

Ethical audit report of the toyota company



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This assessment will be present as an ethical audit report that will provide a description of the organisation's business ethics. Business Ethics is a manual for managing a responsible business enterprise in emerging market economies grow and many dedicated people and organizations. It is intended to provide a practical guide to assist owners and managers in meeting emerging global standards and expectations for an effective business ethics program. (Donald L. E., 2004) Business ethics focuses on the moral standards of right and wrong as they apply to behaviour within and across business institutions and other related organisations. As Toyota, the world's largest automotive manufacturer designs and manufactures from Japan which so-called a world-class manufacturing quality expert. In recent years, Toyota has faces numerous ethical dilemmas and against to the drop of sales in its business.

Ethical Dilemmas of Toyota

First Issue – Dangerous safety Issue

In 16th March 2010, The government probe was launched a month after the automaker found itself in a storm of negative publicity and lawsuits over the issue of sticky pedals, which have lead to fatal crashes caused by sudden unintended acceleration. In 1st April 2010, Toyota faced mounting pressure Thursday as the government opened another probe of brake problems with the Prius, a crown jewel of its lineup. The brake system had a problem in the hybrid, the allegations of momentary loss of braking capability while travelling over uneven road surface, potholes or bumps. (Japan Today Toronto, 2010) Toyota says the problem rests with an electronic control module (ECM), a tiny circuit board that controls the operation of the engine.

In September 2009, the sudden acceleration problem in Toyota vehicles first gained national attention in the United States after it was reported that a Lexus E350 went out of control in San Diego, California in September 2009, killing four passengers. Toyota has being unethical to the community, the safety issues are badly bring negative influence to the society. By these cases, the sales of Toyota keep reducing and facing the losses of profit, it affected the reducing reputation of Toyota's image and stock prices of Toyota have been southbound ever since news of the recalls hit the stands, with almost one-fifth of the company's value wiped off the board on the Tokyo stock exchange, therefore, most of the shareholder might will sell out their shares and cause the share value drop quicker.

Second Issue – Poor Quality control

Toyota's severe problems stem as much from poor crisis management as from poor product quality. Toyota's desire to supplant General Motors as the world's number one car maker pushed it to the outer limits of quality control. The evidence said that Toyota was expanding too much and too quickly started surfacing a couple of years ago. Not on the company's bottom line, but on its car's quality ratings. (Paul I., 2009) In fact, Toyota's management had early knowledge of a manufacturing and performance flaw with its accelerators and gas pedals, and failed to act, the company is not only potentially guilty of criminal acts, but its management is guilty of customer abuse. Whenever management places its bottom-line interests ahead of the safety and lives of its customers, it should be terminated. (Thomas H., 2010)

Third Issue – Abuse Worker

Toyota's manufacturing plants back home in Japan resembles some of the worst sweat shops in the world. Their operations have been described as "slavery" and "human trafficking". (NLC, 2008, pg. 39) Toyota has thousands of "karoshi" claims each year. This term means "over worked to death". (NLC, 2008, pg. 11) Their plants have very high suicide rates as well. And when an injury has occurred to an employee, on the job they are layer off, and receive no compensation. Toyota is well known for their union busting, which has destroyed many small countries all around the world. Toyota builds their plants in the poorest states to take advantage of the lowest wages in the country. (NLC, 2008, pg. 29) Many workers have been kept on as temporary workers for over 4 years. Their goal is to lower the average wages in America, and Honda seems to be backing them. (NLC, 2008, pg. 31) Toyota is one of the world's most profitable corporations, yet the more profits they make, the more they lower worker wages. (New York Times, 2007)

How Toyota deals with the Dilemmas

Recalls Vehicles

Toyota has admitted to engaging in unethical behavior when it comes to investigating the safety of its vehicles. Toyota announced that they have a fix in place for the 2.3 million vehicles affected by their recent sticky gas pedal recall. The company says dealers are receiving training on how to fix the pedals and new parts are being shipped to dealers immediately. Toyota calls the remedy "a solution that involves reinforcing the pedal assembly in a manner that eliminates the excess friction that has caused the pedals to

stick in rare instances.” A small piece of steel will be inserted inside the pedal assembly that will remove that surface friction. Customers will begin receiving calls and letters from their dealers to fix their vehicles soon. “ We are focused on making this recall as simple and trouble-free as possible, and will work day and night with our dealers to fix recalled vehicles quickly,” said Toyota’s President Jim Lentz. “ We want to demonstrate that our commitment to safety is as high as ever and that our commitment to our customers is unwavering.” (Reilly. B, January 2010)

Toyota has made normative ethics decisions which they not to escape and ignore the problems, they bravely stand out to apologized repeatedly for safety defects that led to recalls of some 8. 5 million Toyota cars and trucks to all the consumers that facing the problems. By the way, Toyota have trying best to find out the solutions as fast as possible to solve the problems and recall back all the vehicles that faces the safety problems to solve their problems as well. For the ethic decision, Toyota will accept “ full responsibility” for the halting steps that led to the recall, and also will offer condolences over the deaths of four San Diego, California, family members in a crash of their Toyota in late August, said by Toyota executive Jim Lentz. (Associated Press, 2010)

Quality Control Management

As the quality problems has been going wrong, Peter Drucker would have surely seen as the key to its hoped-for resurgence, it needs to get a much better handle on another type of control system that by which the entire enterprise manages the reliability of its products. Drucker explained that to give a manager proper control, controls must satisfy a number of criteria,

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including several that Toyota seems to be zeroing in on. For example, the company has pledged to increase its collection of consumer complaints and to then respond to them more quickly than in the past by deploying “SWAT teams” of technicians. It has also vowed to give its executives in the U. S. and other regions across the globe a greater voice in safety-related decisions. Until now, such authority has resided largely in Japan. (Rick, W., 2010)

With its reputation severely damaged by safety issues, Toyota Motor Corp. announced several steps Tuesday to improve its image, including the establishment of a panel of regional and local quality-control executives that will call the shots on recalls and other steps. Toyota Motor Corp President Akio Toyoda met Monday with Prime Minister Yukio Hatoyama and promised to improve quality control to regain consumer confidence in the automaker, which has been badly shaken by a recent spate of global recalls. (JapanToday Kanazawa, 2010)

Toyota can be applied in the descriptive ethical theory, about how decisions are actually made. Descriptive ethics studies what people do and think about morality. Specifically, descriptive ethics seek to describe how ethics decisions are actually made in business, and what influences the process and outcomes of those decisions. As in Toyota make decisions regarding business operations after comprehensive discussions at the Board meetings and other meetings of various cross-sectional decision-making bodies. (Toyota Annual Report, 2009) By the way, Toyota has faced operational and other risks that could significantly influence the decisions of investors, risk like high competitive and volatile, etc.

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Labour Management

In an order dated Sept. 23, Toyota was told to “cease and desist” from scheduling workers for more than eight hours a day and to stop “intimidation or threats of penalty” against employees who refuse overtime hours. Greig Mordue, a spokesman for the automaker, said Toyota must now ask employees if they will agree to work overtime before posting hours, this for respect employees and also concern of their health care. 8 In Toyota, they applied normative ethic theory which has considerations of rights and the consequences in its labour management with moral judgement. Therefore, workers are being respected and could work with efficient and effective in their job.

Toyota’s labour-management relations are based on mutual trust between labour and management. The basic concepts of mutual trust between labour and management are: improvements in the lives of employees are realized through the prosperity of the company, and labour 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.

Ethical best practices and values of Toyota

The core of Toyota is respect people, and obligated to follow the value. Toyota have ongoing training of everybody in the company on their values and what it means to treat people with respect, it is about behavior and not

beliefs. That has been reinforced at the management level includes ethics training and legal training, it is always in front of them.

4. 1 Respect for people

Toyota had a deep trust on employees' problem-solving capabilities if challenged. Employees were regarded as an asset, not as a cost. Respect for people also meant that people's time must be utilised to the fullest extent, as is evidenced in maximising the value adding time of employees on the shop floor by eliminating all types of waste. Respect is a good morality also a best practise in an organisation, employee and management interaction and closeness can be a strong morale booster in addition to employee responsibility ownership. The respect for people can be creating the motivation and loyalty to the company as well as they think they are part of the company when being respected.

For the ethics position, Toyota do not tolerate any form of harassment in the workplace based upon the personal characteristics protected by local applicable laws and regulations, such as race, ethnic and national origin, religion, age, gender, etc. Harassment may involve verbal, visual or physical conduct that negatively interferes with work performance, diminishes the dignity of any employee, or creates an intimidating, hostile or otherwise offensive work environment. Manufacturing is carried out by people, so it is most important to secure a safe environment for people to carry out manufacturing without worry. In a safe working environment, workers can concentrate their efforts on manufacturing, and make products of good quality.

4. 2 Save Environment – Eco-efficient

Toyota is also dedicated to the environment. According to its website, “Toyota strives to create clean and efficient products, and to conserve resources before our vehicles even hit the road,” (Toyota Homepage). From receiving multiple awards for its green buildings, energy management, and hybrid cars, it is evident that Toyota is committed to protecting the environment. Today going green is more important than ever, with the threats of global warming looming in the near future. Toyota has done well in this sector by created eco-friendly cars to save the environment also concern of human’s health like reduce CO2 levels by using renewable energy. Between, Toyota has also definitely cutting edge of cars that are more fuel efficiency and eco friendly, as nowadays the fuel’s price is keep increasing, and this is one of the way to save fuel and produce lesser CO2 to the environment.

4. 3 Education and training

Providing education and training is another manifestation of Toyota’s respect for people. In Toyota, education is to provide new knowledge and training and the learning opportunities for employees to practice their jobs in the right way. Toyota regards on-the-job training as more important than providing knowledge and trains employees until they can follow the right procedures of their work not only mentally but also physically. By this, education can expand an employee’s responsibilities to create new challenges for growth and self-esteem.

For the productive employees, they can often create their own new responsibilities, making themselves more valuable to their employer. Jobs

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that require the use of multiple talents are more meaningful and motivating than jobs that require only one skill. By the way, it can maintain standards and take corrective actions whenever abnormality occurs, so that provide education and training to subordinates can help them to develop self-discipline.

Recommendations

The problems of safety issues that created customer abuse of Toyota is badly influences to its company brand image and disappointment by the consumers. Toyota has trying best to recover to the problems and building up its brand image and the reputation of its company. Having an ethical decision making is the most important for an organisation, even the problems has recovered, there will still have problems occurred in the future. A safety issues of vehicle is very important for consumers, the vehicle is holding human's life. Therefore, Toyota must consider the consequences before make a decision. Before the sales of vehicles, must do testing and checking for the inner parts of vehicles. Besides that, consumers' safety must consider as an important key to success in a quality and secure vehicle.

By the way, the labour management is also important for a company to run smoothly and less mistakes. Workers must be work in a good condition of environment and with appropriate working hour per day. As one of the dilemmas of Toyota was mentioned, the workers were overload in the work, no pay for overtime, no compensation, and they were being stressed. These are cruelty way to treated workers with irresponsible and not respect action. By this, workers have not well condition in working, and then it might come

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out many mistakes on producing the vehicles. To solve this problem, manager can place the highest priority on safety and health programs and policies at work, so that each employee is able to work without undue concerns, and strive to prevent accidents and injuries from happening at work. Also, comply with local applicable laws and regulations to governing employees for the working hours, including overtime work. In addition, support efforts to improve the health of employees through health promotion activities at work, guidance for preventing illness, and other means.

On the other side, poor quality management would also affect the business progress. Since the recalls for more than millions of vehicles that sold out, many customers were disappointed on Toyota's company, the so-called worldwide quality expert of Toyota's image was broke. One of the mistake in Toyota's management was, over confident to their brand image, so that they just concern on the profit sales and not much concern to its quality and the progress. They just wanted to produce new models of vehicles as much as possible and sell it out to increase their profit. In between, they did not check properly all the vehicles' process, and then the problems occurred.

The highest priority at Toyota is quality. Consistently high quality is the biggest reason for the excellent reputation of their products around the world and for the trust they enjoy from customers. Toyota need to keep up with customers' increasing expectations of vehicle quality and appreciate suppliers' understanding that quality is an absolute prerequisite for the business, and Toyota assume that all Toyota suppliers will devote themselves to quality in development and production. To being a good in quality manufacturer, the management must follow step by step with the <https://assignbuster.com/ethical-audit-report-of-the-toyota-company/>

rules that were set. However, manager's decision making is very important, when making a decision must not be rush, should think of the ethical and the timing, do the right decision and not affected any people and the quality of production since that Toyota is expert in quality. Besides that, must check and test very carefully for all the vehicles that have been produced before the sales.

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Appendix