

Toyota – internal stakeholders essay sample

[Business](#), [Branding](#)



These were the founders of the company who made the major decisions of investing in the automobile industry (i. e. Kiichiro and Risaburo) and significantly influenced Toyota to be the company that it is today. -- When the manufacturing law was passed in Japan (1936), it forced GM and Ford out of the automobile industry. -- Due to reduced competition Kiichiro and Risaburo incorporated the company because the automobile industry was attractive and had higher chances of being profitable. -- Kiichiro was made president of the company and this meant that he had direct influence in terms how to formulate Toyota's business strategy. Management: -- Generally management is directly involved with the day--to--day operations of the business. Management's objective is to ensure that the mission and the visions of the company set by the board are met. -- With Kichihiro as president of the company, the company utilized the engineering skills that were available in the parent company (Toyoda) to determine how to operate cost efficiently and penetrate the market. -- The company was determined to expand its market share internationally by implementing strategies that dealt with any obstacles that affected the operations of the company. For example, when the Japanese prohibited the manufacture of passenger vehicles the company had to conform by making military vehicles in order to stay in business. Assembly Line Workers: -- After WWII, labor laws that had been introduced by the American occupiers increased the influence of workers in the company since it became difficult to lay them off even when profitability issues were of concern. -

Employee satisfaction is important in the smooth operation of the business. In 1950, management attempted to lay off workers and this frustrated the

workers and they went on a strike. Due to their high bargaining powers of employees, negotiations management after the strike secured lifetime contracts for the retained workers and bonus payments based on profitability. -- Failure to follow operation strategy in mass production systems usually results in huge losses. Ohno helped in developing training programs for assembly line workers that were aimed at mitigating the risks of mass production, while increasing productivity per person.

Secondary/Indirect Stakeholders: Government: -- Government's role is to set policies that encourage foreign and local investments and creation of job opportunities for the general public to improve their standards of living. -- As mentioned above, manufacturing laws in 1936 indirectly forced out competitors in the automobile industry. Furthermore, during the war the types of vehicles manufactured were directly influenced by policies put in place that prohibited manufacturing of passenger vehicles. -- After the war, these policies were relaxed and Toyota followed their original business strategy, such that by 21 century they had managed expand internationally and the company recognized one of the largest car companies in the world.

st Suppliers:

Due to the complexity of coordination strategies manufacturers such as Toyota try to overcome this problem by vertically integrating in order to influence some critical operations of the company. -- Toyota outsourced most (over 70%) of their auto manufacturing processes because their strategy of reducing their inventory stocks. -- The consequences of relying on external suppliers for different parts for their assembly plants was that quality and timely deliveries of parts had to be closely monitored as this could affect the

end products. -- Toyota developed the Kanban system to improve coordination between departments and have parts delivered just-in-time without experiencing stock outs as this could affect productivity. -- The Kanban system was extended to suppliers since they had a great influence on the Toyota's productivity. -- By 1990, Toyota realized that their North American and European suppliers had 100 times higher defect ratios and at the same time more expensive parts as compared to their Japanese suppliers, therefore Toyota increased imports of parts for their US operations. -- Toyota then increased their influence on the US suppliers by establishing Toyota Supplier Centers with aim of improving production systems.

Their obsession on quality and influence in suppliers resulted in huge profits and lower vehicle problems than their competitors. Customers: -- This group of stakeholders has probably the largest influence on Toyota because their satisfaction is measured by the increase demand of vehicles and higher revenue for the company. -- In order to provide quality service for its customers, Toyota formed a Toyota Motor Sales company that was treated as equal partners. -- Faulty vehicles in past have tarnished the image of their brand but Toyota still thrives to produce higher quality vehicles that meet the needs of their consumers. Additionally, even without clear identification of causes of some faults Toyota agreed to pay out lawsuits in order to protect its image from a consumer's point of view. Shareholders: -- As Toyota expanded internationally, they created 50/50 joint ventures with General Motors and this led to the formation of New United Motor Manufacturing Inc. (1983). -- This form of horizontal expansion gave Toyota the opportunity of

maintaining their quality standards while using foreign resources (workers and suppliers). -- Toyota's employees have a great influence on its profitability as shareholders who look forward to larger bonus payments if the company increases financial returns. Employees assist achieving this goal by help cut down costs wherever possible.