Environmental dimension of Corporate Social Responsibility

-Case study of Toyota company-

البعد البيئي للمسؤولية الاجتماعية للشركات دراسة حالة شركة تويوتا

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Abstract:

Corporation social responsibility has a great interest as a result of developments in the world due to globalization and ideas that came out of economic thought which believes that organization objectives are related to society objectives in which they operate. CSR consists of a number of dimensions that many researchers tried to study and inventory while encouraging organizations to adopt and the environmental dimension is one of the most important dimensions agreed upon by all the scholars of social responsibility. The study shed light on corporation social responsibility with a case study of Toyota as one of the largest organizations in the world and as a result of its polluted production activities nature. The study concludes with a number of results.

Key Words: Corporate social responsibility(CSR), CSR dimensions, environmental dimension, Environmental management, Toyota corporation

المتخصصة: 
تحظى المسؤولية الاجتماعية للمنظمات باهتمام كبير للتطورات الحاصلة في العالم بفعل العولمة والأشكال التي جاء بها الفكر الإقتصادي الذي يرى أن أهداف المنظمة ترتبط بأهداف المجتمع الذي تعمل به، وتتكون المسؤولية الاجتماعية من عد من الأبعاد التي حاول الكثير من الباحثين دراستها وحصرها مع تشجيع المنظمات على تبنيها، وبعد البعد البيئي أحد أهم تلك الأبعاد التي يتفق عليه كل الدارسين للمسؤولية الاجتماعية، والدراسة تسلط الضوء حول المسؤولية الاجتماعية لمنظمات الأعمال مع دراسة حالة شركة تويوتا باعتبارها أحد أكبر المنظمات في العالم ونتيجة طبيعة نشاطها الإنتاجي السريري للبيئة، وتختتم الدراسة بعد من النتائج.

الكلمات المفتاحية: المسؤولية الاجتماعية، أبعاد المسؤولية الاجتماعية، البعد البيئي، الإدارة البيئية، شركة تويوتا

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I: Introduction

From the greatest challenges that faces humanity this century is ensuring sustainable, just and balanced development. The needs of current and future generations cannot be met unless there is a respect for natural systems and international standards protecting core social and environmental values. In this context, it is increasingly recognized that the role of the business sector is critical. As a part of society, it is in business’ interest to contribute to addressing common problems. Strategically speaking, business can only flourish when the communities and ecosystems in which they operate are healthy. All these meanings are related to corporate social responsibility(CSR). So from this development, every corporation has a policy concerning CSR and produces an annually report detailing its activities in these fields. From the biggest corporation in the world is Toyota, this study will concentrate on the environmental dimension in this corporation.

II: significance of the study

The study importance appears in the following points:
- CSR is becoming an important activity to businesses nationally and internationally. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing CSR programs in their various locations. CSR activities are now being undertaken throughout the globe.
- Viewing the status of CSR in Toyota would provide field experience can benefit from its the strengths and weaknesses.

III: Study objectives

We can conclude the study goals in the following points:

- Presentation of CSR definition and its dimensions specially environmental dimension and its content.
- Expose Toyota experience in CSR practices specially in environmental fields.
- CSR has become a fundamental business practice and has gained much attention from chief executives, chairmen, boards of directors and executive management teams of larger international companies. By the presentation of Toyota experience, we offer an example that can Algerian corporations benefits from its environmental dimension in its positive sides and avoid its negative one.

To realize the study goals and answer its questions, the study divided to tow parts: the first one is a literature review and the second one about environmental dimension in Toyota.
The study ends by a conclusion that contains theoretical and practical results about CSR and environmental dimension in the case study of Toyota.

IV: Literature review

IV-1: Corporate social responsibility (CSR) definition

There is no universal definition to (CSR), but all definitions concentrate on corporate activities through its stakeholders and environment. The following are a number of these definitions:

- "CSR refers to transparent business practices that are based on ethical values, compliance with legal requirements, and respect for people, communities, and the environment. Thus, beyond making profits, companies are responsible for the totality of their impact on people and the planet. People constitute the company’s stakeholders: its employees, customers, business partners, investors, suppliers and vendors, the government, and the community. Increasingly, stakeholders expect that companies should be more environmentally and socially responsible in conducting their business". (1)

- "According to the EU commission: "…CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis"." (2)

- " An organization's obligation to maximize its impact on stakeholders and minimize its negative impact". (3)

So we can conclude that CSR is defined in many ways and no universally accepted definition is in place. But we can said that is all the practices of an organization through its environment and stakeholders in target to realize profits without damage their interests.

The rationale for CSR has been articulated in a number of ways. In essence it is about building sustainable businesses, which need healthy economies, markets and communities. The key drivers for CSR are: (4)

- **Enlightened self-interest:** creating a synergy of ethics, a cohesive society and a sustainable global economy where markets, labor and communities function well together.

- **Social investment:** contributing to physical infrastructure and social capital is a necessary part of doing business.

- **Transparency and trust:** business has low ratings of trust in public perception. There is increasing expectation that companies will be more open, more accountable and be prepared to report publicly on their performance in social and environmental arenas.
Increased public expectations of business: companies are expected to do more than merely provide jobs and contribute to the economy through taxes and employment.

Corporate social responsibility (CSR) is also known by a number of other names. These include corporate responsibility, corporate accountability, corporate ethics, corporate citizenship or stewardship, responsible entrepreneurship, and “triple bottom line,” to name just a few. As CSR issues become increasingly integrated into modern business practices, there is a trend towards referring to it as “responsible competitiveness” or “corporate sustainability.”

The meaning of CSR describes the responsibility of companies on three pillars of sustainability: economy /profit, social affairs/people and environment/planet that called triple bottom line. An easily interpretable triangle can be formed comprising people, planet and profit as vertices. This triangle can be considered in companies to symbolize effects on the economy, social affairs and the environment. CSR management integrates social and ecological goals into the corporate activities in such way that the economic success can be combined with the benefit for society and environment (win-win situation).

Figure 1: win-win situation

Source: Without mentioning the author’s name, what is Corporate Social Responsibility? on the website: http://www.csr-training.eu

IV-2: CSR and organization profitability

There is a big challenge for any organization in CSR application if it has a good place in its market especially on its profits. So modern theoretical and empirical analyses indicate that firms can strategically engage in socially responsible activities to increase private profits. Given that the firm’s stakeholders may value the firm’s social efforts, the firm can obtain additional benefits from these activities, including: enhancing the firm’s reputation and the ability to
generate profits by differentiating its product, the ability to attract more highly qualified personnel or the ability to extract a premium for its products.\(^7\)

Economists Bryan Husted and José de Jesus Salazar examined environment where it is possible for investment in CSR to be integrated into the operations of a profit-maximizing firm. The authors considered three types of motivation that firms consider before investing in social activities: \(^8\)

- **Altruistic**: where the firm’s objective is to produce a desired level of CSR with no regard for maximizing its social profits.
- **Egoistic**: where the firm is coerced into CSR by outside entities scrutinizing its social impact.
- **Strategic**: where the firm identifies social activities that consumers, employees or investors value and integrates those activities into its profit-maximizing objectives.

In agreement with Friedman, Husted and Salazar conclude that the potential benefits to both the firm and society are greater in the strategic case: when the firm’s socially responsible activities aligned with the firm’s self-interest.

CSR is a responsible to any organization in competitive world, it have costs and benefits by the time.

**IV-3: CSR dimensions:**

The purpose of corporate social responsibility (CSR) is to make corporate business activity and corporate culture sustainable but there is no deal about corporate social responsibility dimensions between researchers:

Shafiqur Rahman examined CSR definitions throughout its history during last few decades. He found several dimensions of CSR appeared during different decades starting from 1950s have been given below: \(^9\)

- 50s Dimension: obligation to the society.
- 60s Dimension: corporation and society.
- 70s Dimensions: stakeholders involvement, well beings of citizens, a philosophy that looks at the social interest, help solve neighborhood problems; improve the quality of life; economic responsibility, legal responsibility, ethical responsibility, and discretionary responsibility.
- 80s dimensions: voluntariness; economically profitable, law abiding, ethical and socially supportive; economic, legal, ethical and voluntary or philanthropic.
• 90s dimensions: stakeholders involvement; obligation to society; environmental stewardship, people, planet, profit.

• 21st Century dimensions: integration of social and environmental concern, voluntariness, ethical behavior, economic development, improving the quality of life, human rights, labor rights, protection of environment, fight against corruption, transparency and accountability.

For Shafiqur Rahman there are 10 major dimensions include: obligation to the society, stakeholders involvement, improving quality of life, economic development, ethical business practice, law abiding, voluntariness, human rights, protection of Environment, transparency & accountability.

For other researchers, CSR composed to Legal, Ethical and Philanthropic dimensions as well as economic one:

• The Legal dimension: it refers to obeying laws and regulations established by government. These laws try to set the minimum standards for responsible behavior.

• The Ethical dimension: it refers to behaviors and activities expected of or prohibited by organizational members, the community and society. Ethical issues have to do with what is fair or just.

• The Philanthropic dimension: it refers to a corporation’s contribution to society as business, are expected to contribute to the quality of life and to the welfare of society. Business is expected to contribute to local communities. This can be done through donations to local and national charitable organizations. It must however be pointed out that corporate social responsibility does not end at philanthropy. In practice however, many corporations have defined philanthropy as the basis for the CSR programs. They consider donations and works of charity as constituting corporate social responsibility.

CSR is a concept that has multiple dimensions that appeared from developments in our environment.

CSR dimensions can be illustrated substantially:

• Environmental.

• Social: The social dimension of corporate responsibility involves the relationship between your business and society as a whole. This could involve sourcing fair trade products, or agreeing to pay your employees a livable wage. It could also involve taking on endeavors that benefit society, for instance using your resources to organize charitable fundraisers.
• **Economic:** The economic dimension refers to the effect that corporate social responsibility has on the finances of the company. In an ideal world, where CRS had no costs, there would be no reason to limit it. But in the real world it is important to recognize the financial impact that these actions have and to balance being a good corporate citizen with making a profit.

• **Stakeholder:** The stakeholders are all of the people affected by your company's actions. These include employees, suppliers and members of the public. When considering the stakeholder dimension of corporate social responsibility, consider how your business decisions affect these groups. For example, you might be able to increase your output by having employees work more, but you should consider the impact it will have on them, not just your bottom line.

• **Voluntariness:** Actions that fall into the voluntariness dimension are those that you are not required to do.

**IV-4: Environmental Dimension**

The environmental degradation, due to human action, resulting in pollution, defined as modes and aspects that affect negatively the environment. COM (2003) refers that, “a polluted environment is a sick environment, without capacity to respond adequately to the requests from nature and man”. Pollution affects every elements of the environment, namely the air, water, vegetation, soil, habitat and even sound and visual balance. The environmental issues embody global aspects, given the consequences that it provokes in chain reaction way. As it could not be limited to within its borders of origin, it stretches to the transponder levels or even to the planetary scale.\(^{(13)}\)

In the past, businesses didn’t accept natural environment as a factor that affects business activity. Today, environment is considered as a strategic and critical source. The driving forces of businesses towards the protection of ecosystem are:\(^{(14)}\)

• Demanding consumers.
• Increasing competition and green competition.
• Increasing industrial accidents and technological risks.
• Needing to improve corporate reputation and image.
• Accepting standards related with environment.
• Compelling legislative requirement.
• Development of economic policies by institutions such as the World Bank.
• Growth of concern from interested parties such as customer, social service organizations, etc. about environmental matters.
Because of pressures that are caused by organizations’ internal and external environment, organizations have become conscious about environment and have reflected this conscious to their behavior in recent. Environment has become an important concern for most organizations.

A clever management approach allows companies to save money by anticipating and avoiding expenditures arising from environmental damage, and by minimizing the cost of complying with future legislation. In addition, operating cost can be reduced through waste minimization, pollution prevention, and the elimination of health and safety hazards. Environmental management can reduce external impacts, improve financial performance and, enhance reputation among communities, customers and stakeholders. Environmentally conscious management bases on sustainability and quality of life. Thus, future generations’ benefits can be protected. Also, business profitability may increase and business costs may decrease. Therefore, businesses that conserve the environment and make profit have good reputation in society.\(^{(15)}\)

According to the World Bank Environmental sustainability means’ ensuring that the overall productivity of accumulated human and physical capital resulting from development actions more than compensates for the direct or indirect loss or degradation of the environment. Put more directly, it is generally taken to mean the extent to which business activity negatively impacts on the natural environment. It is clearly an important issue, not only because of the obvious impact on the immediate environment of hazardous waste, air and even noise pollution, but also because of the less obvious, but potentially far more damaging issues around global warming.\(^{(16)}\)

Environmental aspects put in place in the 1970s with the first real understanding of the environmental impacts of business. Now, in the 21st century, we are faced with new challenges and impacts those may include: overuse of natural, on-renewable resources of energy, pollution wastage, degeneration of biodiversity, climate change, deforestation etc. Since many business-related environmental problem transcend national boundaries, most companies are thus actors in global environment. To obey CSR in case of environmental aspects corporations can take the following steps:\(^{(17)}\)

- **Measuring Environmental Impact**: Environmental impacts can be measured in several ways through environmentally extended input-output tables, material input per service unit (MIPS) calculations, ecological footprint and life cycle assessment, to name a few. Ecological footprint measures the amount of nature’s resources consumed in a given year, and compares it to the resources available in the world. Life cycle
assessment (LCA or eco-balance) is used to assess the environmental performance of a product from raw materials in the beginning of the production process all the way to disposal at the end of use. The MIPS value is calculated by dividing the amount of material the product or service causes to move – e.g. the amount of earth moved in mining, not just the metal used – during its entire life span by the amount of benefits and value its brings.

- **Environmental Management**: To truly commit to its environmental responsibilities a company should change its traditional modes operation towards a more environmentally oriented one. The environmentally more responsible perspective could include such issues as an emphasis on increased resource productivity, cleaner production and active dialogue with the company’s stakeholders. Many businesses have found that establishing an environmental management system is the best basis for good environmental performance.

- **The Win-Win of Environmental Responsibility**: companies have found that improving environmental performance may also have beneficial effects on the company itself. Using less material and streamlining processes to create less waste may lower the costs of operation significantly.

Environmental dimension of CSR can be applied in any company by several procedures.

**V: Environmental dimension in Toyota**

**V-I: presentation of the company**

Toyota Motor, is a Japanese multinational automaker headquartered in Toyota, Aichi, Japan. In 2014, Toyota employed 338,875 people worldwide, and was the second-largest automobile manufacturer in 2011 by production behind German Volkswagen Group. Toyota is the ninth-largest company in the world by revenue, in 2016. Toyota was the world's first automobile manufacturer to produce more than 10 million vehicles per year which it has done since 2012, when it also reported the production of its 200-millionth vehicle.{18}

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 "nonautomotive" companies. Toyota Motor Corporation is part of the Ever since its founding, Toyota has sought to contribute to a more prosperous society through the manufacture of automobiles, operating its business with a focus on vehicle production and sales. Ever since its
founding, Toyota has sought to contribute to a more prosperous society through the manufacture of automobiles, operating its business with a focus on vehicle production and sales. \(^{(10)}\)

Toyota is one of the largest multinational automaker in the world. So the company has a privileged position in international market. This position gives Toyota influence in any economy in which it invest through the quality and the nature of its products and number of workers.

**V-2: Environmental dimension in Toyota**

Toyota is one of the famous company in the world in its industry. View natural of its products (cars) it may impact on the environment surrounding its plants and the whole world because consumers are using their products over the Five continents. So from these causes come the need to study procedures adopted by Toyota from in environmental perspective within its social responsibility framework:

**V-2-1: Toyota environmental philosophy**

Frome 1993 Toyota put a plan each 5 years after it evaluate the last one by its results and deficiencies. So the table below gives an observation about Toyota environmental action plan since 1993:

**Table (1): Toyota environmental action plan (1993-2020)**

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<td>First plan</td>
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<td>Second plan</td>
<td>Third plan</td>
<td>Fourth plan</td>
<td>Fifth plan</td>
<td>Sixth plan</td>
</tr>
<tr>
<td>Construct a system for environmental programs</td>
<td>Improve the level of the programs by introducing ISO14000</td>
<td>Achieve zero landfill waste and expand the areas of environmental activities</td>
<td>Work to reduce CO2 emissions and apply environmentally friendly designs to our products.</td>
<td>Develop super-compact vehicles. Create plants that coexist with local communities. Reduce environmental impacts on a global scale. Reduce CO2 emissions. Enact programs for biodiversity.</td>
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*Source: Toyota Auto Body, CRS report 2016, on the web site: [https://www.toyota-body.co.jp/24/2017/P:30](https://www.toyota-body.co.jp/24/2017/P:30).*
From this table: the Fourth Environmental Action Plan, based on the Toyota Motor Corporation (TMC) plan, provided the framework for Toyota environmental activities during 2008 and 2009. The plan detailed specific issues and actions including reduction of carbon dioxide (CO2) emissions, resource conservation, reduction in substances of concern, risk reduction and legal compliance. Implementation of the plan was monitored and further actions identified. TMC has developed the Fifth Environmental Action Plan, which commences in 2011 and maps the way forward in terms of management of environmental impacts.(20)

From this philosophy, it appears that Toyota has a conscience through its effects on the environment not in the countries where has its manufactories also in all the markets because its cars are used over the world.

From Toyota reporters, it has a strategic plans through the environment. This plan clarified by a number of results those are realized by Toyota in the environmental dimension as they presented in the following points:(21)

- Energy/ Global warming.
- Resources recycling.
- Use of water resources,
- Atmospheric quality

**V-2-2: Toyota policies and achievements through the environment**

Toyota has continued to develop concrete activities through presenting the Toyota fundamental principle of "Harmony With the environment". The company established in 1993 "Toyota Auto Body environmental basic policy". Toyota next established "Toyota Auto Body environmental action plan" that presented 5 years implementation plans.(22)

Toyota from 2011 began its "5th Toyota Auto Body Environmental Action Plan". (23)

We can said that Toyota has a strategic plan for(2011-2015) includes many activities oriented to environmental dimension of CSR. the most important is not what Toyota planed but what the company had executed in reality. From its environmental aspects report we found these achievements those are Value calculated by an outside manufacturer based on data concerning tree planting and woodland thinning activities conducted by Toyota Auto Body in Japan and overseas:(24)
1: Efforts in building a low-carbon society

Toyota promote of the development of next generation electric powered vehicles (EV COMS model) and activities that use lightweight and energy-saving technologies (developing a commercially viable, highly efficient motor to allow the most effective use to installed energy). Also the company concentrate on the development and design of its products through developing essential components for the very small EV COMS such as the batter recharger.

- In production and logistics

Toyota works in CO2 reductions through energy saving activities, from Toyota statistics it succeed in the reduction of CO2 emissions volume from 6.1 (thousands tons CO2) in 2011 to 5.7 (thousands tons CO2) in 2015.

2: Efforts toward building Recycle-oriented society

Toyota target to realize reduction of emissions and effective use (recycling) of resources. It promote 3R (Reduce, Reuse, Recycle) and develop also effective use of natural resources in vehicle development, design, and production through ease of dismantlement and recycling. Promotion of further recycle design by using dismantling performance estimation technologies at the design stage. Toyota is implementing dismantling performance simulation by digital assembly. Development of materials that use pine produced by forest thinning.

- In production and logistics

the company reduces waste substance and work on effective use of natural resources. The statistics shows that there is a reduction from 15.4 (Kg-vehicle) of waste substance emissions volume in 2008 to 12.8 (Kg-vehicle) in 2015.

3: Efforts toward building environmental conservation and coexistence with nature

Toyota is coordinating with business partners, such as those handling materials and parts suppliers to promote a switch to much fewer substances that burden the environment by understanding the use and evaluating the risk of sound chemical (SOCs) in both products (following the chemical substance regulation European REACH and other regulations) and production for SOCs. VOC (Volatile Organic Compounds) reduction in vehicle cabin rooms by reducing toluene, xylene and formaldehyde in vehicle cabin rooms. The new models (Priusα) put in market in 2011 are clearing JAMA (Japan Automobile Manufacturer Association).
4: Promotion of manufacturing plants created to harmonize with nature and the communities in which Toyota coexist

Example of Toyota achievement in this goal the walking road (Fujimatsu Area Four Seasonal Path of Ponds and flowers) around the head office.

5: Environmental management

Toyota works in developing environmental management for globalization. It has established a management system coordinated with domestic and overseas group companies, its business partners, and the communities. From the efforts in this field:

- Strengthening and promotion of consolidated environmental management.
- Achieving environmental education: to serve the pillar for developing employees and Toyota auto body group companies.
- Achieving environmental information realize and mutual communication.

We can notice that Toyota has a conscience about its CSR and it works in realizing its plan that has different goals touched many fields in environment dimension.

VI: Conclusion

CSR is one of the requirements of today's competitive landscape. Undertaking CSR projects and making it part of corporate strategy and organizational culture increase a company's competitive advantage and provides it a unique resource that cannot be transferred or imitated. So from this study, we arrive to these results:

- There is no universal definition to CSR, but we can said it is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders.
- The application of CSR in any organization by the time bring benefit to it taking into account the interests of stakeholders.
- CSR becomes an obligation in business world for the Stakeholder pressure and increased competition.
- Each researcher has a classification to CSR dimension, but the most famous one who take environmental, social and economic dimensions.
- The environmental dimension of CSR refers to business impact on the environment. The goal, as a socially responsible company, is to engage in business practices that benefit the...
environment. For example, you might choose to use recycled materials in your packaging or ad renewable energy sources like solar power to your factory

- Toyota is one of the most famous corporation in the world that its activities and products influences on environment.

- There is a conscience in Toyota about CSR specially environmental one.

- From its results and plans, we can said that Toyota has achievements in service of environment, from its procedures: building a low –carbon society in production (electric powered vehicles) and logistics, building Recycle-oriented society in its resources (raw materials or water…), building environmental conservation and coexistence with nature by the promotion of manufacturing plants created to harmonize with nature and the communities in which Toyota coexist. Also Toyota developed environmental management by many policies like achieving environmental education to its workers and employments.

- Toyota has good achievements in its environmental responsibility, but the object needs more efforts because the nature of its products (vehicles) effect the environment in any place in the world that sold its vehicles.

Finally, Toyota offers a good experience in dealing with environmental dimension that can be taken by other organizations not in Algeria only but over the world.

**VII: References**


(8): IBID, P: 1.


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(12): It will be defined in the next point.


(14): Asuman Akdogan & al, the relationship between corporate social responsibility and environmentally responsible behavior: an empirical study, P: 2.

(15): IBID, P: 3.

(16): Without mentioning the author's name, Corporate social responsibility, 2/2/2017, on the web site: http://www.pearsoned.co.uk, P: 5.


(21): IBID.


(23): This plan is clarified on the web site: www.toyota-body.co.jp, seeing 6/3/2017, P: 11.


(25): Is a zero-emission eco-car kind to the earth and humans that offers superior compactness and exceeds in saving energy and resources.

(26): REACH: R: Registration, E: Evaluation, A: Authorization and Restriction of chemicals, there regulations through chemical substances aim to clarify corporate responsibility for chemical substance management along with protection of the environment and the health of people.