



Name: Benilde Barbosa Ferreira

Student ID: 2023283111

Module: Organisational Culture

Module Code: LCLM5005

Lecturer: Toyin Adisa

Submitted on: 08/12/2025

Contents

Abstract	2
Organisational Culture, Company Structure and Decision-Making	3
Types of Culture in Toyota Organisational Culture, Company Structure and Decision-Making.....	4
Organisational Culture and the External Environment	7
Organisational Culture and Organisational Performance	8
Recommendations	10
Conclusion	12
References.....	13

Abstract

The research investigates Toyota's organizational structure and decision-making systems through an assessment of organizational culture effects. The analysis of Toyota's organizational culture uses Schein's model and Hofstede's cultural dimensions and Handy's cultural types to demonstrate its dedication to continuous improvement and teamwork (Schein, 2010; Hofstede, 2001; Handy, 1993). The research investigates Toyota's external environmental response systems and analyses cultural barriers that reduce operational success and assesses cultural elements which impact organizational performance. The report contains recommendations to boost worldwide cultural alignment and enhance cross-cultural communication.

Introduction

Organizational culture determines how businesses operate because it controls employee conduct and decision-making and business responses to market competition. According to Mullins and Christy (2016) organizational culture determines specific work methods that employees use in their environment and affects their motivation and job satisfaction and management control systems. The analysis becomes essential for Toyota and other multinational companies because their cultural values operate throughout different international markets.

Toyota stands as the world's leading automotive manufacturer because of its dedication to quality and efficiency through the Toyota Production System (TPS) (Ohno, 1988; Liker, 2004). The Toyota Way serves as the foundation of Toyota's success because it combines Respect for People with Continuous Improvement principles (Toyota Motor Corporation, 2023). The cultural principles of Toyota direct all organizational communication and decision processes and teamwork activities while the company faces economic, technological and environmental changes.

The research paper investigates how organizational culture affects Toyota's organizational structure and decision-making systems. The research uses Schein's three-level model together with Hofstede's cultural dimensions and Handy's cultural typology to identify Toyota's core cultural elements which guide organizational behavior (Schein, 2010; Hofstede, 2001; Handy, 1993). The research examines how Toyota's cultural framework enables the company to adapt to outside environmental changes and investigates cultural practices that create operational challenges and studies cultural influences on business results.

Organisational Culture, Company Structure and Decision-Making

The cultural environment at Toyota determines how the company organizes its structural framework and develops its strategic choices. The organization operates through a dual system which combines traditional hierarchical structures with strong team-oriented frameworks. The organization operates through a dual system which combines official control systems with worker participation mechanisms. The organization upholds Japanese business customs through its tall organizational structure which honours seniority positions and managerial control (Hofstede, 2001). The production floor teams at Toyota maintain operational decision-making authority through decentralised processes. The organizational structure enables Toyota to achieve its cultural goals which emphasize teamwork and problem-solving and continuous improvement (Ohno, 1988; Liker, 2004).

The organizational culture model developed by Schein (2010) enables researchers to study how Toyota's cultural elements affect its organizational structure. The organization uses standard work procedures and Kaizen boards and Andon systems which enable any staff member to stop production when they detect defects. The organizational artefacts enable teamwork because they give staff members the authority to handle quality responsibilities (Liker, 2004). The organizational processes at Toyota follow the company values which include Respect for People and Continuous Improvement (Toyota Motor Corporation, 2023). The organization bases its workflow design on two fundamental principles which demonstrate that quality develops from waste elimination and learning from mistakes (Ohno, 1988; Schein, 2010). The organization uses structured workflows together with collective responsibility because it believes quality emerges from these approaches.

The decision-making process at Toyota operates through two cultural principles which include nemawashi for informal group consensus and genchi genbutsu for direct observation of issues. Managers need to receive feedback from various stakeholders before taking action and they must conduct personal inspections of all matters (Schein, 2010). The decision-making process at Toyota follows Hofstede's (2001) findings about Japanese culture because it shows strong collectivism and high uncertainty avoidance which leads to detailed analysis and team-based decision-making. The organization makes decisions through a process which combines data assessment with team consensus to produce decisions that receive protection and strong backing. The method produces outstanding results through defect reduction but creates delays when organizations need to make fast business responses (McKinsey & Company,

2023). The organization operates through Role culture and Task culture according to Handy's cultural types because it depends on established procedures and team-based problem-solving for production issues (Handy, 1993). The organization maintains operational stability through its process-based structure which enables teams to develop innovative solutions. The organization follows established procedures without exception which prevents creative thinking from occurring during new product development and emerging mobility solution projects (Liker, 2004).

Types of Culture in Toyota Organisational Culture, Company Structure and Decision-Making

The cultural environment at Toyota determines how the company organizes its structural framework and develops its strategic choices. The organization operates through a dual system which combines traditional hierarchical structures with strong team-oriented frameworks. The organization operates through a dual system which combines official control systems with worker participation mechanisms. The organization upholds Japanese business customs through its tall organizational structure which honours seniority positions and managerial control (Hofstede, 2001). The production floor teams at Toyota maintain operational decision-making authority through decentralised processes. The organizational structure enables Toyota to achieve its cultural goals which emphasize teamwork and problem-solving and continuous improvement (Ohno, 1988; Liker, 2004).

The organizational culture model developed by Schein (2010) enables researchers to study how Toyota's cultural elements affect its organizational structure. The organization uses standard work procedures and Kaizen boards and Andon systems which enable any staff member to stop production when they detect defects. The organizational artefacts enable teamwork because they give staff members the authority to handle quality responsibilities (Liker, 2004). The organizational processes at Toyota follow the company values which include Respect for People and Continuous Improvement (Toyota Motor Corporation, 2023). The organization bases its workflow design on two fundamental principles which demonstrate that quality develops from waste elimination and learning from mistakes (Ohno, 1988; Schein, 2010). The organization uses structured workflows together with collective responsibility because it believes quality emerges from these approaches.

The decision-making process at Toyota operates through two cultural principles which include nemawashi for informal group consensus and genchi genbutsu for direct

observation of issues. Managers need to receive feedback from various stakeholders before taking action and they must conduct personal inspections of all matters (Schein, 2010). The decision-making process at Toyota follows Hofstede's (2001) findings about Japanese culture because it shows strong collectivism and high uncertainty avoidance which leads to detailed analysis and team-based decision-making. The organization makes decisions through a process which combines data assessment with team consensus to produce decisions that receive protection and strong backing. The method produces outstanding results through defect reduction but creates delays when organizations need to make fast business responses (McKinsey & Company, 2023). The organization operates through Role culture and Task culture according to Handy's cultural types because it depends on established procedures and team-based problem-solving for production issues (Handy, 1993). The organization maintains operational stability through its process-based structure which enables teams to develop innovative solutions. The organization follows established procedures without exception which prevents creative thinking from occurring during new product development and emerging mobility solution projects (Liker, 2004).

The complete analysis of Toyota organizational culture needs multiple frameworks because one framework fails to explain the complex cultural practices that exist within the company. The combination of Schein's model with Hofstede's cultural dimensions and Handy's cultural types enables researchers to understand Toyota's cultural structure and its organizational behaviour effects (Schein, 2010; Hofstede, 2001; Handy, 1993).

Schein (2010) developed a three-level model which enables researchers to analyse Toyota's cultural framework effectively. The Toyota Production System (TPS) and Kaizen workshops and visual control tools and the Andon system function as observable practices which demonstrate Toyota's operational discipline and process-oriented approach (Ohno, 1988; Liker, 2004). The operational discipline of Toyota becomes visible through its TPS system and Kaizen workshops and visual control tools and Andon system. The organization operates through a structured operational system which becomes visible through its artifacts.

The Toyota Way principles of Continuous Improvement and Respect for People serve as the core values which Schein identifies as espoused values (Schein, 2010; Toyota Motor Corporation, 2023). The organization supports teamwork and learning and employee

empowerment and extended thinking through its established values. The organization bases its core beliefs on three essential principles which demonstrate that quality develops from waste elimination and employees learn through problem-solving and open communication enables improvement (Ohno, 1988). The organization's fundamental beliefs about waste elimination and employee problem-solving and open communication for improvement establish permanent changes in employee conduct which sustain cultural uniformity across all worldwide operations.

The cultural dimensions of Hofstede enable organizations to understand how Japanese national values shape the development of Toyota's organizational culture. The Japanese cultural need to avoid uncertainty leads Toyota to develop strict risk minimization systems and standardized procedures and error detection systems (Hofstede, 2001). The team-based work environment at Toyota benefits from its collectivist culture because employees work together to reach shared objectives. The organization maintains a moderate power distance which enables employees to respect their hierarchy while receiving bottom-up input through employee empowerment systems including the andon system. The global workforce of Toyota faces difficulties because employees from different cultural backgrounds who value flexible structures and lower hierarchical levels struggle to follow TPS procedures in non-Japanese facilities (Abo, 2007).

The organizational culture of Toyota combines Role culture elements with Task culture elements based on Handy's (1993) cultural types framework. The organization depends on standardized procedures and defined roles and established protocols to achieve reliability and quality control. The organization implements Task culture elements through its team-based problem-solving approach. The organization conducts regular team-based problem-solving activities through Kaizen events and root-cause analysis. The organization depends on established procedures for stability but uses its adaptive nature to promote ongoing improvement (Liker, 2004).

The models provide useful information, yet researchers have identified specific weaknesses when they apply these models for analysis. The process of accessing underlying assumptions becomes difficult when organizations maintain extensive documentation systems according to critics of Schein's model (Schein, 2010; Deal & Kennedy, 1982). The Hofstede framework fails to identify complete national cultural differences in their entirety, and it does not provide effective explanations for the diverse characteristics of Toyota's worldwide workforce (Hofstede, 2001; Cameron & Quinn, 2011). The typology of Handy provides general guidance yet it might fail to detect

new cultural patterns which result from hybridization (Handy, 1993). The integration of these models enables researchers to understand Toyota's unique organizational culture which unites discipline with teamwork and long-term thinking and continuous improvement practices.

Organisational Culture and the External Environment

The company maintains strict quality control and compliance systems through TPS and Kaizen practices because of worldwide safety and emissions regulations (Ohno, 1988; Spear & Bowen, 1999). The economic environment forces Toyota to adopt lean production methods and waste reduction strategies which help the company maintain market competitiveness during economic downturns and price competition (Liker, 2004). Toyota dedicates resources to sustainable business practices and clean technologies because social expectations and economic needs align with its waste reduction goals and long-term perspective (Toyota Motor Corporation, 2023). The cultural approach of Toyota toward innovation faces modern electric vehicle technology challenges. The company's delayed battery-electric vehicle adoption shows how organizational risk avoidance practices create barriers for technological advancement (McKinsey & Company, 2023). The organization continues to focus on resource optimisation and environmental protection because climate change environmental concerns continue to grow.

The organizational culture at Toyota supports sustainability and quality management but its defensive nature prevents it from adapting quickly to market and technological changes.

Organisational Culture and Barriers to Effective Functions

The organizational culture at Toyota produces business advantages but hinders operational success when organizations need to accelerate innovation and achieve global unity and cultural information exchange. The evaluation of Toyota's organizational culture shows both positive and negative elements which impact organizational performance depending on business needs (Mullins & Christy, 2016).

The nemawashi-based consensus approach at Toyota leads to extended decision-making because it needs team members to assess and align their opinions. The

nemawashi method allows complete team assessment and alignment but it extends the duration of decision-making processes (Hofstede, 2001). The market requires Toyota to speed up electric vehicle development because its initial battery-electric vehicle delay caused production delays according to McKinsey (2023). The practice of consensus decision-making provides reliability and risk reduction but it creates speed limitations for organizations during times of high innovation.

The organizational culture at Toyota maintains strict operational systems which create difficulties for its personnel. According to Handy (1993) Role culture organizations function through their dependence on predefined procedures and designated work assignments. The Toyota Production System (TPS) achieves exceptional results in continuous improvement according to Liker (2004) but it fails to perform well when organizations need to create new innovative solutions. The strict adherence to established procedures at work prevents employees from thinking creatively because they fear breaking organizational rules. The international expansion of Toyota faces various obstacles because its Japanese operations operate differently from its foreign facilities because of cultural differences. The cultural dimensions framework developed by Hofstede shows that Japanese organizations base their operations on collectivist values and high uncertainty avoidance but Western businesses operate with individual freedom and flat organizational structures (Hofstede, 2001). The implementation of TPS faces obstacles when organizations try to deploy it across different markets because of existing cultural differences between locations. The implementation of andon signalling and group-based problem-solving at Toyota's U.S. and European factories faced challenges because employees lacked understanding of the cultural values which supported these tools (Abo, 2007). The cultural values which drive Toyota's success in Japan need modifications to function effectively in international markets.

The organization experiences communication failures which negatively affect its operational performance. People in Japan learn to avoid direct conflicts through their cultural heritage which makes them less effective at handling workplace problems and performance matters. The 2010 Toyota recall crisis showed that communication breakdowns between frontline staff and senior executives resulted in safety concerns remaining unreported for extended periods (Spear & Bowen, 1999). The organizational values of Toyota which promote respect for authority and indirect communication and avoidance of authority led to safety risks during the recall crisis.

Organisational Culture and Organisational Performance

The organizational culture at Toyota has become a worldwide leader because of its dedication to quality and efficiency and continuous improvement which resulted in

exceptional business achievements. The organization maintains its culture as its fundamental strategic asset because it supports operational excellence and enduring business competitiveness (Liker, 2004). The business benefits from its cultural elements but these advantages become obstacles when specific situations emerge. The assessment reveals how Toyota's cultural elements generate both positive and negative effects which affect organizational success.

The performance-enhancing practice of Kaizen at Toyota enables staff members to detect operational weaknesses which they eliminate through sequential process improvements. According to Liker (2004) staff members at Toyota can detect operational weaknesses through Kaizen which enables them to eliminate these weaknesses through sequential process improvements. The Toyota Production System (TPS) operates through this cultural practice which generates better productivity and superior product quality (Ohno, 1988). The practice of Kaizen creates positive effects on employee morale because staff members gain the authority to direct their work activities. The organization reaches superior performance levels through Kaizen because it reduces defects and shortens production times and improves manufacturing flexibility.

The organizational culture at Toyota enables staff members to collaborate while allowing them to participate in decision-making which results in superior business results. Schein (2010) explains that organizational beliefs about teamwork surpassing individual work lead employees to exhibit particular behaviors. The practices at Toyota include team-based decision-making and quality responsibility sharing and problem-solving meetings between teams. Research indicates that these organizational practices build superior communication and trust and learning environments which generate better performance outcomes (Abo, 2007). The cultural elements at Toyota help the company achieve top positions in worldwide quality and reliability assessments.

The company culture determines its ability to develop new products. The combination of Toyota's extended planning perspective with its methodical approach enabled the company to develop hybrid technology which became a global success for the Toyota Prius (Toyota Motor Corporation, 2023). The cultural practice of genchi genbutsu enables evidence-based innovation because it supports both cautious experimentation and experience-based learning. The company's cultural emphasis on incremental improvement restricts its ability to develop revolutionary new products. The company

delayed its electric vehicle launch because its cultural values focused on established technologies and safety-focused approaches (McKinsey & Company, 2023).

The organization handles emergencies based on its existing cultural values. The 2010 recall crisis exposed Toyota's communication failure because the company withheld vital information from its staff members and senior leadership team. The combination of hierarchical respect and indirect communication methods according to Spear and Bowen (1999) results in delayed information transmission which negatively affects safety standards and product quality and corporate image. The company enhanced its quality control systems following the crisis but the incident proved that cultural standards create performance barriers when fast action becomes essential.

The cultural values at Toyota produce different effects on business performance across its international operations. The TPS and Toyota Way systems achieve exceptional results in Japan but their performance deteriorates when implemented outside Japan's native cultural environment. Western Toyota employees fight against following standardized procedures because they want to make their own work choices (Abo, 2007; Hofstede, 2001). The organization needs successful cultural adaptation methods to preserve its worldwide operational excellence.

Recommendations

The research presents multiple cultural adaptation methods which will boost Toyota's performance and innovation and global integration capabilities while preserving its successful organizational culture. The following recommendations help Toyota boost its performance while upholding its core Toyota Way principles.

1. The organization needs to distribute its strategic decision-making authority to different parts of the organization for faster decision-making capabilities.

The organization needs to grant specific innovation-driven projects including electric car development and digital technology deployment their own decision-making authority. The framework of Hofstede (2001) demonstrates that subsidiaries with lower uncertainty avoidance achieve better results through their implementation of fast decision systems. The organization should authorize regional leadership teams to make independent decisions about specific matters to enhance speed while maintaining its shared responsibility culture.

2. The organization needs to develop better leadership abilities which enable leaders to manage different cultural settings.

The Toyota Production System faces implementation challenges because Japanese organizational values differ from Western business standards according to Abo (2007). The organization needs to provide expanded leadership development which teaches staff members to handle cultural differences and conflicts and build cultural competence (Cameron & Quinn, 2011). The training program will help managers understand how staff members from different locations experience organizational structure and teamwork dynamics and provide feedback to them. The organization needs to teach its staff members cultural competence abilities because this will enhance their communication abilities and simplify TPS deployment across international markets.

3. The organization needs to establish environments which promote psychological safety to enable staff members to freely share their concerns.

The recall crisis and academic research by Spear and Bowen (1999) revealed that Japanese organizational culture restricts staff members from reporting issues because of its hierarchical structure and indirect communication methods. The organization needs to establish official spaces for open dialogue through "speak-up" meetings and anonymous reporting systems and team reflection sessions which promote staff members to share problems openly while rewarding their transparency. Organizations that implement psychological safety practices within Kaizen activities achieve better continuous improvement results because they detect problems earlier.

4. The organization needs two distinct innovation approaches which focus on both incremental development and revolutionary new ideas.

The current Toyota culture excels at delivering small improvements yet it blocks the organization from pursuing major transformative changes. The company needs to create an official dual innovation approach which will help it lead the market in new mobility industries. The organization should maintain its Kaizen program for standard operations but create separate innovation centers to handle experimental work on high-risk projects. The innovation centers should implement flexible work systems and flat organizational structures and rapid prototyping methods under innovative team-based environments (Liker, 2004). The organization will achieve quick innovation through this structure while maintaining its present operational excellence.

5. The organization needs to modify its cultural practices to support its international subsidiaries which operate in different geographic locations.

The cultural dimensions framework of Hofstede (2001) shows that workers from outside Japan prefer organizations with less structure and more decision-making freedom. The organization needs to modify specific TPS elements which include standardized work procedures and performance assessment systems to better match the preferences of local staff members. The organization should work with local teams to create new practices which will increase staff commitment and work quality while maintaining core cultural values (Abo, 2007).6. The organization requires digital infrastructure development to achieve cultural consistency across all locations.

The global expansion of Toyota operations creates opportunities to build digital platforms which will enhance alignment with the Toyota Way. The organization should create digital platforms which allow real-time performance tracking and virtual Kaizen platforms and worldwide learning platforms to enable knowledge sharing between teams from different regions. The system will help the organization achieve improved cultural alignment which will enhance knowledge sharing and support its strategic goals for extended periods.

Conclusion

Organisational culture emerges as the main factor which determines Toyota's structural design and decision-making systems and operational success. The evaluation of Schein's model and Hofstede's cultural dimensions and Handy's cultural types revealed that Toyota's culture supports discipline and teamwork and continuous improvement and long-term thinking (Schein, 2010; Hofstede, 2001; Handy, 1993). The cultural values at Toyota enable the company to produce outstanding products and operate with excellence while leading the global market (Liker, 2004; Toyota Motor Corporation, 2023). The research findings demonstrate that Toyota faces challenges in fast innovation and cultural integration and market adaptation because of its decision-making system and hierarchical structure and standardized work environment (McKinsey & Company, 2023; Spear & Bowen, 1999).

The PESTLE analysis demonstrates how Toyota's cultural approach enables the company to adjust to outside market elements through its dedication to sustainability and cost management and technological advancement. The analysis indicates that Toyota must transform its culture because its international subsidiaries operate in distinct cultural settings and the company struggles with rapid market changes (Abo, 2007; Cameron & Quinn, 2011). The proposed recommendations for global leadership

development and psychological safety promotion and strategic decision decentralization and dual innovation structure implementation provide concrete approaches to enhance Toyota's cultural performance. Toyota must preserve its competitive culture while executing strategic changes to achieve success in changing global markets.

References

Abo, T. (2007) *Japanese Hybrid Factories: A Comparison of Global Production Strategies*. Basingstoke: Palgrave Macmillan. [\(PDF\) Japanese Hybrid Factories. A Comparison of Global Production Strategies](#)

Cameron, K.S. and Quinn, R.E. (2011) *Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework*. 3rd edn. San Francisco: Jossey-Bass.

[https://www.bing.com/ck/a?!&&p=0ceff9f566b598f5c8a3a200b16e6cc7542f4660e04bbdd1350dcec0719ddba7JmltdHM9MTc2NDg5MjgwMA&ptn=3&ver=2&hsh=4&fclid=26d15406-d763-643d-1add-42a4d60765af&psq=Cameron%2c+K.S.+and+Quinn%2c+R.E.+\(2011\)+Diagnosing+and+Changing+Organizational+Culture%3a+Based+on+the+Competing+Values+Framework.+3rd+edn.+San+Francisco%3a+Jossey-Bass.&u=a1aHR0cHM6Ly93d3cucmVzZWFiY2hnYXRlLm5ldC9maWxlLlBvc3RGaWxlTG9hZGVyLmh0bWw_aWQ9NTU5MDc3YzI1ZTlkOTc2OGY2OGI0NTcwJmFzc2V0S2V5PUFTJTlBMjcxNzUwMTgzNDg5NTM3JTQwMTQ0MTgwMTcwMDczOQ](https://www.bing.com/ck/a?!&&p=0ceff9f566b598f5c8a3a200b16e6cc7542f4660e04bbdd1350dcec0719ddba7JmltdHM9MTc2NDg5MjgwMA&ptn=3&ver=2&hsh=4&fclid=26d15406-d763-643d-1add-42a4d60765af&psq=Cameron%2c+K.S.+and+Quinn%2c+R.E.+(2011)+Diagnosing+and+Changing+Organizational+Culture%3a+Based+on+the+Competing+Values+Framework.+3rd+edn.+San+Francisco%3a+Jossey-Bass.&u=a1aHR0cHM6Ly93d3cucmVzZWFiY2hnYXRlLm5ldC9maWxlLlBvc3RGaWxlTG9hZGVyLmh0bWw_aWQ9NTU5MDc3YzI1ZTlkOTc2OGY2OGI0NTcwJmFzc2V0S2V5PUFTJTlBMjcxNzUwMTgzNDg5NTM3JTQwMTQ0MTgwMTcwMDczOQ)

Deal, T.E. and Kennedy, A.A. (1982) *Corporate Cultures: The Rites and Rituals of Corporate Life*. Reading, MA: Addison-Wesley. [Corporate Cultures The Rites and Rituals of Corporate Life | PDF | Rituals | Organizational Culture](#)

Hofstede, G. (2001) *Culture's Consequences: Comparing Values, Behaviors, Institutions and Organizations Across Nations*. 2nd edn. Thousand Oaks, CA: Sage. [\(PDF\) • Geert Hofstede, Culture's Consequences: Comparing Values, Behaviours, Institutions, and Organizations Across Nations.](#)

Liker, J. (2004) *The Toyota Way: 14 Management Principles from the World's Greatest Manufacturer*. New York: McGraw-Hill. [\(PDF\) The 14 principles of the Toyota way: An executive summary of the culture behind TPS](#)

McKinsey & Company (2023) *The Future of the Automotive Industry*. [The future of the car | McKinsey & Company](#)

Mullins, L. and Christy, G. (2016) *Management and Organisational Behaviour*. 11th edn. Harlow: Pearson. [A01_MULL8488_11_SE_FM.indd](#)

Ohno, T. (1988) *Toyota Production System: Beyond Large-Scale Production*. Portland, OR: Productivity Press. [Toyota Production System | Beyond Large-Scale Production | Taiichi Ohn](#)

Schein, E.H. (2010) *Organizational Culture and Leadership*. 4th edn. San Francisco: Jossey-Bass. [Organizational Culture and Leadership, 4th Edition](#)

Spear, S. and Bowen, H.K. (1999) 'Decoding the DNA of the Toyota Production System', *Harvard Business Review*, 77(5), pp. 97–106. [SPEAR-Decoding-Toyota-DNA-HBR-1999.pdf](#)