

UWTSD Wales University St. David London campus

LEVEL 5 ASSESSMENT SPECIFICATION

**BA (Hons) Leadership and Management Skills for the
Workplace**

Module: LCLM5005 – Organisational Culture Individual Report

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Section 1- Introduction

Organisational culture influences employee behaviour, decision-making, innovation and long-term organisational performance by shaping the shared values, assumptions and practices within an organisation (Mullins and Christy, 2016; Schein and Schein, 2017).

Toyota Motor Corporation was selected because its management philosophy is strongly associated with continuous improvement (Kaizen), respect for people, teamwork and long-term thinking. These principles have contributed to Toyota's reputation for quality and operational excellence, while its global expansion and technological transformation have also exposed potential cultural limitations.

This report critically evaluates Toyota's organisational culture using Schein's Three Levels Model, Hofstede's Cultural Dimensions and Handy's Cultural Typology. PESTLE analysis is used to examine external pressures, while ethics, Corporate Social Responsibility and organisational health are considered to assess wider organisational outcomes. The report determines whether Toyota's culture operates primarily as an enabler or a barrier and concludes with evidence-based recommendations. Both strengths and limitations are evaluated using academic literature and corporate evidence.

Section 2 – Company Overview

Toyota Motor Corporation was established in Japan in 1937 and developed from the automotive division of Toyoda Automatic Loom Works. It has since become a major multinational automotive manufacturer operating through regional subsidiaries and specialised business units across international markets (**Toyota Motor Corporation, 2025a**).

Toyota's management philosophy is based principally on **Continuous Improvement (Kaizen) and Respect for People**. These values underpin the Toyota Production System (TPS), which promotes standardised work, waste reduction, quality improvement, employee involvement and long-term organisational learning (Ohno, 1988; Liker, 2021).

Although Toyota coordinates its overall strategy from Japan, its regional operations adapt to differing markets, regulations and customer expectations. This combination of global consistency and local responsiveness supports its international competitiveness. However, product recalls, supply-chain disruption, technological transformation and competition in electric mobility have tested the adaptability of its traditional organisational culture. Toyota therefore provides an appropriate case study for examining how culture can support performance while also creating potential limitations.

Section 3 – Organisational Culture Analysis Using Schein's Three Levels Model

Edgar Schein (2017) explains organisational culture through three interconnected levels: **Artefacts**, **Espoused Values**, and **Basic Underlying Assumptions**. Applying this framework provides a structured understanding of how Toyota's organisational culture supports organisational performance and continuous improvement.

Artefacts

Artefacts are the visible elements of organisational culture, including workplace practices, organisational systems and employee behaviours.

At Toyota, these include the Toyota Production System (TPS), standardised work procedures, visual management, quality control systems, 5S workplace organisation and the Andon system, which allows employees to stop production to address quality concerns. These practices demonstrate Toyota's commitment to operational excellence and continuous improvement (Ohno, 1988; Liker, 2021).

Espoused Values

Toyota's organisational culture is guided by two core values: **Respect for People** and **Continuous Improvement (Kaizen)**.

These principles encourage teamwork, employee development, knowledge sharing and long-term organisational learning. Managers are expected to coach employees, support problem-solving and promote continuous improvement rather than relying solely on hierarchical control.

Basic Underlying Assumptions

At the deepest level, Toyota assumes that every process can be improved, every employee contributes to organisational success, quality should never be compromised,

and long-term organisational performance is more important than short-term financial gains.

These assumptions have shaped Toyota's organisational identity for decades and continue to influence decision-making throughout the organisation.

Critical Evaluation

Schein's model demonstrates that Toyota maintains strong alignment between its organisational practices, stated values and underlying assumptions. This cultural consistency has contributed to product quality, employee engagement and operational effectiveness.

However, strong organisational traditions may also reduce flexibility when rapid technological or market changes require faster organisational responses. Consequently, Toyota's culture functions primarily as an organisational enabler, provided that continuous improvement remains responsive to future challenges.

Section 4 – Analysis Using Hofstede’s Cultural Dimensions

Hofstede’s framework explains how national culture can influence organisational values, leadership, communication and decision-making. Toyota’s Japanese origins remain visible in its emphasis on collective responsibility, structured processes and long-term organisational development (Hofstede, Hofstede and Minkov, 2010).

Collectivism and Power Distance

Toyota reflects a relatively collectivist orientation through teamwork, shared problem-solving and employee participation in continuous improvement. Kaizen is treated as a collective responsibility rather than an individual activity.

Although Toyota has a formal hierarchy, employees can raise quality concerns and stop production through the Andon system. This suggests that managerial authority is balanced with operational participation and shared accountability.

Uncertainty Avoidance

Japan’s relatively high uncertainty avoidance is reflected in Toyota’s standardised procedures, quality systems, risk controls and systematic problem-solving. These practices reduce variation and support product reliability.

However, extensive standardisation may reduce flexibility when rapid technological or market changes require faster experimentation and decision-making.

Long-Term Orientation

Long-term orientation is particularly important in Toyota’s culture. The company invests in employee development, organisational learning, hybrid technology, hydrogen systems and future mobility rather than focusing exclusively on immediate financial returns.

This perspective has supported innovation and resilience, although long-term consensus-based planning may occasionally delay urgent responses.

Masculinity

Toyota also reflects achievement-oriented characteristics through high-quality expectations, operational discipline and performance standards. Nevertheless, these competitive pressures are moderated by teamwork, mutual respect and employee development.

Critical Evaluation

Hofstede's model helps explain how Japanese cultural values have strengthened Toyota's teamwork, operational consistency and long-term planning. However, Toyota is a multinational organisation whose employees may have different expectations regarding autonomy, communication and leadership.

Therefore, Japanese cultural principles remain an important organisational foundation, but Toyota's continued international success depends on adapting these values to culturally diverse workforces. Hofstede's framework is useful for identifying national influences, although it cannot fully explain every aspect of Toyota's global organisational culture.

Section 5 –Analysis Using Handy's Cultural Typology

Charles Handy (1993) proposed four organisational culture types: Power, Role, Task and Person cultures. Large multinational organisations rarely reflect a single cultural type; instead, they often combine characteristics of several cultures. Toyota is a good example of this hybrid approach.

Role and Task Culture

Toyota demonstrates strong characteristics of Role Culture through clearly defined responsibilities, standardised procedures and quality management systems. These features support operational consistency, reliability and efficient global manufacturing.

At the same time, Task Culture is evident through Kaizen, cross-functional teamwork, employee participation and collaborative problem-solving. Continuous improvement depends upon employees working together to identify operational issues and develop practical solutions rather than relying solely on managerial direction.

Limited Power and Person Culture

Toyota displays relatively few characteristics of Power Culture, as operational responsibility is shared across the organisation rather than concentrated exclusively within senior management.

Similarly, Person Culture plays only a limited role. Although individual expertise is valued, organisational objectives, teamwork and collective performance remain the primary focus.

Critical Evaluation

Overall, Handy's framework suggests that Toyota's organisational effectiveness depends on maintaining an effective balance between structured processes and collaborative problem-solving (Handy, 1993; Liker, 2021).

This balance is particularly important during periods of technological change. While Role Culture provides consistency, accountability and quality control, excessive dependence on formal procedures may restrict rapid experimentation. Strengthening Task Culture through cross-functional collaboration and employee-led problem-solving can therefore help Toyota maintain operational discipline while becoming more responsive to innovation and changing market conditions.

Section 6 – PESTLE Analysis of Toyota

PESTLE analysis examines the external factors influencing Toyota's organisational culture and strategic decision-making. As a global automotive manufacturer, Toyota must continuously adapt to changing political, economic, social, technological, legal and environmental conditions (Johnson et al., 2020).

Political and Economic Factors

Government policies on emissions, international trade and electric vehicle incentives directly influence Toyota's production and investment decisions. At the same time, inflation, exchange rates and fluctuations in global demand affect manufacturing costs and consumer purchasing behaviour. Toyota's Lean Production System helps maintain operational efficiency during periods of economic uncertainty (Liker, 2021).

Social and Technological Factors

Changing customer expectations, digital transformation and the transition towards sustainable mobility continue to reshape the automotive industry. Toyota has responded through investment in hybrid vehicles, hydrogen technology, automation, artificial intelligence and connected mobility. Its culture of continuous improvement supports ongoing innovation, although increasing global competition requires faster adaptation.

Legal and Environmental Factors

Toyota operates within complex international regulations covering product safety, environmental protection, employment and consumer rights. Product recall incidents reinforced the importance of quality assurance, regulatory compliance and organisational transparency.

Environmental sustainability has become a strategic priority through investment in low-emission technologies, renewable energy, waste reduction and sustainable

manufacturing, supporting both corporate responsibility and long-term competitiveness **(Toyota Motor Corporation, 2025c)**.

Evaluation

The PESTLE analysis indicates that Toyota's external environment is becoming increasingly dynamic. Continuous improvement and long-term planning have strengthened organisational resilience, but future competitiveness will depend on balancing operational stability with greater organisational agility in response to technological and market change.

Section 7 – Ethics and Corporate Social Responsibility (CSR)

Ethics and Corporate Social Responsibility (CSR) have become integral components of organisational culture. Modern organisations are expected to create value not only for shareholders but also for employees, customers, communities and the environment (Carroll, 1991).

Toyota's organisational philosophy is founded on Respect for People and Continuous Improvement (Kaizen), principles that support ethical leadership, responsible decision-making and long-term sustainability.

Ethical Leadership

Toyota promotes leadership based on integrity, accountability, employee development and collaborative problem-solving rather than relying solely on hierarchical authority. Following major product recall incidents, the company strengthened quality management, corporate governance and organisational transparency, reinforcing the importance of ethical responsibility.

Corporate Social Responsibility

The organisation's CSR strategy focuses on sustainable manufacturing, responsible supply chain management, employee development, community engagement and environmentally responsible mobility solutions.

Investment in hybrid vehicles, hydrogen technology, renewable energy and carbon reduction initiatives demonstrates Toyota's commitment to balancing commercial performance with wider social and environmental responsibilities **(Toyota Motor Corporation, 2025b; 2025c)**.

Evaluation

Toyota's approach indicates that ethical leadership and CSR are embedded within its organisational culture and contribute to stakeholder trust, organisational reputation and long-term sustainability. Continued success will depend on maintaining transparency and strengthening responsible business practices as organisational expectations continue to evolve.

Section 8 – Organisational Health and Performance

Organisational health reflects an organisation's ability to achieve its objectives while adapting to change, developing its people and sustaining long-term performance (Keller and Price, 2011). Toyota's organisational culture supports organisational health through continuous improvement, employee involvement and long-term strategic thinking.

Leadership and Employee Capability

Toyota's leadership philosophy encourages managers to develop employees through coaching, knowledge sharing and collaborative problem-solving. Employee participation in continuous improvement strengthens organisational learning, capability development and operational effectiveness.

Innovation and Performance

Continuous improvement (Kaizen) enables Toyota to improve quality, reduce waste and support innovation across manufacturing and organisational processes. Organisational performance is reflected not only in financial results but also in product quality, customer satisfaction, employee engagement, innovation and corporate reputation (Kaplan and Norton, 1996).

A further strength of Toyota's organisational culture is the way it connects employee capability with operational performance. Continuous improvement encourages employees to identify problems, share knowledge and contribute practical solutions, which can strengthen both productivity and organisational learning. This relationship is important because organisational health is not determined solely by financial outcomes; it also depends on whether employees are engaged, capable and willing to adapt. Toyota's emphasis on employee participation therefore supports both short-term operational efficiency and longer-term organisational resilience. However, this advantage depends on maintaining a work environment in which employees feel able to challenge existing practices and respond constructively to change.

Evaluation

Toyota's organisational culture contributes positively to organisational health by supporting leadership development, employee capability and continuous improvement. Maintaining these strengths while adapting to technological change and evolving workforce expectations will remain essential for long-term organisational performance.

Section 9 – Critical Evaluation: Is Toyota's Organisational Culture an Enabler or a Barrier?

The analyses presented throughout this report indicate that Toyota's organisational culture functions primarily as an organisational enabler. The company's emphasis on continuous improvement, respect for people, teamwork and long-term strategic thinking has supported product quality, organisational learning, innovation and sustainable competitive advantage.

Table 1. *Summary of Toyota's Organisational Culture Analysis*

Framework	Key finding	Organisational contribution	Potential limitation
Schein	Strong alignment between artefacts, values and assumptions	Quality, organisational learning and employee commitment	Deep-rooted traditions may reduce flexibility
Hofstede	Collectivism, long-term orientation and moderate power distance	Teamwork, strategic consistency and collaboration	Global cultural differences require adaptation
Handy	Hybrid Role–Task Culture	Operational discipline combined with innovation	Balance must be maintained through leadership
PESTLE	Dynamic external environment	Supports strategic planning and resilience	Rapid technological change requires agility
CSR & Ethics	Responsible leadership and sustainability	Reputation, stakeholder trust and long-term legitimacy	Continuous transparency is essential
Organisational Health	Employee engagement and continuous improvement	Innovation, capability and organisational resilience	Ongoing workforce adaptation is required

Source: Author's analysis based on Schein and Schein (2017), Hofstede, Hofstede and Minkov (2010), Handy (1993), Johnson et al. (2020), Keller and Price (2011), Liker (2021) and Toyota Motor Corporation (2025a; 2025b; 2025c)

As shown in Table 1, the different frameworks provide complementary rather than identical explanations of Toyota's organisational effectiveness. Schein's model demonstrates how deeply embedded values such as continuous improvement and respect for people create internal cultural consistency, while Hofstede helps explain the Japanese cultural influences supporting teamwork and long-term orientation. Handy's framework further shows how Toyota combines the stability of Role Culture with the collaborative characteristics of Task Culture. Together, these perspectives suggest that Toyota's competitive strength does not result from one cultural characteristic alone, but from the interaction between shared values, structured processes and employee

participation. Nevertheless, the PESTLE analysis demonstrates that internal cultural strength cannot guarantee future success when the external environment changes rapidly. Toyota must therefore ensure that practices which historically supported consistency and quality do not become sources of rigidity when technological disruption, global competition or changing workforce expectations require faster organisational adaptation.

Collectively, these findings demonstrate that Toyota's organisational culture aligns its values, leadership practices and operational systems, creating consistency across organisational processes. This alignment has strengthened employee engagement, operational effectiveness and long-term organisational resilience (Schein and Schein, 2017; Liker, 2021).

However, the analysis also indicates that organisational culture may create challenges if traditional practices become resistant to change. Consensus-based decision-making, highly standardised procedures and strong organisational traditions may reduce responsiveness during periods of rapid technological disruption and increasing global competition.

Consequently, Toyota's future success depends on preserving its core organisational values while increasing organisational agility, innovation and cross-cultural adaptability. Maintaining this balance will enable the organisation to respond effectively to changing market conditions without compromising its established cultural strengths.

Overall, the evidence presented throughout this report supports the conclusion that Toyota's organisational culture functions predominantly as an organisational enabler rather than an organisational barrier.

Section 10 – Evidence-Based Recommendations

Based on the findings of this report, the following recommendations are proposed to strengthen Toyota's organisational culture and support long-term organisational performance.

1. Increase Organisational Agility

Toyota should simplify selected decision-making processes to improve responsiveness while preserving its culture of continuous improvement.

2. Strengthen Cross-Cultural Leadership

The company should continue developing leaders capable of managing culturally diverse teams across its global operations.

3. Accelerate Digital Innovation

Continued investment in artificial intelligence, connected mobility, battery technology and digital manufacturing will support future competitiveness.

4. Enhance Organisational Learning

Knowledge sharing following operational challenges and customer feedback should be strengthened to reinforce continuous improvement.

5. Expand Sustainability Initiatives

Toyota should continue investing in environmentally sustainable technologies and responsible supply chain management to support long-term stakeholder value.

6. Promote Employee Wellbeing

Greater attention to employee wellbeing, psychological safety and professional development will strengthen organisational capability and long-term performance.

Overall Recommendation

Toyota should preserve its core organisational values while remaining sufficiently flexible to respond to technological, environmental and global market change.

Section 11 – Conclusion

This report critically evaluated Toyota's organisational culture using Schein's Three Levels Model, Hofstede's Cultural Dimensions, Handy's Cultural Typology, PESTLE analysis, Corporate Social Responsibility and Organisational Health frameworks.

The findings indicate that Toyota's organisational culture has played a significant role in supporting operational excellence, continuous improvement, innovation and long-term organisational performance. The analysis also demonstrated that strong organisational values, employee involvement and strategic planning have contributed to Toyota's sustainable competitive advantage.

However, the report recognised that no organisational culture is without limitations. Maintaining competitiveness will require Toyota to preserve its core values while adapting to technological innovation, global workforce diversity and changing market conditions.

Overall, the evidence supports the conclusion that Toyota's organisational culture functions primarily as an organisational enabler. Continued organisational success will depend upon maintaining an effective balance between cultural stability and organisational adaptability (Schein and Schein, 2017; Liker, 2021).

Ultimately, Toyota demonstrates that a strong organisational culture, when supported by continuous learning and responsible leadership, can remain a sustainable source of competitive advantage in a rapidly changing global environment.

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