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Global Corporate Citizenship: Cross-cultural Comparison of Best Practices in the Global Automotive Industry

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Abstract

The study aims to investigate corporate social responsibility (CSR) best practices of the world automotive industry - Peugeot, BMW, Ford, Hyundai and Toyota among others – and recommend that they plan their business strategies and managerial responses accordingly. Based on the comparative research and case studies, this research finds that all five automobile manufacturers have taken very similar measures and actions in order to establish and maintain a high level of CSR practices. Sustainability was a core value in all five companies and served as a guiding principle in every aspect and approach of their business. This study finds that all five companies have CSR strategies in place to increase energy efficiency as well as reduce the usage and wastage of water in their production and plants. This research also finds that all companies monitor their suppliers and their own production process to ensure that they maintain their CSR standards. More impressively, this sustainable management practice is transferred along the companies' supply chain through education and training. Their suppliers and business partners are closely monitored to make sure that their high CSR standards are respected and followed. However, we find that there also are some differences in terms of their CSR deliveries and activities.

Keywords: Corporate Social Responsibility, Global Corporate Citizenship, Business Sustainability, Best Practices, Automobile Manufacturing Industry

JEL Classification Code: M11, M14, M16, M21.

1. Introduction

The importance of corporate social responsibility (CSR) is continuously rising all over the world. Multinational companies are now subject to various ethical rules, regulations and restrictions that have been implemented to protect the environment, their employees and the community that they serve. However, even if no laws and regulations are in place in certain countries, CSR is still a crucial factor for the success of a company, especially when it comes to those companies operating their business in a global economy. Since customers' perception of a company is mainly influencing their buying decisions, this can be a

decisive factor in a company's rise or fall. Moreover, the perception of employees is of high significance since employees are an important asset to a company. Therefore, even if companies are in charge to make and execute their own decisions regarding CSR, the missing compulsion from law does not mean that there is no pressure from the community to adapt to certain CSR standards.

CSR is often synonymous with the "Triple Bottom Line" concept: people, planet and profit. A company implementing this management technique takes into consideration labour practices, sustainable business practices and equitable economic value. It tries to improve the social aspect surrounding workers and employees; it tries to implement durable business practices that are not environmentally detrimental; and it also calculates profit based on the cost of capital. The CSR of companies is aimed at respecting the interests of the most diverse members of society. The larger the company's business, the more influence it has on the life of the environment, including employees, customers, partners, economic space, ecology, educational and cultural processes. CSR implies fulfillment of a number of

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obligations and responsibility, both economic and social. For businesses, it is an opportunity to obtain a higher social status by creating an image of their company that cares about shareholders and stakeholders. And this makes the company more attractive in the eyes of the consumer and the investor. Thus, CSR is not only a means of marketing but also a competitive advantage, since it is responsible for the image and reputation of the company as well as for managing non-financial risks. In addition, this may serve as a bypass to prevent government intervention, which may be much more painful or even critical in its consequences than all the costs of the company's social and environmental initiatives.

In every country, theories and practices of CSR are formed under the influence of national culture and its specifics. The fundamental difference between the CSR models may be determined by the following: the business independently determines the extent of its contribution to the development of society, which are then transformed into mandatory requirements for business. In order to get a deeper understanding of CSR practices across cultures and nations and their role in their international business strategies, the research attempts to answer the following research questions:

- 1) What are the overarching CSR philosophies and policies of global automobile companies?
- 2) What are the similarities and differences of their CSR practices across cultures?
- 3) How do their CSR practices impact on their business operations and reputation?

2. Literature Review

2.1. Corporate Social Responsibility in the Automobile Manufacturing Industry

Corporate social responsibility (CSR) has played an important role in manufacturing and production industries, especially in the automobile industry sector. Over the past few years, large automobile companies have undertaken several strategic actions and initiatives with the aim of improving their environment on various levels. According to Vyas and Raitani (2015), CSR can be perceived as a way for a firm to better use its resources in a way that can overall help society. Making profits is no longer sufficient if a firm is to survive in the long run. In order to protect its brand name and be perceived as a responsible actor in the economy, it needs to abide to rules and regulations that have been set up, and take economic, social and environmental measures with the goal of improving the welfare of the community in which the company operates.

Producing an automobile has an indisputable effect on the environment in all of the production phases. Different firms have taken different actions with regards to CSR, depending on their core business strategies and competencies and values. The most common are: educational programs, skill development trainings, community development, and sustainability practices. Automobile companies have recognized the importance of giving back to the community, and investing in education, skill development and health can add a social dimension to their activities (Vyas & Raitani, 2015). Environmental protection also remains fundamental, and technological improvements and developments have made it possible to reduce emissions and pollutions. According to Schrempf-Stirling, Palazzo, and Phillips (2016), automobile companies are held more and more responsible, not only for their direct actions, but also those among their entire supply chains. Moreover, many companies face challenges arising from bad reputation caused by prior generations of employees within the company. This can cause those companies struggling in the long-term, even though they already changed their CSR standards.

Bhardwaj, Chatterjee, Demir, and Turut (2018) state that among the known positive impacts of CSR, for example, better brand reputation, higher customer loyalty and customer satisfaction, the positive outcomes connected to a high level of CSR practices of the company go even further. It has been found that customers are even willing to pay higher prices for products or services produced by companies with high CSR standards. However, Bhardwaj et al. (2018) found opposite evidence that the impact of CSR practices on a company's profitability is not always a positive one. This stems from the fact that the investments companies made into CSR practices are mostly very expensive. For example, when the level of price competition is high within the respective industry companies operate CSR practices would reduce the companies' level of profitability.

Tiwari, Turner, and Younis (2014) documented strategies and policies within organizations in the automotive industry aimed to promote socially responsible purchasing. They find a strong correlation between socially responsible purchasing and performance in the supply chain and present an interesting result, more involved supply chains take higher risks of non-compliance with CSR standards. Being under the pressure of stakeholders such as lobbyists, government and consumers companies need to demonstrate socially responsible supply chain management practices. In light of stakeholder pressure, it is underlined that CSR is starting to get valued by management due to immediate legal concerns, possible negative impact on brand reputation and public perception. At the same time through certifications and awards companies can gain recognition for their CSR best

practices. Manufacturers are being asked by their customers to comply with and promote socially responsible business practices.

2.2. Global Corporate Citizenship: Its Definition and Norms

In this age of globalization where technology and telecommunication plays an increasingly important role, the activities carried out by today's corporations could easily be scrutinized in detail by anyone. Corporations require social license to operate in this globalized market (Post, 2002). As such, it is crucial that corporations should not only focus on the bottom line but also play an active role in creating and supporting the public good and become a better global corporate citizen.

Much of the literature has linked global corporate citizenship (GCC) with corporate social responsibility (CSR), sustainable development, accountability, triple bottom line, societal or public benefits and environmental protection (e.g. Crittenden, Crittenden, Pinney, & Pitt, 2011; Capriotti & Moreno, 2007; Deva, 2006; Holcomb, 2003). There is also literature that views GCC as a subset of CSR whereby it is more specific (e.g. Baumann-Pauly & Scherer, 2013; Shinkle & Spencer, 2012). While there is no universally accepted definition, GCC is typically based on the corporation's stated commitments with regards to its economic, social and environmental duties by extending their action beyond philanthropy and volunteerism, as well as their relationship with the different stakeholders that emphasizes on collaboration, information transparency and their business ethics (Darigan & Post, 2009; Capriotti & Moreno, 2007; Hemphill, 2004). Post (2000) mentioned that corporate citizenship begins by having a clear view of the corporation's relationship with its various stakeholders in order to achieve global competitiveness.

According to Logan (1998), in legal terms, corporations are treated similarly to private individuals in many aspects such as rights and responsibilities. GCC integrates both the rights and the responsibilities that corporations have as a global citizen (Hoivik & Melé, 2009). Literature of GCC addresses the ethical responsibilities of corporations and the values that guide its stakeholder engagement especially with society in which good GCC involves building good relationships with stakeholders (e.g. Anderson, 2009; Waddock & Smith, 2000). Post (2002) further iterated that GCC is about values that address the purpose of the business aspect which in turn encourages public good, where corporations acquire public acceptance in order to reap the economic benefits of the open global markets, corporations have to acknowledge and respond to their

social and political responsibilities. Corporations are now being expected to play multiple roles with the increase in the expectation for corporations to resolve global issues such as poverty (Boyle & Boguslaw, 2007). Thus, new solutions and approaches to solving global issues acknowledge stakeholders' importance and thereby reducing the negative impact of corporate business operations, which are an important part of "corporate citizenship in the new Millennium" (Altman & Vidaver-Cohen, 2000, p. 1).

2.3. Global Corporate Citizenship: Its Values and Standards

According to Pies, Beckmann, and Hielscher (2010), global corporate citizenship (GCC) can help solve global issues if corporations participate as political and ethical actors in laying the foundation for value creation on a global scale. As such, GCC is seen as an important approach in view of the increasing integration of economies and levels of trade (Prasad, 2004). Investment in corporate citizenship can drive positive returns for corporations such as new public awareness and engagement in social issues, license to operate, brand awareness, improved employee morale, retention and recruitment, increased customer preference etc. (Darigan & Post, 2009). As such, business leaders throughout the world are making corporate citizenship as a key priority for their business strategies through actions such as updating policies and revising programs, forming corporate citizenship department or measuring their CSR performance (Mirvis & Googins, 2006). Scherer, Baumann-Pauly, and Schneider (2012) explained that corporate citizenship aims to influence the creation of rules and public policy which emphasizes the corporate concern for public good that aims to improve the economic position of corporation in a competitive global market. Simply operating within the law is no longer sufficient to protect their business from market risks which forces them to commit to responsible business practices with collaborations with relevant stakeholders that produce voluntary standards which extend beyond legal requirements (Crittenden et al., 2011).

Corporate citizenship could also encourage corporations to recognize their reciprocal relationship with society through compliance with existing legal obligations supplemented by the use of voluntary initiatives such as the United Nations Global Compact (UNGC) which was implemented in July 2000 that consists of 10 principles within the area of human rights, labor standards, the environment and anti-corruption (Anderson, 2009; Whitehouse, 2003). According to Kimbro and Cao (2011), voluntary corporate citizenship pays but only when

corporations are committed to the cause. This was supported by their findings that being a signatory company that reports to the UNGC reduces the corporation's information risks, costs of debt and equity as well as increase market returns. Aaronson (2001) iterated that a voluntary code of conduct is an attractive alternative to direct regulation for corporations because they are non-binding. Sadler and Llyod (2009) added that there is an increase in the number of international framework agreements which seek to set new standards for corporate citizenship. Self-regulation such as the Equator Principles that was adopted in the banking sector is also one such voluntary initiative which was used to expand the corporate citizenship of the global financial institutions as it incorporates industry stakeholder participation, and strive for accountability and transparency (Hemphill, 2004). However, scores of literature have highlighted the weaknesses of voluntary initiatives such as UNGC for its lack of effective enforcement, lack of mechanism for accountability, and failure in protecting weaker developing countries from exploitation (e.g. Kimbro & Cao, 2011; Prasad, 2004; Whitehouse, 2003; Aaronson, 2001). Deva (2006), however, mentioned that even though the UNGC has its weaknesses that directly undermine its mandate of promoting responsible corporate citizenship, it has created at least awareness of GCC among corporations to look beyond profit maximization.

A case study conducted Hoivik and Melé (2009) on Stormberg A/S, a small and medium sized Norwegian clothing company found that GCC usually depends on the relationship of the top executives with the firm's stakeholders rather than formal processes and structures. Whereas a case study by Ecks (2009) on Novatis' anti-cancer drug Glivec found that in this age of transformational global capitalism, many corporations that claim to be 'good citizens' are driven by higher aspirations other than profit alone.

2.4. Global Corporate Citizenship: Its Deliveries

According to Crittenden et al. (2011), global corporate citizenship (GCC) could be carried out through an integrated and implementable framework which includes comprehending the operating environment and key domains for management, stakeholder engagement and develop metrics for measurement and reporting. Another way to carry out GCC is through creative capitalism, an approach coined by Bill Gates in 2008 where government, businesses and nonprofits work together to stretch the reach of market forces so that more people can make a profit or gain recognition, doing work that eases the world's inequities (Hemphill, 2010). Scherer et al. (2012) mentioned that the

commitment of corporate leaders is a critical precondition for the implementation of corporate citizenship and embedding it in corporations requires commitment from corporate leaders. This was supported by a case study carried out by Baumann-Pauly and Scherer (2013) on five Swiss corporations who are all participants of the UNGC namely, ABB, Credit Suisse, Nestle, Novartis and UBS whereby it was found that without the systematic involvement of stakeholders, the corporations faced difficulties in defining the priorities of their corporate citizenship activities.

The process of becoming a good corporate citizen involves communicating and engaging with stakeholders especially with regards to core values, assumptions, mutual concerns and issues (Waddock & Smith, 2000). Communication is the key for effective management and engagement of all stakeholders in support of corporate citizenship (Veleva, 2010). Whitehouse (2003) highlighted that the mechanism through which corporations have exhibited their commitment to GCC includes the implementation of company and intergovernmental codes of conduct, certification, social audits, corporate social investment programs and fair trade scheme. Post (2002) suggested developing policy statements and codes of conduct intended to guide managers or focus on the process through which managers address the question of what to do which involves education. This was supported by Prinsloo, Beukes, and Jongh (2006) who stressed that education especially in corporate citizenship play a crucial role in reassessing what responsible business practice entails and it includes the teaching of working knowledge of applicable legislation as well as interrogating the complex challenges and paradoxes business leaders face.

A case study on the implementation of GCC in the information technology industry in particularly HP's e-Inclusion program with the aim of reducing the digital divide by Schwittay (2009) found that employee ownership of the GCC program can not only contribute to the sustainability of the program but also motivate employees in return. As an alternative, a case study by Rahman and Rahman (2016) of the Indus Motor Company Limited in Pakistan highlighted that GCC activities could also be carried out through research programs in collaboration with educational institutions.

3. Research Methods: Case Study and Comparative Analysis

3.1. Peugeot

Peugeot was founded by a French family in the 1800s. It initially started out as a coffee-mill and bicycle manufacturer;

however it gradually began producing steam-powered carriages and automobiles. The first Peugeot automobile was introduced in 1889, and over the next decades the company made gradual improvements and developments to its current models. In 1964, Peugeot acquired a share of 32.8% of another French car manufacturer, Citroen, and then the group PSA Peugeot Citroen was created. In 2016, it became the PSA Groupe. According to a report "Corporate Social Responsibility Report 2017" (PSA Groupe, 2018), Peugeot has taken several actions in order to become a more socially responsible company over the past years. Its CSR actions revolve around three pillars: environmental sustainability, economic/societal commitments and social practices. For environmental sustainability, Peugeot has a clear vision: its goal is to produce clean vehicles by reducing emissions and using renewable resources. To that end, the company has focused its Research and Development on developing new technologies that may achieve this goal. Following the introduction of European Emission Standards (known as the Euro 1) in 1993, a limit for pollution emissions was set for car manufacturers. The Euro 1 was followed by further emission standards, the latest being the Euro 6 in 2014. Peugeot vehicles have received several awards, especially for their eco-friendliness. In 2013 and 2014, it ranked second among the generalist car manufacturers in Europe for lowest CO₂ emissions.

Another important aspect of sustainability is the use of "green or recycled materials", which respect environmental sustainability. By optimizing car designs, fuel combustion engines and developing hybrid and electric cars, Peugeot is therefore clearly giving great importance to environmental sustainability. In addition to their efforts made for cars, their manufacturing plants also play an important role in making their efforts towards environmental sustainability. By organizing activities and logistics and using more renewable energies, the carbon footprint of Peugeot sites were significantly reduced - it is one of the firm's main objectives for 2025. Pollution and discharges have also been reduced for the past decades, more specifically volatile organic compounds. A large industrial firm like Peugeot also needs to dispose of its waste more efficiently, which is why vehicles waste weights have been cut by 45% and water consumption has also been reduced (Groupe PSA, 2018).

The second pillar of Peugeot's CSR approach is social commitment. With more than 7000 suppliers and business partners across the world, Peugeot has built solid relations and purchasing policies, which enable it to solidify its know-how. Partners and suppliers working with Peugeot all adhere to the company's values, which make for a cohesive working relationship. In order to support local economies, the company has also planned to increase its local sourcing

to 85% by 2025 (Groupe PSA, 2018). Socially-responsible mobility is another key aspect of social commitment. Through the PSA foundation, research centers such as the "City on the move" institute and various philanthropic undertakings, Peugeot has concretely displayed willingness to foster progress and mobility.

3.2. BMW Group

The BMW Group is a leading German multinational company that produces premium automobiles and motorcycles as well as offers financial and mobility services. The company was founded in 1916 and until 1945 also produced aircraft engines. BMW's worldwide headquarter is located in Munich, Germany. The Group is made up of brands such as BMW, Mini as well as Rolls-Royce. BMW has historically been well known for its motorsport history including Formula 1 and touring.

According to a report "Sustainable Value Report 2017" (BMW Group, 2018), the BMW Group has taken several steps to improve its CSR efforts over the past years. BMW was one of the first automotive companies to appoint an environmental officer, as far back as 1973. Since 1999, BMW has been named the world's most sustainable automotive company more times than any other company by the Dow Jones Sustainability Index. In 2001, the BMW Group committed itself to the United Nations Environment Program, the UN Global Compact and the Cleaner Production Declaration. In 2012, BMW was the highest automotive company in the Carbon Disclosure Project's Global 500 list, with a score of 99 out of 100. The most significant effort has been undertaken since 2012, when BMW set itself ten strategic sustainability goals through 2020. Each of the goals was set through stakeholder dialogue, assurance of compliance and human rights, product safety and customer satisfaction. Based on its 2012 commitment, BMW publishes its CSR activities and outcomes on an annual basis. The sustainability report is stipulated by the German Corporate Social Responsibility Directive Implementation Act, which calls for publishing non-financial declaration.

BMW has adopted a holistic view to sustainability going beyond CO₂ emissions to operational environment protection, sustainability in the supply chain, employee orientation and social commitment. BMW's CSR efforts are focused on three pillars: products and services, production and value creation, and employees and society. BMW's CSR model for products and services is perhaps one of the most comprehensive in the industry. The program focuses in CO₂ emissions, electro-mobility and mobility patterns. It is noteworthy that a consistent decrease in emissions of 2% per year since 2013 can be observed. To reduce vehicle

emissions, BMW is improving the efficiency of existing fossil-fuel powered models, while researching electric power, hybrid power and hydrogen for future models. Through its focus in R&D, BMW is a leader in electro-mobility, ranking first in sales of electric vehicles in Europe for 2017 (BMW Group, 2018).

As per BMW's CSR model for production and value creation, BMW has provided unprecedented transparency on consumption of resources, renewable energy initiatives and sustainability in the supply chain. BMW focuses on the fact that reduced consumption of resources is not just important for the protection of the environment but is also good for business resulting in significant operational savings. In terms of consumption of resources such as water, energy, waste and solvents, BMW has achieved a reduction of 53% since 2003 (BMW Group, 2018). Initiatives aimed to foster resource conservation through the product life cycle include energy efficiency and process redesigns. Notable energy efficiency initiatives include the retrofit of plant lighting to 100% LED as well the installation of low flow water fixtures in its facilities. Overall in 2017, BMW reduced resource usage and emissions per vehicle in the production process by an average of 5.3%. By focusing on the life cycle of its products, BMW also promotes a sustainable and resource efficient supply chain. Several initiatives have been undertaken to increase transparency and adoption of sustainability goals throughout the supply chain.

3.3. Ford Motor

Ford is an American multinational automobile company founded by Henry Ford in 1903. The company was the first to introduce large scale manufacturing of cars using the assembly line method, which was unheard of back then. Headquartered in Dearborn, Michigan, it is the second largest automaker in the United States capturing about 15% of market share and fifth largest in the world with about 7.0% of market share based on 2016 figures.

According to a report "Sustainability Report 2016/2017" (Ford, 2018), Ford's CSR is deeply rooted in its ambition to build a better world with sustainability as its core principal in every area and approach the company takes especially towards its products, customers, operations, supply chain, employees and society. The company is committed to helping alleviate global problems related to environmental and social sustainability, economic development and energy security in an effort to achieve global sustainability. This is achieved by continuously creating value and capital in three main areas namely; economic capital where new jobs are created while enabling investors to obtain a healthy return on investment; social capital where the quality of life and opportunities are increased in local communities; and

environmental capital where plants and products are greener and operate at higher efficiencies to reduce its carbon footprint.

Ford's CSR efforts regarding environmental sustainability are rooted in its climate change strategy, which comprises the reduction of emissions, the establishment of efficient manufacturing processes, and the support and encouragement of suppliers to follow this model. Ford makes great efforts to decrease the produced emissions by fostering the adoption of electric cars and alternative fuels, using a higher amount of sustainable materials for production, implementing new and more efficient technologies, and making improvements regarding aerodynamic and weight of cars. Recent statistics convey that Ford's average fuel economy and its CO₂ emissions have improved and that they are declining. Moreover, Ford encourages customers to participate in their cost free take back of "end-of-life" cars. Besides, Ford focuses on the reduction of water usage through the enhancement of the level of energy efficiency of cars and to optimize its whole supply chain regarding water usage and capacity. Additionally, a large amount of the used gray water is recycled by Ford and reused.

3.4. Hyundai Motor

The Hyundai Motor Company was founded in 1967 in South Korea, as a spin-off from the Hyundai Engineering and Construction Company, and then well known for construction and shipbuilding. The first Hyundai cars were produced under the license of Ford Motor Company. In 1972, Hyundai became one of four South Korean companies that produced cars of its own design. Currently, it has three plants in South Korea and another seven overseas with a combined total production capacity of about 3.91 million units per year supported by around 262,463 employees. Today, Hyundai is one of the top five of the world's leading automakers, exporting their cars to 190 countries worldwide.

According to a report "CSR Report 2016" (Hyundai, 2018), Hyundai recognizes its CSR as part of its core values, incorporating it into the sustainable management system. Hyundai recognizes itself not only as a profit making organization but as an active corporate citizen of the international community. The company makes great efforts to ensure a more sustainable future for all humankind, working closely together with all stakeholders with whom it maintains relations including customers, employees, shareholders, business partners and local communities. Hyundai's CSR efforts are focused on three sectors: economic, social, and environmental responsibilities. Hyundai as an active corporate citizen also fulfills its social

responsibilities through its various CSR campaigns, projects, and programs catering to the needs of its stakeholders. The company also implements systems of environmental management in order to fulfill its environmental responsibilities, which it bears as a leading automaker to reduce its ecological impact by improving its business operations and products. Overall, Hyundai's global investment in its CSR activities such as environment, safety, education, sports, culture, etc. are approximately \$60.7 million US dollars in 2016 (Hyundai, 2018).

3.5. Toyota Global

Toyota began around 1933 when Toyoda Automatic Loom Works, a company involved in the textile industry opened an automobile department. Toyota has grown from an automobile department of a weaving company to an automobile giant with more than 330,000 employees worldwide, with a total production exceeding 200 million vehicles.

According to a report "Annual Report 2017" (Toyota Global, 2018), Toyota's CSR activities are heavily guided by its CSR principles. The company adopts firm adherence to sustainable business practices in the social, environmental and economic sphere as part of its CSR principles. In accordance with such CSR principles, the company sees its responsibility not only in the production of products necessary for society, but also in promoting social progress, improving the welfare and living standards of society as a whole. The company's environmental efforts seek to carry out its production activities in strict accordance with the requirements of not only legislation in the field of ecology and nature management, but also its own environmental policy, "Environmental Charter of Toyota". In practice, this means that every employee in production strives to take care of natural resources, namely, to save electricity and water, to rationally use paper and use reusable materials.

From the aspect of sustainable economic practice, Toyota's CSR strategy is to build a strong and close relationship with its suppliers for a mutually beneficial relationship based on trust. The company also practices a fair competition policy and conducts business with any party that can meet its need without discrimination. To ensure that it is contributing to the local economy, Toyota gives priority to local suppliers. Charitable and sponsorship activities conducted both independently and in partnership with public and state organizations also highlight Toyota's social contribution. For example, Toyota promotes the development of arts, culture and addresses issues related to environment, traffic safety and education. Most of Toyota's CSR activities are sponsored and managed by the Toyota Foundation, a non-profit organization funded by Toyota that

provides grants to address social and environmental issues in line with its CSR philosophies (Toyota Global, 2018).

4. Results and Findings

According to the comparative research and case studies, all five automobile manufacturers - Peugeot, BMW, Ford, Hyundai and Toyota - have taken very similar measures and actions in order to establish and maintain a high level of CSR practices. Sustainability is a core value in all of the five companies and serves as a guiding principle in every aspect and approach of their business. This could be due to the fact that all five companies are in the same industry, therefore possibly having the same kind of economic, social and environmental issues in areas in which they operate. Thus, they have very similar CSR philosophies to address the impact of their business in those areas. Sustainable management practices are used by all of the five companies to tackle environmental issues, which would ultimately reduce their ecological footprint. All of the five companies have strategies in place to increase energy efficiency as well as reduce the usage and wastage of water in their plants. Correspondingly, efforts are increased to reduce air and water pollution as well as minimizing greenhouse gas emissions through cleaner and more advanced equipment, processes and practices. Additionally, these companies also strive to purchase sustainably source materials and recycle as much as possible to reduce wastage while using less polluting raw materials which might harm the environment. Their dedication in tackling environmental issues are also evident in the constant upgrading and improvement of their products to be more fuel efficient while at the same time moving towards producing more eco-friendly vehicles.

All of the five companies developed guidelines and standards to reduce emissions to protect the environment from their production. They all are attempting to switch their energy use to alternative and renewable resources. This focus is not limited solely to their direct manufacturing processes but also to their entire supply chain. More impressively, this sustainable practice is even transferred along the companies' supply chain through education and training. In addition, their suppliers and business partners also are closely monitored to make sure that their high CSR standards are respected and followed. The safety measures that have been taken over the past decades are also a top priority for the five automobile manufacturers. They are constantly improving and fine-tuning their business and production processes in order to make sure all of their customers and employees are safe, and are exposed to minimal risks. Furthermore, all of them started focusing on the future of autonomous driving and the electrification of

cars. This move towards more eco-friendly cars is not simply a way for them to stay competitive, but it is also an effort to outline their high values regarding sustainability and environmental issues.

In terms of social contribution, the main objective of these five companies is to improve and elevate the quality of life of communities especially in areas in which their business operate. The three main common themes that featured prominently in all the companies' social improvement agenda are education, traffic safety and community well-being. Education is acknowledge as one of the best way to sustainably improve one's social and economic status as it opens up endless opportunities, thus receives huge support from all five companies. In addition, their CSR philosophies extend beyond their own business to include their supply chain, customers and local communities. The five firms have showcased strong ethical recruiting standards that do not allow unethical practices and discrimination of their workforce. Within the countries they operate in, all of the five companies have created a variety of initiatives in order to support and integrate the local community depending on their specific local needs (e.g. the Ford refugee program in Germany, the water access program in developing countries). The five firms exemplify not only to use renewable resources in the first place, but also recycle them and reuse in a variety of ways. As for water usage, all of the five firms try to reduce their consumption and usage throughout their whole supply chain, in both direct and indirect manufacturing processes, and recycle used water (or gray water).

However, we find that there also are some differences in terms of their CSR deliveries and activities. For example, Ford and Toyota established their own non-profit charitable arm to manage their CSR activities such as the Ford Motor Company Fund and Toyota Foundation. Peugeot has developed a proprietary technology, the High Pressure Direct Injection, which reduces fuel consumption, emissions

and improves operating noise. Toyota and BMW are prioritizing the early years of education while Ford and Hyundai are concentrating on the final years. BMW opened the "Junior Campus" in Munich where children can learn how it is possible to harness the physical forces of nature to build energy-efficient and environmentally friendly cars. Along with workshops Toyota and BMW also offer driving lessons in which children can learn about traffic rules, this way Toyota and BMW contribute to the safety of youngest road users. On the other hand, Ford and Hyundai focus on high school and college students in preparing them for the job market by providing them with scholarships, internships, seminars and other related activities. In this way, Ford and Hyundai incorporate education and training programs to impart the best practices and most efficient management systems on their suppliers as part of human resource development.

Ford and Toyota implement procurement policies that support local and diverse suppliers (i.e. prioritizing minorities, women, veterans) to ensure that economic wealth is spread across local communities. On the other hand, Hyundai and Toyota have a soft spot for arts and culture and thus generously support this initiative by sponsoring musicals, theatrical and other cultural programs. This may be due to their Asian values that have high regards for arts and culture and consider it an important social component. Apart from arts and culture, Toyota also has human development programs that share its production know-how with other local companies to increase their productivity. This program is also similar to Ford's community center that educates and trains the community in a new skill. Meanwhile, Ford and Hyundai also address the communities' basic needs by donating to programs that put a roof over the poor and homeless.

The similarities and differences of Peugeot, BMW, Ford, Hyundai and Toyota's CSR practices are summarized in Table 1 below.

Table 1: Findings of Similarities and Differences of CSR Practices

	Similarities	Differences
CSR principles	<ul style="list-style-type: none"> • Demonstration of high CSR standards • Continuous attempt to improve and develop • Explain the motivating factors of managerial decisions 	<ul style="list-style-type: none"> • Shifting criticism towards other industries and companies (Peugeot and Ford) • Insufficient reaction towards CSR issues, that could have been improved (Ford and BMW)
CSR environmental practices	<ul style="list-style-type: none"> • Emission reduction • Renewable energy use • Efficient supply chain • Electric cars/autonomous cars • Consumption of resources • Recycling of materials 	<ul style="list-style-type: none"> • HDi (High pressure Direct Injection) technology (Peugeot) • Cost-free take back of end-of-life cars (BMW and Ford) • Reduced water footprint (BMW and Ford)

<p>CSR societal practices</p>	<ul style="list-style-type: none"> • All companies increase educational access and opportunity especially for minorities and disadvantaged communities • All companies are committed to improve the lives of communities especially in areas in which their business operate • Employee protection • Diversity in workplace • Safety issues • Social community programs 	<ul style="list-style-type: none"> • BMW and Toyota's educational strategy is broader targeting all age groups from children to adults • Ford and Hyundai's programs focus on high school and college students to prepare them for the workforce, provide scholarships and internships. • Hyundai and Toyota has special focus on arts and culture • Ford and Toyota incorporates the element of human development by training and improving the skills and knowledge of communities
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5. Conclusions

In today's business world, CSR is a standard practice especially for international corporations. The CSR policies and philosophies of each company is usually tied to its culture and values as well as the needs of the local community in which they operate. Even though most of the companies in the automotive industry have very similar CSR philosophies, each company has different priorities in terms of social issues and target groups. CSR should not be viewed as a cost but rather an investment that creates a win-win situation, benefitting both society and the company. A report by Reputation Institute discovered that the perception of a company's CSR influences how people feel about the company 42% of the time (Harris, 2017). Therefore, CSR practices can indirectly translate to increased sales, revenue and profits. The same result is further supported by a study by Kenexa High Performance Institute in London that found an average return of assets 19 times higher achieved by companies with a genuine commitment to CSR compared to those that did not (Financier Worldwide, 2015).

Apart from achieving a stronger financial performance, CSR practices also help attract and retain talented, hardworking and valuable employees who are working for companies with a positive public image. Being part of an organization that contributes to society boosts the morale of employees and keeps them engaged at their jobs, leading to higher productivity. Likewise, investors are also attracted to companies that are sincere and committed to CSR. Thus, CSR policies should be imbedded as a core inseparable part of the business and part of the company's long term growth strategy, rather than an afterthought.

In summary, this research finds that all of the five automobile manufacturers highly care about CSR. Even though some scandals have occurred in the past and some improvements could be made, they all continuously try to develop themselves further and to enhance their CSR strategies and actions. The environment is of important

value to all five companies, which convey through various CSR projects and actions. Moreover, their customers and employees are a crucial part for the development and survival of the company. To ensure that they maintain their CSR standards and avoid CSR issues, each of the companies should always monitor their suppliers and their own production process. In the competitive business environment, CSR best practices are inevitable, thus Peugeot, BMW, Ford, Hyundai and Toyota should plan their business actions and managerial responses accordingly, and continuously thrive for constant improvement and the maintenance of their high CSR standards.

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