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Table of Contents

Introduction	2
1. Organisational Culture of Toyota	2
2. How the organisational culture helps shape the company's structure and ...	4
decision-making.....	4
3. Relevant frameworks, models or theories.....	5
4. Organisational culture and adaptation to the external environment	6
5. Organisational culture and effective functioning	8
6. Evaluation of the impact of organisational culture on organisational	9
performance	9
Conclusion.....	11
Reference list.....	11

Introduction

Organisational culture can be considered one of the most important factors influencing processes and operations in businesses. It refers to the values and norms that guide the behaviour of people in organisations and define relations between them (Mullins and Christy, 2016). In contemporary business practice, the development of organisational culture can be viewed as crucial for achieving flexibility and innovation as well as for the management of diversified workforces. In this respect, this report considers the organisational culture of Toyota Motor Corporation, an international automobile company well-known for its advanced organisational culture and operations (Toyota, 2025). It will consider the impact of Toyota's organisational culture on its organisational structure and decision-making and the ways of improving organisational performance through its influence. Also, the report uses two major concepts related to organisational culture, namely Schein's Organisational Culture Theory and Hofstede's Cultural Dimensions Theory.

1. Organisational Culture of Toyota

Organisational culture can be defined as a system of shared values and practices that influence behaviour within organisations (Mullins and Christy, 2016). According to Pfister (2009) culture refers to a shared understanding of the principles that are

important to a group and how actions should be carried out. The major advantage and success for Toyota is its organisational culture. At Toyota Motor Corporation, organisational culture is embodied in the concept known as “The Toyota Way” (Toyota, 2023). There are two core elements of Toyota culture, which include continuous improvement (Kaizen) and respect for people (Hendri and Riyadi, 2025).

The concept of continuous improvement is also known as Kaizen (Toyota, 2013). Toyota employees are encouraged to identify inefficiencies and make small improvements to the processes used by the organisation.

Continuous improvement contributes to the creation of the culture promoting learning and problem solving, which in turn results in increased efficiency and product quality (Sosnovskikh, 2019). Organisational culture has a major impact on the employees' innovative work behavior, thus improving organisational performance (Handayani and Pendrian, 2023). On the other hand, such initiatives usually take considerable time and require coordination from the company.

Also, the respecting people is one of the core components of the culture in the organisation. The Respect for People component entails the need to create an environment based on trust where employees are respected and empowered (TMI, 2024). Toyota claims that job satisfaction among workers is crucial in order to maintain efficiency and stimulate innovation. The culture of Toyota recognizes the importance of the staff in its activities by engaging employees in discussions, expression of opinions, and problem-solving processes. This helps in ensuring that employees remain committed to their work, thus improving efficiency and minimizing turnover. The culture of the organisation plays a vital role in developing proper attitudes towards organisational behavior.

Leadership is one of the key factors that support Toyota's organisational culture. Toyota managers act as facilitators and mentors and encourage employees to be proactive and engage in Kaizen, without using autocratic management styles. Organisational culture is enforced by managers who make sure that values of the organisation are exhibited through employees' actions (Handayani and Pendrian, 2023).

Clearly defined operational departments in its organizational structure help Toyota clearly set its long-term goals. Decisions made within the organisation take into account issues related to sustainability, quality, and growth, thus reflecting the

company's vision of its own long-term existence instead of immediate benefits. Such a strategy contributes to organisational stability and improves the corporate image, thus helping attract loyal clients and staff members. Organisational culture is considered a valid indicator of organisational effectiveness and reputation (Kontoghiorghes and Awbrey, 2025).

However, implementing routines can hinder organizational flexibility. Although the company's progress in the competitive market demonstrates a well-structured and successful Toyota organizational culture, the standardization of operational processes appears to be a disadvantage in its operational culture.

2. How the organisational culture helps shape the company's structure and decision-making

The organisational culture of Toyota influences the organisation's structure and decision-making process. An attention to improvement, as well as the importance that Toyota gives to people, affects the way work is done and how decisions are made. The Japanese company successfully manages to integrate both a clear system of operations and involvement of employees. Work is organised in small teams headed by a team leader giving guidance and support. Such a system promotes open communication and quick problem-solving. Involvement of employees results in personal responsibility since people do not just follow orders but take part in the execution of tasks (Sosnovskikh, 2019).

Toyota uses a well-balanced system of structure that allows flexibility combined with control. While having clearly defined processes and procedures, employees have the freedom to come up with some ideas for improvement. It helps maintain a balance between flexibility and consistency, which is useful in a situation where quality and productivity matter most. A key element in its decision-making processes for Toyota remains collaboration and the right to opinion. Often, decisions are made through involving employees instead of just following the orders of managers. People can voice their opinions and make suggestions before decisions are made. The involvement of employees increases the quality of the decision because it takes into consideration the experience and knowledge of people performing the work. According to Ogu (2024), employee participation in decision-making leads to better results.

Another important aspect of decision-making at Toyota is issue resolution. Employees are trained to detect and solve issues (TMI, 2024). This practice reflects the principle

of continuous improvement when decisions should be analysed and changed if necessary (Sosnovskikh, 2019). Therefore, decision-making becomes an ongoing process, and decisions are continuously being refined. When making decisions, Toyota considers the future impact of a particular decision and focuses on such issues as quality, sustainability, and the development of the organisation. This approach is used by managers who have to take into account the long-term consequences of their actions. It allows maintaining stable performance and making fewer mistakes in decision-making. Studies have shown that organisations with good culture make better decisions and make them consistently (Ruiz, 2023). However, the collaborative nature of decision-making makes it difficult and takes a lot of time and effort to reach an agreement. Nonetheless, such an approach usually results in making sound decisions.

3. Relevant frameworks, models or theories

Analysis of Toyota's organisational culture could be enriched by applying the relevant theoretical frameworks. In this case, two approaches are presented: Schein's Model of Organisational Culture and Hofstede's Cultural Dimensions.

According to Schein's Model, an organisational culture could be viewed from three different levels (Schein, 2010). The first one is concerned with artefacts, i.e. the visible components of organisational culture, including behaviors, structures, and processes. In the case of Toyota, such practices as teamwork, standardization, and continuous improvement activities, particularly Kaizen, are prominent (Sosnovskikh, 2019). These elements demonstrate the nature of employee interaction and work organisation within Toyota. The second level of organisational culture according to Schein's Model is considered to be the company's values. These refer to the organisational beliefs and principles that guide the organisation. These principles are manifested through the "Toyota Way" that guides employee decisions and behaviors (Toyota, 2023).

In addition, the values imply that employees have to share their ideas and solve problems together, showing the active implementation of the values. Finally, underlying assumptions represent the most critical level of organisational culture because they encompass implicit, unconscious assumptions that guide behavior in the organisation. According to Schein's Model, a central assumption of Toyota is the necessity to learn and improve continuously.

In addition, teamwork and collaboration result in better results than any single effort. Thus, the assumptions are inherent in the organisational system and explain the persistence of Toyota's strong culture. According to Schein's Model, the organisational culture is clearly reflected in the company practices and beliefs.

Hofstede's cultural dimensions can be used to evaluate the organisation culture at Toyota (Hofstede, 2001). It is important to note that Toyota is a Japanese company and there still are many influences from Japanese culture in the company's practices. One of the main cultural dimensions is collectivism because in the Japanese culture, such concepts as harmony, cooperation, and collectivism play significant roles. This is seen in Toyota as it has a corporate culture where teamwork and collaboration play an important role. At Toyota, employees work as a team, and their focus is on achieving common goals.

Another cultural dimension, which is very strong in Toyota is the long-term orientation. As noted, Japanese culture places importance on long-term goals and the quality of products. Therefore, in the decision-making process, managers pay much attention to long term goals and allocate their resources towards innovations that will help the company stay competitive in the market. In addition, there are certain traits of power distance in Toyota's corporate culture as well. Power distance refers to hierarchy combined with the participation of employees in decision making process.

However, Schein's Model may underestimate cultural change, while Hofstede's Model may pay too much attention to national culture at the expense of organisational one. Nevertheless, both models clarify the main features of Toyota's culture. In general, Schein's Model and Hofstede's Cultural Dimensions allow stating that Toyota's organisational culture is well-established, strong in terms of values, and significantly influenced by organisational culture and national traditions.

4. Organisational culture and adaptation to the external environment

Organisational culture plays an important role in the ability of organisations to adapt to changes in their external environment. The strong culture that prevails at Toyota positively impacts the company's capability to respond to external challenges and make changes to ensure adaptation to technological advances, competition, and environmental changes. In other words, Toyota's organisational culture helps to combine adaptability and stability in order to increase flexibility.

Toyota adapts to external changes mainly due to its emphasis on continuous improvement. In particular, the Kaizen philosophy involves constant detection of problems by employees and process improvements, which leads to increased responsiveness to external changes (Toyota, 2013). Hence, Toyota's organisational culture facilitates responsiveness, making the firm capable of adapting to external challenges and changes. Therefore, besides facilitating increased efficiency and internal improvements, organisational culture also increases flexibility by facilitating adaptation to external factors and trends.

In addition, the company has developed a culture of innovation, which helps to adapt to external changes. Indeed, Toyota invests considerable resources into researching and developing new products. In particular, the company focuses on sustainable production of cars that can be operated with minimum negative impact on the environment. Toyota's organisational culture helps to promote innovations that help to improve competitiveness in light of emerging environmental regulations and changed customer expectations. Therefore, the firm is proactive when responding to external changes by continuously improving its products (Sosnovskikh, 2019). In other words, the organisational culture contributes to Toyota's success by promoting learning and continuous improvement and, consequently, innovation.

Furthermore, Toyota's culture helps to successfully adapt to external environmental challenges, as demonstrated by the firm's activities across multiple international markets. Being a multinational organisation, Toyota adjusts its products to suit different markets without losing its organisational culture. For instance, Toyota produces larger cars for the United States, whereas it emphasizes the environmental friendliness of its automobiles in regions where this quality is more important to customers. Therefore, the organisational culture enables Toyota to operate effectively on multiple international markets.

Finally, effective communication within Toyota helps to establish collaboration and knowledge sharing. Thus, the organisation is able to respond to environmental changes more efficiently due to the increased speed of communication.

Nevertheless, a strong organisational culture imposes some limitations to Toyota's ability to adapt to external challenges. Indeed, organisational culture involves embedded practices and processes that may become obstacles to adaptation. In fastchanging environments, Toyota may face difficulties associated with its inability to

adjust quickly to new circumstances and change its established practices in time, whereas competitors may do so more successfully.

Therefore, the organisational culture plays an important role in Toyota's ability to adapt to external environmental changes. The organisational culture of Toyota encourages continuous improvement, innovation, and communication, helping Toyota to respond to changes successfully.

5. Organisational culture and effective functioning

The organisational culture of Toyota can be considered one of the key factors of the efficient functioning of processes within it. The company focuses on such principles of its organisational culture as continuous improvement, teamwork, leadership, and structuring processes. Such cultural elements have a direct influence on the work of employees and help to improve efficiency, coordination, and stability.

First, continuous improvement is an important element which influences positively the efficient functioning of operations at Toyota. The concept of Kaizen implies that every employee identifies potential problems within process of performing tasks and implements changes aimed at making the process better (Toyota, 2013). In this way, any possible mistake is eliminated from operations, thus improving their efficiency. Continuous improvement helps employees become better specialists since they learn new things every day. According to Sosnovskikh (2019), such an approach results in better performance of organisations because problems are solved and employees learn to do better in their activities.

Collaboration is another aspect which significantly affects the efficient functioning of operations at Toyota. The team nature of the organisational culture makes employees cooperate with each other and share ideas. It results in better communication and quick problem solving among members of teams. Thus, there is greater coordination among employees in their operations. Collaboration helps employees build relationships with each other, helping and supporting each other and, therefore, become much more efficient as a team (Obodozie and Nwabufu, 2025).

Leadership has a positive effect on organisational efficiency as well. In Toyota, managers play a role of facilitators who guide employees' work and provide them with support instead of controlling their actions. Such a system of leadership is helpful in maintaining organisational values and providing clear roles for employees to perform.

According to Shook (2021) leaders play an important role in the formation and maintenance of organisational cultures, therefore, their role at Toyota cannot be underestimated.

Standardized processes at Toyota have a great impact on improving the quality of operations (Toyota, 2013). On the one hand, such processes increase reliability and efficiency of operations since there are fewer deviations from the optimal way of performing tasks. On the other hand, Toyota tries to find a balance between control and improvement of processes because it allows introducing necessary changes to processes regularly.

There are several limitations associated with Toyota's organisational culture. For instance, the company's focus on standardization can result in a limited ability of employees to adapt to changes. They tend to follow standard rules and rely less on their creativity in solving problems. Collaboration can make decision-making a slow process which can harm operations in some cases.

Toyota's organisational culture contributes greatly to effective functioning because it relies on structured processes, employee participation, and continuous improvement. Although some limitations exist, their overall impact is very beneficial for operations at Toyota.

6. Evaluation of the impact of organisational culture on organisational performance

Organisational culture has a considerable impact on organisational performance. The Toyota culture is a key factor contributing to efficiency and quality as well as to sustained competitive advantage. The culture has its own advantages, but at the same time, it features certain drawbacks, which may have a negative effect on performance in some cases.

Firstly, Toyota's organisational culture helps to promote efficiency and quality. Continuous improvement makes it possible for workers to find out the areas of inefficiency and make necessary changes. Thus, it becomes possible to reduce mistakes and ensure the consistent performance. In this way, Toyota manages to maintain a high level of quality and increase efficiency. According to Sosnovskikh (2019) continuous improvement and problem-solving skills form a base of the firm's

sustainable success. It means that organisation culture not only contributes to internal processes but also helps to gain competitive advantage.

The second factor that determines organisational performance is employee engagement. Emphasizing such concepts as respect for others, teamwork, and participation in the decision-making process, Toyota makes workers committed and motivated (TMI, 2024). Engaged people can solve problems fast and keeping up the high-performance standards. As a result, employees become highly productive and less prone to leaving the organisation. Besides, successful teamwork makes the process of knowledge sharing and subsequent improvement easier.

Toyota is known for its long-term orientation, which considerably influences performance. In addition to being oriented towards long-term growth, Toyota focuses on sustainability and makes decisions in a way that allows it to invest in innovations and new technologies like eco-friendly cars (Toyota, 2023). In such a manner, the company is capable of making adjustments to the market environment and maintaining its competitive advantage. According to Wijethilake, Upadhaya and Lama (2021) strong cultures help organisations to deliver sustainable performance.

Despite all the strengths mentioned above, Toyota's organisational culture has some drawbacks, as well. For example, it makes the organisation rigid because of its preference for the procedure-based approach to work. Workers become too dependent on procedures that prevent them from responding adequately and flexibly to changes that happen in the market environment. At the same time, the participative approach to decision-making helps improve its quality but might make it difficult and ineffective in some situations.

In order to mitigate the described limitations, it is crucial to develop more flexible approaches to decision-making. The organisation needs to delegate this function to lower levels so that employees would respond to changes faster. What is more, it is important to foster innovative thinking and encourage digital innovation. Finally, diverse viewpoints should be promoted within the organisation.

Overall, Toyota's organisational culture has a positive impact on its performance. Although the organisational culture addressed has some disadvantages, these have a minor impact on the organisation. This is manifested by the organisational success presented by Toyota over time in the automobile market.

Conclusion

In conclusion, it can be mentioned that organisational culture has a strong effect on how organisations operate, make decisions, and perform in the long term. Based on the theories and literature analyzed in this report, we observed that Toyota's organisational culture, which focuses on respecting people and continuous improvement, strongly influences how the organisation operates and makes decisions. This culture is deeply supported by the company's leaders due to organisational and national elements and aligns with theoretical models such as Hofstede's Cultural Dimensions and Schein's Model.

Toyota's organisational culture promotes operational efficiency through appropriate leadership, teamwork, and standardized processes by adapting to changing circumstances. Despite constraints such as inflexibility and delayed decision-making, the overall effect of culture is positive. Therefore, it can be argued that Toyota's success and competitiveness in the international arena have much to do with organisational culture.

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