom, the United States, France, Brazil, Portugal, and more recently, Argentina, Czech Republic, Mexico, Malaysia, Thailand, Pakistan, Egypt, China, Vietnam (Liker & Hoseus, 2008).

In the fiscal year ending in March 2013, the consolidated operating income of Toyota resulted in 1 trillion 320.8 billion yen (Toyota News Release, 8 May 2013). Toyota competes globally with a number of companies like, General Motors Company, Daimler AG, Ford Motor Co., Volkswagen AG, Nissan Motor Co. Ltd., and Honda Motor Co., Ltd.

History

Towards the end of the nineteenth century, Sakichi Toyoda invented Japan's first power loom heralding an industrial revolution and creating the country's textile industry. Toyoda spinning and weaving industry was built in 1918 and then followed the founding of the automatic loom in 1926. Kiichiro being an innovator was introduced to the automotive industry in the Europe and the US.

Vehicles were originally sold under the name "Toyoda", from the family name of the company's founder, Kiichirō Toyoda. In April 1936,

Toyoda's first passenger car, the Model AA was completed. The sales price was 3,350 yen, 400 yen cheaper than Ford or GM cars.

Since "Toyoda" literally means "fertile rice paddies", changing the name prevented the company from being associated with old-fashioned farming and gave it the necessary corporate facelift. The newly formed word was trademarked and the company was registered in August 1937 as the "Toyota Motor Company". One of the greatest legacies left by Kiichiro Toyoda, apart from TMC itself, is the Toyota Production System. Kiichiro's "just-in-time" philosophy - producing only precise quantities of already ordered items with the absolute minimum of waste - was a key factor in the system's development. Progressively, the Toyota Production System began to be adopted by the automotive industry across the world (<http://www.toyotabharat, 2013.com/inen/about/history.aspx>).

From September 1947, Toyota's started selling its small-sized vehicles under the name "Toyopet" . The first vehicle sold under this name was the Toyopet SA, but it also included vehicles like the Toyopet SB light truck, Toyopet Stout light truck, Toyopet Crown and the Toyopet Corona.

After the demolition of the country in the Second World War, and rising from the ashes of industrial upheaval in post-war Japan, Toyota has become the largest vehicle manufacturer in Japan with over 40% market share. The Toyota Motor Company received its first Japanese Quality Control Award at the start of the 1980s. Toyota began to make inroads into foreign markets in the late 1950s. The first Crown models arrived in the USA in 1957, and by 1965, with models such as the Corolla, Toyota began to build its reputation and sales to rival those of domestic producers (<http://www.toyotabharat, 2013.com/inen/about/history.aspx>). It slowly entered the European markets too. It has now built the greatest reputation in the European markets amongst the local players also. The first Toyota imported into Europe was via Denmark in 1963. Toyota has continued to grow in Europe's

sophisticated and complex market, and in 2000 the company delivered its ten millionth car to a customer in Germany.

In 1982, the Toyota Motor Company and Toyota Motor Sales was merged into one company, the Toyota Motor Corporation. Two years later, Toyota entered into a joint venture with General Motors called NUMMI, the *New United Motor Manufacturing, Inc*, operating an automobile-manufacturing plant in Fremont, California. The factory was an old General Motors plant that had been closed for two years. Toyota then started to establish new brands at the end of the 1980s, with the launch of their luxury division Lexus in 1989.

In the 1990s, as a part of the product diversification strategy, Toyota began to spread its wing from producing mostly compact cars by adding many larger and more luxurious vehicles to its lineup, including a full-sized pickup, the T100 (and later the Tundra); several lines of SUVs; a sport version of the Camry, known as the Camry Solara; and the Scion brand, a group of several affordable, yet sporty, automobiles targeted specifically to young adults. Toyota also began production of the world's best-selling hybrid car, the Prius, in 1997.

With a major presence in Europe, due to the success of Toyota Team Europe, the corporation decided to set up TMME, *Toyota Motor Europe Marketing & Engineering*, to help market vehicles in the continent. Two years later, Toyota set up a base in the United Kingdom, *TMUK*, as the company's cars had become very popular among British drivers. Bases in Indiana, Virginia and Tianjin were also set up. In 1999, the company decided to list itself on the New York and London Stock Exchanges (<http://en.wikipedia.org/wiki/Toyota>). The major milestones in the history of technological evolution of Toyota have been mentioned in Appendix 1. The vision of Toyota is given in the Appendix 2.

Toyota Guiding Principle

The following guiding principle of Toyota was adopted in 1992 revised in 1997(Toyota Annual Report 2012):

1. Honor the language and spirit of the law of every nation and undertake open and fair business activities to be a good corporate citizen of the world.
2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in their respective communities.
3. Dedicate our business to providing clean and safe products and to enhancing the quality of life everywhere through all of our activities.
4. Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.
5. Foster a corporate culture that enhances both individual creativity and the value of teamwork, while honoring mutual trust and respect between labor and management.
7. Work with business partners in research and manufacture to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

Toyota Production System

A much talked about practice in the field of operations management and in general in the field of management is Toyota Production System (TPS). The concept had its birth in this company and soon became a prototype practice which all companies wish to imitate to have a lean production and inventory control and stocks management and wastage control system, which is directly related to maintaining a healthy liquidity position in a company. The concept also looked at continuous improvement while preserving the dignity and respect for its employees within the organization as laid down goals within the organization as a whole.

The Toyota Production System (TPS), originally called just-in-time production, is an integrated socio-technical system, developed by

Toyota, which comprises of its management philosophy and practices. The TPS organizes manufacturing and logistics for the automobile manufacturer, including interaction with suppliers and customers. The system is developed the system between 1948 and 1975.

The main objectives of the TPS are to design out overburden (*muri*) and inconsistency (*mura*), and to eliminate waste (*muda*). The most significant effects on process value delivery are achieved by designing a process capable of delivering the required results smoothly; by designing out “*mura*” (inconsistency). It is also crucial to ensure that the process is as flexible as necessary without stress or “*muri*” (overburden) since this generates “*muda*” (waste). Finally the tactical improvements of waste reduction or the elimination of *muda* are very valuable.

There are seven kinds of *muda* that are addressed in the TPS (Ohno, Taiichi, 1998):

1. Waste of over production (largest waste)
2. Waste of time on hand (waiting)
3. Waste of transportation
4. Waste of processing itself
5. Waste of stock at hand
6. Waste of movement
7. Waste of making defective products

While low inventory levels are a key outcome of the Toyota Production System, an important element of the philosophy behind its system is to work intelligently and eliminate waste so that only minimal inventory is needed (Ohno, Taiichi (March 1988), *Just-In-Time For Today and Tomorrow*, Productivity Press). The underlying principles, called the Toyota Way, have been outlined by Toyota as follows (Toyota internal document, “The Toyota Way 2001,” April 2001, Toyota Motor Corporation Sustainability Report, 2009, page 54):

Continuous Improvement

- **Challenge** (We form a long-term vision, meeting challenges with courage and creativity to realize our dreams.)
- **Kaizen** (We improve our business operations continuously, always driving for innovation and evolution.)
- **Genchi Genbutsu** (Go to the source to find the facts to make correct decisions.)

Respect for People

- **Respect** (We respect others, make every effort to understand each other, take responsibility and do our best to build mutual trust.)
- **Teamwork** (We stimulate personal and professional growth, share the opportunities of development and maximize individual and team performance.)

The principles of the Toyota Way may be summarized as (Liker, J. 2004. *The Toyota Way: 14 Management Principles from the World's Greatest Manufacturer*):

- Management decisions are based on a long-term philosophy, even at the expense of short-term financial goals.
- Create continuous process flow to bring problems to the surface.
- Use the “pull” system to avoid overproduction.
- Level out the workload (heijunka). (Work like the tortoise, not the hare.)
- Build a culture of stopping to fix problems, to get quality right from the first.
- Standardized tasks are the foundation for continuous improvement and employee empowerment.
- Use visual control so no problems are hidden.

- Use only reliable, thoroughly tested technology that serves your people and processes.
- Grow leaders who thoroughly understand the work, live the philosophy, and teach it to others.
- Develop exceptional people and teams who follow your company's philosophy.
- Respect your extended network of partners and suppliers by challenging them and helping them improve.
- Respect the extended network of partners and suppliers by challenging them and helping them improve by understanding the situation (Genchi Genbutsu)
- make decisions slowly by consensus, thoroughly considering all options (Nemawashi)
- become a learning organization through relentless reflection (Hansei) and continuous improvement (Kaizen).

Product Line of Toyota

(<http://en.wikipedia.org/wiki/Toyota>) :

As part of the awareness about maintaining eco-friendliness, Toyota started getting into manufacturing of hybrid electric vehicles. Here also it is one of the first companies to sell this concept the world over about need for controlling air pollution arising out of vehicular emissions. The significant products of Toyota in this category are as follows:

Hybrid Electric Vehicles

Toyota is one of the largest companies to push hybrid electric vehicles in the market and the first to commercially mass-produce and sell such vehicles. As of March 2013, Toyota Motors Corporation sells 19 Toyota and Lexus hybrid models and one plug-in hybrid in 80 countries and regions around the world, and the carmaker has plans to introduce 18 new hybrid models before the end of 2015. Toyota's hybrid lineup

includes Prius liftback, Camry Hybrid (1st and 2nd generation), Toyota Highlander Hybrid (Kluger Hybrid in Japan), Toyota Avalon Hybrid, Toyota Auris Hybrid, Toyota Yaris Hybrid (Europe only).

Plug-in Hybrids

Toyota's plug-in hybrid electric vehicle project began in 2007. As of March 2013, the Prius PHV is the world's second best selling plug-in hybrid after the Chevrolet Volt.

All-electric Vehicles

The first generation Toyota RAV4 EV was leased in the United States from 1997 to 2003. The second generation Toyota RAV4 EV was released in September 2012.

Hydrogen Fuel-cell

Toyota has built several prototypes/concepts of the FCHV since 1997, including the Toyota FCHV-1, FCHV-2, FCHV-3, FCHV-4, and Toyota FCHV-adv. The Toyota FCV-R fuel cell concept car was unveiled at the 2011 Tokyo Motor Show. In August 2012 Toyota announced its plans to start retail sales of a hydrogen fuel-cell sedan in California in 2015. Toyota expects to become a leader in this technology.

Cars

As of 2009, Toyota officially lists approximately 70 different models sold under its namesake brand, including sedans, coupes, vans, trucks, hybrids, and crossovers. Many of these models are produced as passenger sedans, which range from the subcompact Toyota Yaris, to compact Corolla, to mid-size Camry, and full-size Avalon. Vans include the Previa/Estima, Sienna, and others. Several small cars, such as the xB and tC, are sold under the Scion brand .

SUVs and Crossovers

Toyota crossovers range from the compact Matrix and RAV4, to midsize Venza and Kluger/Highlander. Toyota SUVs range from the midsize

4Runner to full-size Land Cruiser. Other SUVs include the Land Cruiser Prado, FJ Cruiser and Fortuner.

Pickup Trucks

Toyota first entered the pickup truck market in 1947. In 1968, it developed Hilux and in 1999, Tundra was developed.

Luxury-type Vehicles

As of 2009, the company sold nine luxury-branded models under its Lexus division, ranging from the LS sedan to RX crossover and LX SUV. Luxury-type sedans produced under the Toyota brand included the Century, Toyota Crown, and Toyota Crown Majesta.

Organizational Structure

Any company in course of its inception, growth and maturity needs to constantly energize itself by bringing in new policies and rules, and making changes in the old organizational structure. This becomes necessary as the market conditions change and also is proportional to the type, kind and density of the market in which the organization conducts business. The new organization structure is envisioned to herald motivation in the workforce by suitably reinventing its wheel.

(Toyota Announces New Organizational Structure and Executive Change, Toyota City, Japan, Mar 6, 2013 - (JCN Newswire)

In 2013, Toyota Motor Corporation (TMC) announced that it will implement executive, organizational and personnel changes to further strengthen its management structure toward realizing the Toyota Global Vision announced in March 2011.

The new structure is based on a review of the organization's way of working and making decisions, and is aimed at achieving real competitiveness and realizing sustainable growth.

Executive changes will include partial changes to board members, as well as the appointment of TMC's first outside board members.

In addition, the following changes will be made to TMC's management structure effective April 1, 2013.

Business-unit Organization

To clarify operations and earnings responsibility as well as speed up decision-making, TMC's automotive business will be split into the following four units so that each unit can apply the most appropriate business model and aim for steady growth:

- Lexus International (Lexus business) - Toyota No. 1 (North America, Europe and Japan)
- Toyota No. 2 (China, Asia & Middle East, East Asia & Oceania; Africa, Latin America & Caribbean)
- Unit Center (engine, transmission and other "unit"-related operations)
- Lexus International will continue its role as Lexus' global headquarters, aiming for the establishment of Lexus as a global premium brand with Japanese roots.
- Toyota No. 1 and Toyota No. 2 will have executive vice presidents in charge and will oversee all aspects of Toyota-brand vehicle development, from planning to production to sales. — Unit Center will develop globally competitive "unit" components (including major powertrain components such as engines and transmissions). The executive vice president in charge will oversee all operations from component planning and development to production technology and functions aimed at bringing products to market in a prompt and timely manner.

Reorganization of Region Groups

To improve products and services for and in growing markets, the Asia and Oceania Operations Group and the Middle East, Africa and Latin American Operations Group will be reorganized into the East Asia & Oceania Region, the Asia and Middle East Region, the Africa Region, and the Latin America & Caribbean Region. These new region groups,

in addition to the existing China Region, North America Region, Europe Region, and Japan Sales Business Group, will total eight, an increase from the previous six.

In addition, as part of ongoing efforts to increase region head “globalization”, as is the case currently in Toyota’s Europe operations, a non-Japanese executive - to be titled “CEO” - will be in charge of the North America Region, the Africa Region, and the Latin America & Caribbean Region.

New Divisions not Belonging to a Group

To promote the making of ever-better cars over the medium-to-long term, the TNGA Planning Division will be established and the Product & Business Planning Division will be reorganized. Both divisions will not belong to a group. The TNGA Planning Division will be in charge of technology-based medium-to-long term product (vehicle and unit components) strategy and the Product & Business Planning Division will be in charge of market-based medium-to-long term product strategy.

Corporate Governance:

(<http://www.toyota-industries,2013.com/corporateinfo/governance/>)

Any respectable business unit which wishes to earn a name for itself in the long run in the market needs to evolve a sound corporate governance policy and develop a keen sense of corporate social responsibility. Such companies do not look at only Return on Investment (ROI) as their sole purpose of existence, but to achieve gains from Return on relationship (ROR) by establishing transparency and a sustainable and trustworthy relationship with all its stakeholders.

Toyota Industries realizing this fact strives to enhance the long-term stability of its corporate value and maintain society’s trust by earnestly fulfilling its CSR commitments in accordance with its Basic philosophy. To that end, Toyota Industries strives to enhance its corporate

governance based on the belief that maintaining and improving management efficiency and the fairness and transparency of its corporate activities is of utmost importance.

Toyota formulated and announced the Toyota Global Vision in March 2011, based on what it has learned from the deterioration of the business environment following the Lehman Shock and a series of quality problems (Toyota Annual Report, 2012)

Corporate Governance System

The Toyota Global Vision, based on Toyota's values that have guided Toyota since its founding, such as "Guiding Principles of Toyota" and "Toyota Way", aims to exceed customer expectations by the development of ever-better cars and enriching lives of societies, and to be rewarded with a smile which ultimately leads to the stable base of business. Toyota is to keep this virtuous cycle by focusing on making ever-better cars. To fulfill the Toyota Global Vision, Toyota made some changes to its management structure such as reducing the Board of Directors and decision-making layers. Toyota continues to offer products and services that aims to satisfy evolving needs in every region. Toyota headquarters provide overall direction and furnish support for the initiatives undertaken by the regional operations. Specifically, with the aim of faster decision-making, Toyota drastically reduced the number of Directors and abolished the position of Senior Managing Director. Furthermore, Toyota will replace the current three-layer arrangement:

-Executive Vice President, Chief Officer, and Executive responsible for the operations involved -with two layers, eliminating the executive immediately below the Chief Officer.

Systems for Ensuring Appropriate Management

Toyota has an International Advisory Board consisting of advisers from each region overseas, and, as appropriate, receives advice on a wide range of management issues from a global perspective. In addition, Toyota has a wide variety of conferences and committees for

deliberations and the monitoring of management and corporate activities that reflect the views of various stakeholders, including the Labor-Management Council, the Joint Labor-Management Round Table Conference, and the Toyota Environment committee.

Accountability

Toyota has engaged in timely and fair disclosure of corporate and financial information as stated in the CSR Policy “Contribution towards Sustainable Development”. In order to ensure the accurate, fair, and timely disclosure of information, Toyota has established the Disclosure Committee chaired by an officer of the Accounting Division. The Committee holds regular meetings for the purpose of preparation, reporting and assessment of its annual securities report, quarterly report under the Financial Instruments and Exchange Law of Japan and Form 20-F under the U.S. Securities Exchange Act, and also holds extraordinary committee meetings from time to time whenever necessary

Compliance

In order to manage and implement important activities for fulfilling social responsibilities, Toyota has established the CSR Committee consisting of directors at the executive vice president level and above as well as representatives of corporate auditors, to review important issues relating to corporate ethics, legal compliance, risk management and social contribution, and also to develop action plans concerning these issues. Toyota has also created a number of facilities for employees to make inquiries concerning compliance matters including the Compliance Hotline, which would enable them consult with an outside attorney, and takes measures to ensure that Toyota is aware of significant information concerning legal compliance as quickly as possible. Toyota will continue to promote the “Toyota Code of Conduct” which is a guideline for employees’ behavior and conduct for employees of Toyota and its consolidated subsidiaries together all around the world. Toyota will work to advance corporate ethics through training and education at all levels and in all departments.

Toyota has adopted an auditor system. Seven Corporate Auditors including four Outside Corporate Auditors play a role in Toyota's corporate governance efforts by undertaking audits in accordance with the audit policies and plans determined by the Board of Corporate Auditors. In addition, Toyota has secured the personnel and framework supporting the audit by Corporate Auditors. The Outside Corporate Auditors advise Toyota from a fair and neutral perspective, based on their broad experiences and insight in their respective fields of expertise. The state of internal controls and internal audits are reported to Corporate Auditors (including Outside Corporate Auditors) through the Board of Corporate Auditors and the "CSR Committee", and the status of accounting audits is reported by independent External Auditors to the Corporate Auditors (including Outside Corporate Auditors) through the Board of Corporate Auditors. To enhance the system for internal audits, a specialized organization made independent of direct control by the management evaluates the effectiveness of the system to secure the appropriateness of documents regarding financial calculation and other information in accordance with Section 404 of the U.S. Sarbanes-Oxley Act and Article 24-4-4 (1) of the Financial Instruments and Exchange Law of Japan. In order to enhance the reliability of the financial reporting of Toyota, the three auditing functions: audit by Corporate Auditors, internal audit, and accounting audit by Independent External Auditors, help in conducting an effective and efficient audit through periodically held meetings. This also acts a platform to share information and come to understandings through discussion on audit plans and results.

Implementation Structure

Toyota Industries convenes monthly meetings of the Board of Directors to resolve important management matters and monitor the execution of duties by directors. Outside directors attend meetings of the Board of Directors, in which they give opinions and ask questions as deemed necessary to ensure legality and validity of decisions of the Board of Directors as well as directors' execution of duties. Additionally, the Managing Officers System, enables managing officers to focus solely

on the execution of business operations and speed up decision making. The Management Committee, which is composed of directors above the executive vice president level as well as relevant directors, managing officers and corporate auditors, deliberates on a variety of issues concerning important management matters such as corporate vision, management policies, medium-term business strategies and major investments.

Toyota Industries has a divisional organization system, with significant authority delegated to each business division. But there is a Business Operation Committee to enable the president to meet with the heads of each business division regularly to monitor and follow the status of their business execution.

To strengthen the business structure, the new position of business division executive director was set up to perform such duties as drawing up strategies, while the division heads concentrate on the execution of business operations. At meetings of the Management Council, directors, managing officers and corporate auditors convene to report and confirm the monthly status of business operations and share overall deliberations at Board of Directors meetings and other management-related information. Matters pertaining to quality, safety, human resources, the environment and other aspects are discussed at corresponding functional meetings and by respective committees.

Board of Corporate Auditors

Toyota Industries has adopted a board of corporate auditors system. Two full-time corporate auditors and three outside corporate auditors attend meetings of the Board of Directors to monitor the execution of duties by directors. At the same time, meetings of the Board of Corporate Auditors are held once a month to discuss and make decisions on important matters related to auditing. The full-time corporate auditors carry out auditing by attending primary meetings and receiving reports directly from directors. Additionally, there are

dedicated personnel, while corporate auditors monitor the legality and efficiency of management through collaboration with independent auditors and the Audit Department. As a publicly listed company, Toyota Industries strives to ensure the fairness and transparency of management. Following the Securities Listing Regulations stipulated respectively by the Tokyo Stock Exchange, Osaka Securities Exchange and Nagoya Stock Exchange, we designated as independent auditors two outside auditors who have no conflicts of interest with the shareholders to further enhance the corporate governance.

(<http://www.toyota-industries.com/corporateinfo/governance/>)

Toyota's Efforts in Emerging Markets

(Toyota Motor Corporation, Annual Report 2012):

Toyota's basic philosophy on operations in emerging markets is to be contributive to the development and welfare of the country. This philosophy calls on us to contribute through the auto industry to the development of the economy, employment, transportation infrastructure, etc., of the countries in which we operate by cultivating and developing the supporting industries and engaging in operations that are based locally. When Toyota sets up operations in a country it becomes a corporate citizen there, and through the auto industry we contribute to society via foundation activities, environmental conservation, and human resources training. We emphasize dialogue with local communities for sustainable growth in every country in which we do business.

Relationship and Activities Associated with ASEAN

Toyota has a long history of efforts in emerging markets, particularly in the ASEAN nations, where we have been promoting exports and local production since the 1960s.

Period of Foundation (Preparing the automobile industry infrastructure and finding/growing suppliers)

From 1970 through 1990 was a period of foundation in which we sought to deliver vehicles that would please local consumers. We introduced the Tamaraw in the Philippines in 1976, and the following year brought the Kijang to Indonesia. The Philippines and Indonesia are places where families tend to be large, so it was necessary to provide dual-use vehicles that could be used for business and family transport. Unpaved roads were common, so vantage multi-purpose vehicles were favored. We opted to make bodies by bending and welding sheet rather than importing stamping equipment, so as to make less expensive vehicles. We cultivated staff and suppliers and developed new products locally. Our goal was to prepare infrastructure for the auto industry, and find and develop local suppliers.

Period of Growth (Growing the parts-supply industry through mutual complementation of production)

During the growth period of 1990 through 2000, the ASEAN countries were transitioning from country-based production to mutually complementary regional production, due to the gradual materialization of the ASEAN Free Trade Agreement as well as the difficulties in achieving mass production and cost reduction at the single-country-market scale. The Memorandum of Understanding on Brand-to-Brand Complementation on the Automotive Industry and other tariff exemptions on parts provided the impetus for each country to mass produce parts in its area of expertise, making for efficient plant investment through expansion of scale and volume efficiency and leading to the growth of the parts-supply industry.

Development Period (Overcoming the currency crisis and moving toward global production)

The Asian currency crisis of 1997 that took place amidst these developments was a direct blow to ASEAN and had a great impact on the automobile market, but that experience provided the foundation for the later development of the IMV Project and other global vehicles. The volume of parts imported from Japan was broadly cut in response to the collapse of the ASEAN currencies, with a concurrent rise in

the ratio of local procurement and the establishment of an export structure that exploited low-priced currencies. Quality was also improved to bolster exports, and cost-reduction efforts were made. The cooperation and support of governments and local communities, as well as the strengthening of aftersales service and the parts business, enabled the creation of a profitable structure without impacting sales. This ushered in the development period from 2000 through 2010, during which the foundation of the Asian auto industry grew markedly.

Toyota's overseas business has evolved through the above stages, from making in Japan and exporting, to producing in regions where demand exists and then to the current stage whereby Toyota has an efficient global production and supply. Global production and supply are supported in the emerging markets, where we have been increasing investment so as to boost production capacity. We began production of the Fortuna in India in 2009, followed by the diesel Corolla and the Etios in 2010, and expanded investment in factories accordingly. In Brazil, production of the Corolla FFV began in 2007, and sales have steadily increased since then. We plan to start production at a new compact vehicle plant in Brazil in the latter half of 2012. As a result of such efforts, production capacity in emerging markets is forecast to reach approximately 3.1 million vehicles in 2013, which is the same level as that in Japan and represents a great increase over the 540,000 vehicles output in 2000.

Sales Strategies in Emerging Markets - The IMV Project

The IMV (Innovative international multipurpose) Project constitutes an important sales strategy in emerging markets. Launched in 2004, the IMV series consists of five vehicles⁶—three pickup trucks, a minivan and an SUV⁶—specially developed in 2004 for introduction in over 140 countries. Currently, the IMV series is manufactured in 11 locations, with sales of locally manufactured vehicles underway in approximately 170 countries. Toyota applied the *genchi genbutsu* (onsite, hands-on

experience) approach to observing and analyzing the kinds of vehicles used in various parts of the world, and developed and introduced IMVs to meet the needs of each region. Thorough aftersales service programs for IMVs have gained the trust of customers around the world. The scale of the market will continue to grow, and Toyota plans to increase capacity in Thailand, where the auto parts supply industry is concentrated, as the global supply base. Increases in new investment to strengthen other supply bases, including Indonesia, and sequential production bases, are planned. IMV stands for "Innovative International Multipurpose Vehicle". The name is based on our intention to create multipurpose vehicles that will meet the needs of consumers worldwide.

Asia makes up half of the sales of the IMV series, but sales in the Middle East, Africa, and Central/South America are also solid, with sales structures based on locally made core models. Production capacity recovered comparatively quickly amidst the supply shortages caused by the Japan Earthquake and Thailand floods in 2011, with the number of vehicles sold increasing greatly. As a result, sales improved from 460,000 in 2005 in the immediate aftermath of the IMV Project launch to 770,000 in 2011, and with markets predicted to grow from 2012 on, sales are also expected to increase.

Future Efforts in Emerging Markets

New Strategies for Growing Emerging Markets are proposed to be adopted are as follows:

A Second Home in Asia

Toyota's basic attitude toward our efforts in emerging markets henceforth can be summed up as "Asia is our second mother base." What this means in practical terms is that we will follow on from the IMV Project by strengthening our production and supply bases for compact vehicles in Asia, move toward thorough localized procurement, and ensure and enhance our cost competitiveness.

New Compact Vehicle Strategy

The automobile market in emerging markets is growing each year in tandem with the economic growth of each country. Within those markets, there has been marked growth in the sales of compact vehicles, so Toyota is promoting a new compact vehicle strategy that emphasizes the compact vehicle lineup and seeks to meet the needs of consumers in emerging markets. Efforts we are making include the launch of eight compact vehicle models specifically designed for emerging markets, starting with the Etios in India in December 2012. There are plans to produce compact vehicles in emerging markets and deliver a total of more than 1 million vehicles a year to customers in over 100 countries. Delivery of the compact Etios sedan and Etios Liva hatchback models to South Africa via Toyota Kirloskar Motors (TKM) of India began in April 2012.

Localization Initiatives

Toyota believes that ensuring cost competitiveness by achieving thorough localization is necessary to making further progress in intra- and extra regional exports. We therefore are maximizing local R&D functions, and seek to achieve local/ regional procurement rates of 100% at the earliest possible stage.

Some of the countries where Toyota is concentrating its presence are as follows:

Russia

Russia is among the markets with the greatest potential, not only in Europe, but in the world. Toyota has gained experience and acclaim from Russian customers for our core models, such as the Camry and Land Cruiser Prado, and we are making steady progress in localization. We plan to contribute to the growth of the Russian auto industry by increasing production of the Camry by Toyota Motors Manufacturing Russia (TMMR), and also by starting local assembly of the Land Cruiser Prado in the Russian far east city of Vladivostok at the end of this year.

Africa

Africa, where economies and populations are steadily growing, is seen as a market that will continue to grow. From our base in the Republic of South Africa, Toyota is looking into building a vehicle supply system that can meet the special characteristics of each African nation. We aim to open and penetrate new markets through sales measures closely aligned to each region. Also, in April 2012, we started contract assembly production of the Fortuna IMV model in Egypt.

India

India's auto market is expected to keep pace with India's growing economy. Toyota will continue to develop products that meet the needs of the region's growing consumer base, as we did with the Etios. In addition, TKM established the Toyota Technical Training Institute in 2007 with the goal of providing specialized technical training for manufacturing, and we intend to continue to engage in human resources development and job creation so as to contribute to the development of the Indian economy.

Asia

Toyota's definition of "Asia" (for business purposes) does not include China, India, Pakistan, Bangladesh and Japan. In 2012, this market is expected to recover from the impact of the Thailand floods, with demand rising above that of 2011. This market is expected to grow in tandem with the expansion of the regional economy in the medium-to longterm, and we are aiming to increase sales from the current 1.6 million-1.7 million annually to 2 million in the future. Hitting that target will require an expansion in production facilities in Thailand, Indonesia and elsewhere.

Brazil

We have established a new plant in Sorocaba, in the state of São Paulo, Brazil, and beginning in the second half of 2012, we will produce and sell the Etios, a new compact model. In the future we will offer products that meet the needs of a broad array of consumers. Our goal

is to steadily expand and cultivate the Brazilian market through corporate activities deeply rooted in the region, such as localized production.

HRM Culture and Practices at Toyota

In order to evolve in to a world class company an organization needs to balance its priorities between tangible and intangible assets. While tangible assets can be managed with the help of quantitative and measurable techniques and processes, intangible assets, like company's good will etc., flows from its culture. Organizational culture needs to be built, incorporated and internalized by its people. For this a strong socialization process needs to be in place. Organizational culture is ultimately reflected in the values systems of company and becomes visible through its practice by all in the company. Behavior is the mirror where a strong organization culture is visible and therefore, to inculcate the same, a strong and effective human resource policy and practice must be in place.

While Toyota is known for many world class products and quality initiatives that include famous Toyota production system that later became popular as JIT (just-in-time inventory), the company maintains high profile in its HRM policies and practices, also.

Ian Winfield of University of Derby, UK who conducted a detailed field study on Toyota's HRM in 1994, strongly believes that human resource practices of this company can serve as a model, particularly in manufacturing and production-oriented organizations. Toyota's HRM framework broadly comprises of four goals as described below (<http://hrlink.in, 2013/topics/toyota-model-of-hrm>).

- 1) **The Goal of Organizational Integration.** The integration of employees at individual and collective level with organization is seen as the primary goal of Toyota HRM strategy. This goal has been achieved through extensive use of teams that are subordinate to organizational goals. Welfare of employees also received wide attention as a part of this goal.

- 2) **The Goal of Commitment.** In order to achieve this goal, a two-pronged strategy was followed. Firstly, Toyota preferred semi-rural workforce for induction in their plants. They believe that people who are not contaminated by industrial culture and influences tend to retain with them a kind of feudal value of loyalty, which can be converted into organizational commitment. Secondly, measures such as suggestion schemes, quality circles and employee involvement methods are used to gain commitment.
- 3) **The goal of Flexibility and Adaptability.** Team authority in place of single individual holding all the powers had paved way for realizing flexibility in the organization. These teams are task-based and can be dismantled or restructured, depending upon the situation. The adaptability trait is institutionalized through the approach of multi-skilling and job rotations.
- 4) **The Goal of Quality.** Self peer and teams surveillance techniques are used to ensure quality of products. Further, a series of measures employed, such as time and motion study, benchmarking, continuous process improvement and employee involvement contributed in the achievement of this goal.

Toyota has recomposed the aforementioned four HRM goals into 17 specific practices. These 17 practices are classified into production practices and employment practices. The production practices are: JIT, Kanban, Line stop, Level scheduling, Continuous flow and Processing. The employment practices are: Continuous improvement, Single status facilities, Performance appraisal, Daily team briefings, Temporary contracts, Performance related pay, Company council, Cross training and group decision-making (<http://hrlink.in/topics/toyota-model-of-hrm>)

The Toyota culture has evolved since the company's founding and is the core competence of the company. It is the reason why operations are lean, cars hit the market on time and on budget, chief engineers developing cars deeply understand the customer, company executives

anticipate long-term trends and have clear strategies, and every employee (called a team member) is vigorously working on achieving the annual plan of the company.

The Toyota Way is first and foremost about culture — the way people think and behave is deeply rooted in the company philosophy and its principles (Liker, 2004). At the core it is about respect for people and continuous improvement and this has not changed since the company's founding. Organizations of many kinds throughout the world have been borrowing specific methods from Toyota that have been turned into programs like lean manufacturing, lean enterprise, and lean six sigma. Underlying these programs is a fundamentally different assumption than we see in Toyota's culture. The assumption of these lean programs is that the right tools applied to specific problems by expertly trained individuals will dramatically improve business performance in a relatively short period of time. Toyota's underlying assumption is that carefully selected and developed people over long periods of time will continuously improve processes and ultimately lead to competitive advantage and mutual prosperity. These philosophical underpinnings lead to very different views of how to manage and develop people and different views of the role of the human resources department in the firm. Mention human resources in most companies and one thinks of a department that processes people in a similar way that accounting processes money. Massive computer systems and large procedure manuals with reams of data account for such things as salary structures, benefit packages, career paths, retirement programs, and health insurance (Liker & Hoeus, 2008).

Some of the unique HRM practices at Toyota are mentioned below.

Labor-Management Relation

No manufacturing unit in any part of the world can function effectively without a dedicated and satisfied labor force. Toyota's labor-management relations are based on mutual trust between

labor and management, though this was not always the case in the past. Following a labor dispute in 1950, mutual trust between labor and management was adopted as the foundation of labor-management relations in the joint labor and management declaration concluded in 1962. Since then, repeated discussions have led to deeper understanding and trust between labor and management.

The basic concepts of mutual trust between labor and management are: improvements in the lives of employees are realized through the prosperity of the company, and labor and management thus share the same goal of company prosperity as a common value; management will take into consideration to the greatest possible extent stable employment and will continuously strive to improve working conditions; and employees will cooperate with the company's policies in order to promote the company's prosperity. In the Labor and Management Resolutions for the 21st Century signed by labor and management representatives in 1996, mutual respect was added to mutual trust as a foundation of labor-management relations, and this is reflected in the current Guiding Principles at Toyota Motor Corporation (http://www.toyota.com/2013/en/environmental_rep/03/jyugyoin.html).

Human Resource Development

Training and development initiatives in any company have two major goals:

- a) create a workforce capable of delivering as per expected standards of performance and achieve short and medium term operational targets;
- b) develop people through talent management system to take on higher level managerial positions as part of its succession planning process.

Thus training and development as an activity within a company should be viewed as part of the future investment rather as a cost or burden on the company. An up-to-date workforce can deliver even in the

most challenging times and therefore organization must create systems to encourage the growth knowledge and learning process among its people.

At Toyota it is believed that “because people make our automobiles, nothing gets started until we train and educate our people.” As seen in these words, which were expressed by Honorary Advisor Eiji Toyoda, Toyota seeks to develop human resources through the activity of making things. Toyota believes that the development of human resources requires the handing down of values and perspectives.

In conjunction with the geographic expansion of business and the growth of business areas, undertaking global actions for the development of human resources has become a priority issue. Toyota is building both tangible (a new learning facility) and intangible (course content) structures relating to team member development that ensures a secure and steady flow of qualified human resources to conduct Toyota’s global business in the 21st century.

Toyota conducts systematic company-wide and divisional training and assignments for training purposes with an emphasis on on-the-job training (OJT) to ensure that associates can fully utilize their abilities.

Toyota has defined the required qualifications of “professional staff”¹ for office and engineering positions, and “T shaped human resources”² who are able to perform day-to-day activities and expand their skills in technical positions. Company-wide training is conducted based on employee qualifications, as well as specialized training for individual divisions, language training, and special knowledge and skill training. In October 2002, Toyota created the booklet “Toyota — Developing People” and distributed it to all associates to create a common understanding that “the source of Toyota’s competitiveness is human resources development” and to promote the creation of workplaces where personnel development takes place at all sites and at all levels.

1. Professional Staff: Associates who can create added value on their own and contribute to society, as well as utilize their strengths and exercise teamwork
2. T Shaped Human Resources: Team members with a broad range of skills, such as English language skills and operational knowledge (the crossbar of the “T”) as well as highly specialized knowledge and experience in a particular field (the vertical bar of the “T”).

Toyota Way 2001

In order to carry out the Guiding Principles at Toyota Motor Corporation, in April 2001 Toyota adopted the Toyota Way 2001, an expression of the values and conduct guidelines that all employees should embrace. In order to promote the development of Global Toyota and the transfer of authority to local entities, Toyota’s management philosophies, values and business methods, that previously had been implicit in Toyota’s tradition, were codified. Based on the dual pillars of “Respect for People” and “Continuous Improvement,” the following five key principles sum up the Toyota employee conduct guidelines: Challenge, Kaizen (improvement), Genchi Genbutsu (go and see), Respect, and Teamwork. In 2002, these policies were advanced further with the adoption of the Toyota Way for individual functions, including overseas sales, domestic sales, human resources, accounting, procurement, etc.

Toyota Institute

In January 2002, the Toyota Institute was established as an internal human-resource development organization that aims to reinforce the organic integration of global Toyota companies by way of sharing the Toyota Way as well as to promote self-sufficiency. The purpose behind the Toyota Institute’s establishment is to promote the human resources development of global Toyota in order to promote true globalization and to realize the advancement of Toyota’s core values. TMC President Fujio Cho is the Toyota Institute’s first president, with 16 full-time associates managing the business.

Within the Toyota Institute, the Global Leadership and the Management Development Schools constitute the specific content of the training programs. In 2002, the Toyota Institute conducted training programs targeting global leadership candidates from TMC and overseas companies and for middle management personnel to enhance understanding of the Toyota Way, enable best practice sharing and drafting of action plans, as well as contribute to the creation of a global human network (http://www.toyota.co.jp/en/environmental_rep/03/jyugyoin03.html).

Diversity and Equal Opportunity

With the on-going changes in the labor market environment, due to such factors as the globalization of business and social advances of women, one major task for increasing a company's competitiveness is to have management that can make use of human resource diversity. In 2002, Toyota started a Diversity Project based on the concept expressed in Toyota's Global Vision 2010 of "promoting the creation of environments featuring people from around the world with various abilities and values who are given the opportunity to experience self-realization as individuals." Through this, Toyota aims to increase its employees' motivation and optimize the value of its human resources.

Women Participation

In 2002, based on the principle of respecting diversity and with the aim of reforming management throughout the company, Toyota set its sights on women's participation, reviewing its arrangement with regard to female employees, and taking steps to put a better environment in place. In order to promote the creation of an environment more conducive to participation by motivated female employees, Toyota has made a three-pronged effort to: (1) Help enable women to work and raise children at the same time; (2) Assist in women's career building, and (3) Reform the working environment and employee awareness. Toyota has also introduced flexible working arrangements and constructed child-care facilities at business sites. As of March 2003, Toyota had approximately 5,800 female employees,

accounting for 9% of the total workforce, but the number of women employed has grown steadily each year as female students' awareness increases.

With the objective of assisting women's career building, Toyota held the Career Design Forum in November 2002 for about 400 female employees. The purpose was to help the women build a network within the company and to give them the motivation to create their own career visions independently and actively. Toyota plans to enhance similar initiatives in the future.

In March 2003, the "Toyota Child Care Bubu Land," an on-site childcare facility (in Toyota City, Head Office area), was opened so that all employees, both male and female, who wished to continue working while raising children could do so without worry. The facility has many useful features, which include having a resident nurse on the staff and staying open until 10:30 pm. One female employee using the facility (with a one-year-old child in care) expressed her sentiments in the following way: "It's located at the company, so drop-off and pick-up are easy, and I can continue working without having to worry if extra work should suddenly crop up."

Employment of Disabled Persons

As of March 2003, Toyota employed about 800 disabled people in many kinds of positions at various workplaces. Toyota believes in helping the disabled achieve autonomy within society, and makes it a basic rule to have them work together with other employees. Human consideration is given to the conditions of their disability at the business sites and ways are devised to accommodate them in workplace facilities so as to create a workplace environment that is safe and easy to work in. As of the end of March 2003, Toyota's disabled employees ratio was 1.95%, exceeding the 1.8% Legal Employment Quota.

(http://www.toyota,2003.co.jp/en/environmental_rep/03/jyugyoin04.html)

The roles of HR functions at Toyota are proposed to be as follows (Liker & Hoseus, 2008):

1) Strategic Partners

- Act as an integral part of the business team.
- Engage the business team in systematic organizational audits resulting in clear priorities.
- Provide HR resources to the business.
- Possess clear understanding of current business conditions (internal and external).

2) Administrative Experts

- Develop and manage guidelines, plans, and policies for effectively managing human resources.
- Act as consultants in fields of expertise, supporting other HR professionals and other HR clients.
- Take responsibility for continuous improvement in programs and operations.

3) Employee Champions

- Speak for employee needs and management concerns about employee relations.
- Know the employees and anticipate their concerns and issues.
- Be available and approachable by employees.
- Be experts in assisting employees with concerns.
- Provide employees with the resources they need to commit themselves to meeting company objectives.

4) Change Agents

- Influence and drive organizational change strategies in support of business objectives.
- Manage the process to ensure successful change management.
- Continuously take the organization's pulse regarding both internal and external matters.
- Remain current about tools and practices of change in order to effectively and efficiently manage change and respond to the organization's requirements.

Toyota in India

Toyota started its operations in India in 1997. It invested Rs. Seven billion in the company. The Toyota Motor Company has 89% of equity shares and the Kirloskar Group has 11% equity shares in Toyota Kirloskar Motor Company. Toyota is a Japanese company while Kirloskar is an Indian Company.

Vision of Toyota India are as follows:

1. Delight our customers through innovative products, by utilising advanced technologies and services.
2. Ensure growth to become a major player in the Indian auto industry and contribute to the Indian economy by involving all stakeholders.
3. Become the most admired and respected company in India by following the Toyota Way.
4. Be a core company in global Toyota operations

Mission for Toyota India

- Practice ethics and transparency in all our business operations.

- Touch the hearts of the customers by providing products and services of superior quality at a competitive price.
- Cultivate a lean and flexible business model throughout the value chain by continuous improvement.
- Lead the Toyota global operations for the emerging mass market.
- Create a challenging workplace which promotes a sense of pride, ownership, mutual trust and teamwork.
- Create an eco-friendly company in harmony with nature and society.
(<http://www.toyotabharat, 2013.com/inen/about/vision.aspx>)

Toyota is making India the global manufacturing hub for small cars. It is planning to make India the export base for mid-size cars. Exports from India would go to Brazil, Argentina, Europe, Malaysia and South Africa.

Toyota Kirloskar Motors the Indian arm of Toyota, will export the Etios and Liva to emerging markets, but no specific markets have been announced.

(<http://www.toyotabharat, 2013.com>)

Concluding Remarks

After going through this case the readers can become sensitized to a host of corporate practices which contribute to the growth and emergence of a world class organization. On all counts Toyota excels as a company which constantly endeavored to keep itself alive and sensitive to not only its external stakeholders but also its internal ones. At the same time, the company has always looked at ways and means to rationalize its work processes and save resources to make its production and operations lean and efficient. It has not shied away from making necessary investments in innovations or in people development which has resulted in the growth and profitability of the company and has helped it to be one step ahead of its competitors.

This is the story of a great company which has made extraordinary efforts to remain a leader and innovator even in turbulent times in the present era.

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Appendix 1

History of Technological Development (http://www.toyota-global.com/company/history_of_toyota/)

Toyota is striving to develop automobiles that meet the needs of our customers while at the same time achieving an optimal balance between consideration for the environment, safety, drivability, comfort and reliability.

- 1867** Birth of Sakichi Toyoda.
- 1924** Sakichi Toyoda invents Toyoda Model G Automatic Loom.
- 1929** Automatic-loom patent is sold to a British company.
- 1930** Kiichiro Toyoda begins research on small gasoline-powered engine.
- 1933** Automobile Department is established at Toyoda Automatic Loom Works, Ltd.
- 1935** The Toyoda precepts are compiled.
- 1936** The AA Sedan is completed.
- 1937** Toyota Motor Co., Ltd. is established.
- 1938** Honsha Plant begins production
- 1950** Company faces a financial crisis; Toyota Motor Sales Co., Ltd. is established.
- 1951** Suggestion System begins.
- 1955** The Toyopet Crown, Toyopet Master and Crown Deluxe are launched.
- 1957** The first prototypes of the Crown are exported to the United States; Toyota Motor Sales U.S.A., Inc. is established.
- 1959** Motomachi Plant begins production.

- 1962** Joint Declaration of Labor and Management is signed.
- 1965** Toyota wins the Deming Application Prize for quality control.
- 1966** The Corolla is launched; business partnership with Hino Motors Ltd. begins.
- 1967** Business partnership with Daihatsu Motor Co., Ltd. begins.
- 1974** Toyota Foundation is established.
- 1975** The prefabricated housing business begins.
- 1982** Toyota Motor Co., Ltd. and Toyota Motor Sales Co., Ltd. are merged into Toyota Motor Corporation.
- 1984** Joint venture with General Motors (New United Motor Manufacturing, Inc.) begins production in the USA.
- 1988** Toyota Motor Manufacturing, USA, Inc. (present TMMK) begins production.
- 1989** The Lexus brand is launched in the USA.
- 1992** Toyota Motor Manufacturing (United Kingdom) Ltd. begins production.
- 1997** The Prius is launched as the world's first mass-produced hybrid car.
- 1999** Cumulative domestic production reaches 100 million vehicles.
- 2000** Sichuan Toyota Motor Co., Ltd. begins production in China.
- 2001** Toyota Motor Manufacturing France S.A.S. begins production in France.
- 2002** Toyota enters Formula One World Championship; Tianjin Toyota Motor Co., Ltd. begins production in China.
- 2004** The Toyota Partner Robot is publicly unveiled.
- 2005** The Lexus brand is introduced in Japan.

- 2008** Worldwide Prius sales top 1 million mark.
- 2010** Worldwide Prius sales top 2 million mark; Toyota and Tesla Motors agree on joint EV development.
- 2011** Worldwide Hybrid Vehicle sales top 3 Million mark; Toyota Motor Manufacturing, Mississippi, Inc. begins production in the USA.

Appendix 2

Toyota Global Vision (Toyota, Annual Report 2012)

The “Toyota Global Vision” announced in March 2011, is an articulation of what kind of company we want to be —what kind of company we ought to be. It clarifies our value, “we want Toyota to be a company that customers choose and brings a smile to every customer who chooses it”. The “Toyota Global Vision” is a distillation of our resolve at Toyota for the future:

Rewarded with a smile by exceeding your expectations

Toyota will lead the way to the future of mobility, enriching lives around the world

with the safest and most responsible ways of moving people.

Through our commitment to quality, constant innovation and respect for the planet, we aim to exceed expectations and be rewarded with a smile.

We will meet challenging goals by engaging the talent and passion of people, Who believe there is always a better way.

