

technology, including its unique hybrid technology which important in develop environmentally-friendly products.

Furthermore, the corporate also aim to maintain the market share of Toyota in Yemeni market. Certain signature Toyota models had become a distinctive part of Yemeni culture. So Toyota has to strive to increase the market share in Yemeni market, in order to make Toyota become ubiquitous in major cities, especially in the countryside. Lastly, corporate also fulfilled the social responsibilities by carrying out its corporate social responsibility through philanthropic activities. The activities will be undertaken through corporate ethics, including full compliance with applicable laws and regulations. Besides that, the company inspired to service the Nation and the community the social responsibilities to the society through applying the ethical approach towards customers. In additional, Toyota corporate focuses the need of the customers through the social responsibility.

1.3. Corporate Mission

Mission of Toyota is to provide safe along journey when using the Toyota product. Toyota had developed various new technologies to improve fuel efficiency and designs for its vehicles. Toyota also manufactured a plenty of appealing cars, while cutting costs by 30 percent through the use of shared parts. Except of it, mission of develop environmentally-friendly products also highly focused to reduce the harmful production to the environment.

Finally, motivation is equally important for the success of any firm. This is due to the importance of the workforce to organizations. The workforce is the most important resource irrespective of the levels of mechanization. Motivation levels in Toyota are high mainly due to involvement of employees in making decisions and ease of communication within the organization. Toyota also uses a combination of non-financial and financial means of motivation such as adequate remuneration, shares in the company, praise for employees, non-interference in duties by management amongst others. However, the global financial crisis has lowered employee motivation levels since they are unsure about their job security. The management should take steps to reassure them of its support.

The major aspects of the organizational culture of Toyota include leadership, team work, motivation, conflict resolution and communication. These are all essential aspects that enable them to achieve success in their business.

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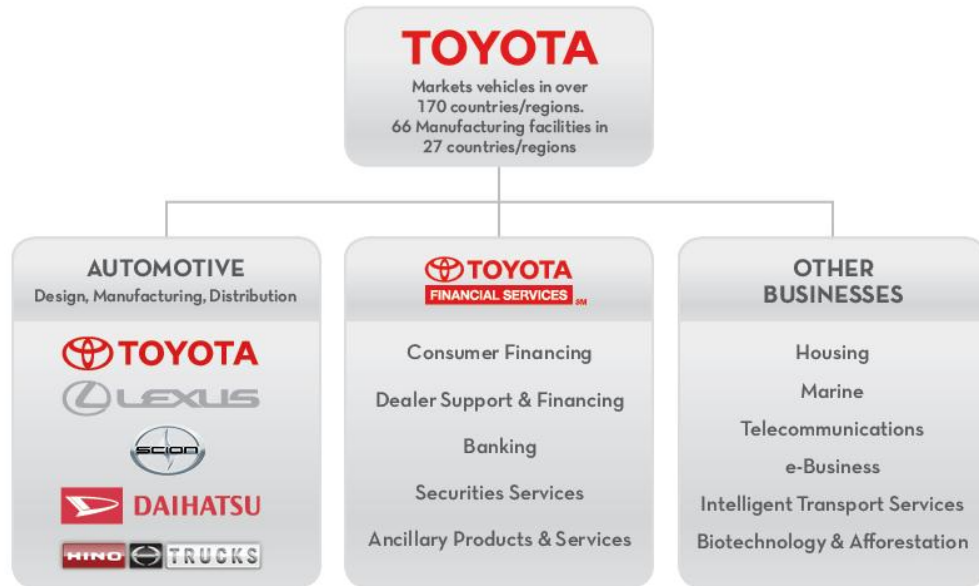


Figure 1.13.1 represents the business segment of Toyota

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accelerator pedal sometimes sticks down. Nearly 10,000 Toyota customers have so far contacted a hotline to air concerns.

Toyota was damage their image after the safety question of its cars and claims that the irresponsible of the Toyota management system which did not take a possible action immediately once the problem had been noted and recognized. This is also known as one of the quality management problem in Toyota.

Determine the risks early and eliminate them while they are still minor problems is the fundamental of risk management. Toyota managers had a number of notices about its deteriorating quality. In early 2009, for instant, before the recalls, Toyota disbanded a high-level task force that had been set up in 2005 to manage the quality issues. A Toyota manager mentions that the management had come to trust that quality control was part of the company's DNA and therefore they did not need a special team to do the implementation.

There are several of the early signs of Toyota's quality problems as reported in Consumer Reports. In January 2008, Chris Tinto, Toyota's U.S. vice president who in charge of the technical and regulatory affairs, further warned his fellow executives that "some of the quality issues we are experiencing are showing up in defect investigations (rear gas struts, ball joints and some more). These and other early advices were being ignored. In a pat-tern not uncommon in large organizations, politically powerful executives shrugged off early warnings of lower-ranking executives.

Other than the quality problem that mentioned about, there is appear to be two causes for Toyota's quality problems. The first is an outgrowth of management's

company's ability to cut prices in order to gain market share but must focus on company image for reliability and durability. Okuda convinced corporate leaders to chase rapid sales development and profits while downplaying the risks associated with this strategy. The 15% market share target meant surpassing GM as the global volume leader and expanding production to new locations.

Toyota's production is more than doubled between 1985 and 2008. Specifically, production grew from slightly less than 4 million world-wide vehicles sold in 1985 to approximately 8.9 million vehicles sold in 2008. To support this growth, It also meant hiring significant numbers of new employees, contracting with new non-Japanese suppliers and hiring large numbers of contract engineers.

The Toyota Production System (TPS) is a formal system build on the scientific method which requires a particular training between the trainers and trainee. Because of the limited resource problem, Toyota is unable to scale up and provide a training to all of the new employees and suppliers that were added. This training problem issue will cause the company unable to duplicate the Toyota DNA. Toyota's overseas manufacturing facilities increased from 37 to 53, and for each year the average sales was increase around 9% which gave management a little opportunity for adjusting its systems and practices to accommodate such strong growth. Organizational incentives especially for the informal form became skewed toward growth. Without specific policies that preserved the traditional quality focus, key decisions affecting product development, supplier management and production became biased in favor of meeting sales, delivery, cost-cutting and profit targets. Many of the changes were subtle (for example, tilting promotion criteria more in

countries and regions besides Japan. During FY2012, the company produced 7,435,781 vehicles, including 3,940,000 vehicles in Japan and 3,495,000 vehicles across all other manufacturing locations. In addition, Toyota has an extensive distribution network. While the company's geographically well spread production base diversifies business risks, its extensive distribution network provides a wider reach, thus boosting revenues.	compared to Toyota. Honda Motor's ROE was 4.8%, while Nissan Motor's ROE was 8% in FY2012. In contrast, Toyota's ROE was 2.7% in FY2012. Lower ROE and ROA compared to its peers indicates that the company is not using the shareholders' money efficiently and that it is not generating high returns for its shareholders. Thus, poor allocation of resources could hurt shareholder's value and confidence in the long term.
Opportunities	Threats
Growing global automotive industry: The global automotive industry was severely affected by the economic downturn, with a decline in revenues being recorded in 2008 and 2009. However, 2011 saw a strong rebound which has continued into 2012. According to MarketLine, the	Intense competition: The worldwide automotive market is highly competitive. Toyota faces strong competition from automotive manufacturers in its various markets. The competition among various auto players is likely to intensify in light of continuing

3.2.Stress on Customers Feedback

Another suggestion for Toyota after the 2009 recall tragedy is that they should seek for consumers feedback from time to time after purchasing their product in order to cater into the market more successfully by producing what customers need and looking for in the market rather than stressing more on generating high profit from sales. The arrogance and ignorance on the warning regarding quality of the company's product when the defects start to rise in alarming alert is a major issue that Toyota company should improve in.

Toyota did not take necessary actions even after several cases on Toyota Prius had been detected. They only start to realize the seriousness of the problem after the number of cases and media outcry become serious enough to get through their in-defiance skulls. Quality of the product is not the only issue in causing Toyota into this underdo tragedy, but the quality of the leadership is also being emphasize when a such quality incidents emerge. Toyota should have design and manufacture information and traceable information in order to provide their suppliers with sufficient information to undergo root cause analysis due to every existing quality issues emerge after customers' complaints.

The current president of Toyota, also being known as the grandson of the Founder of Toyota, Akio Toyoda has announced in front of an American congress that *'Toyota's priority has traditionally been the following: First: safety; second: quality; and third: volume'*. He also mentioned that the quick pace of Toyota growth may be the major reason in leading to current quality problems and incidents. Thus, an advice to Toyoda is that a business should return back to the

lead to customers satisfaction and to achieve excellence in manufacturing quality products to be produced in the market. Therefore, in order to comply with their principle, and ensure zero defects for their end user product, Toyota had set up a quality assurance system through development, purchasing and production departments. Toyota also adopted 'Toyota Way' - a set of management principles in order to overcome any quality problems caused by rapid globalization. It is being communicated to all of the overseas manufacturing plants.

But unfortunately, Toyota had become the victim of its own success. Around year 2000, Toyota had already expanded its production facilities in a rapid pace in order to achieve their aim in getting the first place in a automatic world. However, the rapid growth had brought negative impact to the production quality when Toyota customers start to face safety-related problems in Toyota motor vehicle. This is then followed by a number of recalls which put the company's hard-earned reputations in danger.

Therefore, in order to make up to customers expectation and continue maintaining the quality principle of the company, Toyota must make quality become a part of company's DNA, may it be in production field or administrative departments. Toyota should stress on building quality product with a sense of ownership. Every employee in Toyota, from engineers to hourly production workers, must see quality as their personal responsibility and defects as personal failing. They must look through customers heart whenever they received a complaint regarding the defects in Toyota motor vehicles. Never do a company have the ability to control the quality externally unless the individual who perform

and work on the value-added process feel the passion and need to always satisfy customers' needs and want.

Besides, regardless of the job rank in the organization, the quality professionals should get their hand dirty. Toyota quality engineers are advised to spend little time on the office. On top of that, they need to increase the time spend on the manufacturing floor, in the engineering reviews, with the dealers, and examine the data gained from first line workers to understand thoroughly on the situations that caused any defects.

Quality professionals play a facilitator role. They must be knowledgeable regarding the technology and Toyota Business Practices used in improvement process. Engineers which is being assigned to manufacturing must be expert in Toyota Production System (TPS) so they will be able to provide training and act as facilitators to train the trainees, provide quality data, develop visual measurement systems and working with supervisors to solve evolving difficult problems. Therefore, quality engineering in Toyota should have develop a sense of responsibility to the quality requirements process, in order to detect the problems and further solving it. Without such quality engineers, the quality reputation of Toyota will only degrade over time due to lack of commitment from the operation units.

Although the existence of quality professionals are important in a company, but we must also not to forget on the shared responsibility existed in operating units, mainly product development, manufacturing, logistics and sales. These quality departments need to participate thoroughly in order to help Toyota

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6. Appendix

Appendix 1

Personal Recall Letter sent from Jim Lentz, President and CEO Toyota Motors U.S.A., Inc.
Asked owners to bring in cars if problems were experienced/Announced “entire organization” was involved in the effort.



There's been a lot of talk about the recall. Here are the facts for our customers.

Over the past few days, there has been a lot of speculation about our sticking accelerator pedal recall. Our message to Toyota owners is this – if you are not experiencing any issues with your accelerator pedal, we are confident that your vehicle is safe to drive. If your accelerator pedal becomes harder to depress than normal or slower to return, please contact your dealer without delay.

At Toyota, we take this issue very seriously, but I want to make sure our customers understand that this situation is rare and generally doesn't occur suddenly. In the instances where it does occur, the vehicle can be controlled with firm and steady application of the brakes.

Here's the latest update on the recall:

1. We're starting to send letters this weekend to owners involved in the recall to schedule an appointment at their dealer.
2. Dealerships have extended their hours – some of them working 24/7 – to fix your vehicle as quickly as possible.
3. Trained technicians have begun making repairs.

We've halted production of these models this week to focus fully on fixing this problem for the vehicles that are on the road.

Our entire organization of 172,000 North American employees and dealership personnel has been mobilized. And we're redoubling our quality control efforts across the company.

Ensuring your safety is our highest priority. I will continue to update you with accurate and timely information about the status of the recall in the days and weeks ahead.

Sincerely,

Jim Lentz
President and Chief Operating Officer
Toyota Motor Sales, U.S.A., Inc.

To get all the latest information about the recalls, please visit:
toyota.com

The body of the letter:

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