

Freedom of Association and Collective Bargaining

Improving productivity with effective communication

Toyota Motor Corporation

TOYOTA

Thorough dialogue between labour and management and practicing management that respects people

Toyota's fundamental approach for labour-management relations is mutual trust and mutual responsibility between employees and management. This is based on the common understanding that the prosperity of the company leads to the improvement of the lives of employees. That is, although the management and the employees basically take different positions, they should understand each other, take responsibility to make efforts in their respective positions toward the prosperity of the company, and trust each other. The labour-management relations at Toyota is not just a relationship between the company and employees, or the human resources department and the trade union, but the sum of human relations in each workplace. Therefore, Toyota values mutual understanding and the sense of unity in each workplace, and in order to do so, thorough communications and discussions are essential.

Such a philosophy was established from its experience during the 1950's when a labour-management dispute was triggered following the retrenchment of 25% of its employees. At that time, Toyota went through a bitter experience that the relationship of trust between workers and management was damaged, and the dispute continued for many years thereafter, which hindered both company growth and improvement of working conditions for employees.

The driving force to overcome this situation was years of thorough discussion amongst employees in various units, levels and channels within the company as well as dialogue between management and the trade union.

As a result, workers and management both agreed that; "The management understands that employees are the basis of corporate prosperity and willingly strives to improve working conditions. Meanwhile, the trade union needs to improve productivity and cooperate to deliver management goals for the prosperity of the company."

Toyota believes that productivity improvement is achieved by both eliminating low-value-added work as much as possible and for employees to proactively commit to leverage one's ability to think deeply, be creative, and execute plans.

A concrete example is the idea of Jidoka (automation with a human touch). "Jidoka" is usually written as "自動化" in Japanese, but Toyota has coined a word "自働化" with a prefix that implies "a person controls the mechanical process". This means that each person judges whether the production processes work properly and can stop the process at any time if there is an abnormality. Each employee has ownership of such decision-making, and if they find any problem, they are expected to stop and discuss the issues with their superiors and/or colleagues. In addition, the elimination of "unreasonable requirements, inconsistencies, and waste" is also critical. This means that each employee needs to find "unreasonable requirements, inconsistencies,

and waste" in their work, and improve them through consultation with their superiors. For this reason, discussions on a regular basis constitute an important factor.

Examples of productivity improvement in Indonesia

Toyota is promoting a variety of productivity improvement activities. The basic principle is to create a safe and hygienic workplace. For example, working under improper body positioning hinders efficient movement, leads to injury and illness, and reduces work efficiency. The absence of skilled employees due to injury or illness is a loss for both the company and the employee him/herself. Toyota believes that creating a safe and hygienic workplace contributes to both prosperity of the company and the improvement of working conditions.

Toyota Indonesia has introduced "Member's Voice" activities. In each workplace, communication notebooks are placed for employees to post



problems and suggestions for improvement. For example, employees write in these communication notebooks when they notice a task that they find difficult to perform. Every day, managers check communication notebooks and discuss with employees who have written notes, and revise work processes. Whenever necessary, the manager consults with their superiors or with related departments. "Member's Voice" activities are also used for preventing workplace injuries and illnesses. Measures based on the proposal of the employee is posted together with other clinical or assessed

information so that everyone at the workplace can see the progress. Not only do the employees know how the company responds to their voices, but it also helps the managers to understand at a glance the voice of employees, monitor the overall management responses to them and verify whether the measures are appropriate.

The status of the responses is shared not only with the company's management, but also with trade union leaders. In order to address challenges together, the trade union leaders and the companies' top management sometimes make joint onsite visits to confirm the status of improvement for the issues.

While each employee plays a central role to the initiative and stimulates workplace discussions, various communications are held between company management and trade unions. In addition to workplace health and safety, their discussions cover other topics such as training methods for new employees and the business environment of the company. At Toyota, thorough discussions are considered to foster mutual awareness and serves as a foundation to improve productivity.

Toyota's management and the trade union signed the "Joint Declaration of Labour and Management" in 1962 and value it as a symbol of Toyota's labour-management relations. Its contents are as follows.

1. We will contribute to the development of the national economy through the prosperity of the automotive industry.
2. The relationship between labour and management shall be based on mutual trust and respect.
3. We will endeavor to maintain and enhance the company's prosperity and labour conditions through the improvement of productivity.

To date, labour-management declarations have also been concluded in Thailand, India, Indonesia and Brazil. Toyota is committed to continue dialogue with employees around the world so that workers and management continue to build trust and fulfill their responsibilities.

NOTE



MNE Declaration
par.44, par.47, par.63



Related SDGs
Goal 3, 8