
TOYOTA KIRLOSKAR MOTORS: EVALUATING A CSR PROJECT

Utkarsh Majmudar and Namrata Rana wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In December 2017, the corporate social responsibility (CSR) leadership team at Toyota Kirloskar Motor Private Limited (TKM, a subsidiary of Toyota Motor Corporation of Japan [Toyota])—comprising Naveen Soni, Rajendra Hegde, and S. P. Mohapatra—was reviewing the company’s year-to-date performance report with Prasad Kumar, the health and hygiene program manager. They were looking specifically at the performance of the company’s sanitation project, which had two components: (1) bringing about attitudinal and behavioural changes among schoolchildren toward sanitary practices, and (2) constructing toilets for girls in schools. The pilot project, covering 317 schools, had received a positive response from the community and witnessed marked changes both in behaviour and attitude among schoolchildren. Teachers and students were happy with the program. TKM was planning to expand the program to cover 1,378 schools by 2020–2021. The expanded program entailed the maintenance of sanitation and hygiene in the pilot project schools as well as initiating the program in the expanded set of schools. In expanding the project, there were two main concerns before the project’s team: whether the target number of schools was achievable, and the challenges that both Toyota and its implementing partner were likely to face.

THE COMPANY

Established in 1997, TKM had been a joint venture between Toyota and the Kirloskar Group. By 2017, Toyota held an 89 per cent stake in the joint venture, and the Kirloskar Group owned the remaining 11 per cent. Operating out of the company’s plants in Bidadi in Bengaluru, which occupied almost 1.7 square miles (about 4.4 square kilometres [km]) of land, the company had an installed capacity of 310,000 units of vehicles. It was one of the leading automobile manufacturers in the country, serving the markets of India, South Africa, Mauritius, Bhutan, Nepal, and Brunei.

The company’s flagship model, Innova, had been the fastest-selling model in the multi-purpose vehicle segment for the past 12 years, and the Fortuner model had been the best-selling model in the sport utility vehicle segment since 2009. The Etios model, introduced in 2010, had also gained popularity. TKM also imported and sold other models throughout India, such as Land Cruiser, Prius, and Lexus.

CORPORATE SOCIAL RESPONSIBILITY AT TKM

Since 2001, TKM had been working for communities around its Bidadi plant through multiple interventions. Initially, these interventions were based on the needs of the local people in its area of operation. Toyota had global programs pertaining to road safety, the environment, and education, and these had been adopted by TKM. It also operated in the areas of skill development and health and hygiene. In all five areas in which it operated, TKM had achieved substantial success, with clear focus on the outcome and impact of the five programs (see Exhibit 1).

The company's vision for its CSR activities was to "be a socially committed corporate through building vibrant communities in harmony with nature, aiming to become the most admired company in India and meet customer expectation and be rewarded with a smile."

The company's CSR activities contributed to social responsibility through the following four pillars.

- **Social:** Contributing to the development of the society by imparting technical education, raising road safety awareness, promoting art and culture, and developing local communities through sustainable activities
- **Economic:** Developing a harmonious relationship with the society by enhancing community development activities and contributing to the progress of the region
- **Environment:** Undertaking measures to protect and safeguard the environment through effective eco initiatives
- **Business:** Complying with the externally imposed social and environmental standards and conducting their business operations with honesty and integrity

Following the parent company's best practices, TKM adopted a four-step approach to problem-solving:

- **Plan:** Analyzing needs and a feasibility study
- **Do:** Implementing needs-based prioritization of activities (a) in consensus with the local community and (b) involving stakeholders; sustaining the activity
- **Check:** Monitoring evaluation of the program using effective implementation tools
- **Act:** Improvising upon the existing plan; planning for new activities

To meet the requirements of the society, TKM always looked for projects that were scalable, sustainable, and that made an impact.

According to Akito Tachibana, the managing director at TKM,

These activities are close to my heart and I take a keen interest in promoting them. We have our priority areas—education, sanitation, water environment and road safety. We focus on a few areas and try to ensure that we do the things right. We also aim to perfect our activities on a small scale and when we are confident, we try to scale them up.¹

One of the key programs under TKM's CSR activities was health and hygiene, and the company had pioneered the program through its unique ABCD—A Behavioural Change through Demonstration—model, in this case through behavioural change communication (BCC) about sanitation. As outlined below, sanitation was a major issue in India, including in the area surrounding the TKM plant at Bidadi, and Toyota had attempted to address the issue by testing the ABCD model on a small scale, to be upscaled later.

¹ Namrata Rana and Utkarsh Majmudar, "Sustainability Is a Way of Life at Toyota," *The Economic Times*, January 17, 2018, accessed November 30, 2018, <https://economictimes.indiatimes.com/opinion/interviews/sustainability-is-a-way-of-life-at-toyota/articleshow/60205528.cms>.