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Table of Contents

LECTURER NAME: TOYIN ADISA.....	1
ABSTRACT	3
INTRODUCTION	3
ORGANISATIONAL CULTURE, COMPANY STRUCTURE, AND DECISIONS	4
TYPES OF CULTURE.....	5
ORGANISATIONAL CULTURE AND BARRIERS TO EFFECTIVE FUNCTIONS.	7
ORGANISATIONAL CULTURE AND EXTERNAL ENVIRONMENT.....	7
ORGANISATION CULTURE AND ORGANISATIONAL PERFORMANCE	10
RECOMMENDATIONS	10
CONCLUSION	10

Abstract

I am writing about the organisational culture, work environment, decision making of Toyota Motor Corporations and how it has shaped the business and company. Toyota is one of the biggest automobile manufacturers in and around the world. Toyota Motor corporation is different from many other organisations, they aim to improve and develop their own culture and sustain business relationships in other countries. The culture of Toyota is a very valuable asset for the company.

Introduction

Toyota is a global automotive manufacturer headquartered in Toyota City, Japan, and one of the largest automakers in the world. “Since 1937, the Toyota Motor Corporation has become one of the largest auto producers in the world and it is still evolving and penetrating different national markets all over the world” (Sosnovskikh, 2016). Toyota employs over 360,000 people worldwide making it one of the most important automobile manufacturers in the industry.

Having a clear culture is important to a company’s success. We understand culture as consisting of the “attitude, beliefs, understanding and mindset that determine how individuals behave in an organisation’s environment. It includes how employees deal with each other with customer and other people they meet in business contacts”. (John and Allen, 1995) Toyota’s organisational culture contributes positively to the company by answering the needs of its stakeholders (owners, employees, customers, society, and government interests).

Organisational Culture, Company Structure, and Decisions

Toyota is a Japanese company and in Japan they have a culture which is based on respect, understanding, and working together. Toyota successfully operates globally because of the organisation's culture which has helped their industry growth. Toyota knows how important the culture is to the success of employees, the company's growth, and society.

The ability to move with change is an important part of any competitive industry. "Systematic and systemic change is a characteristic of an organisation that can achieve competitive advantage in every changing environment. Repeat change, which was once the exception, is now the norm and companies that want to survive must embrace it enthusiastically" (John and Allen, 1995).

Toyota's culture of paying attention to not just profit but on the community and their social responsibility, helps them to get a competitive advantage and operate well during times of change. "The fundamental beliefs of Toyota are the company is not thought of as just a private profit-making enterprise. There is a consistent awareness that as a business, the company has a responsibility to society, to its employees and to future generation. Toyota company motto is: Enrich society through building cars." (Michael and Husar, 1991).

Toyota has an innovative culture and is known for two systems "The Toyota Way" and the "Toyota Production System (TPS)". It has a mixed structure and has parts from both Organic and Mechanistic structures which is unique to Asian companies. "Toyota's culture is somewhat balanced between individualism and collectivism which disagrees with most national Asian cultures. Finally, results show that Toyota reinforces both long- and short-term orientations which disagree with most national views of Japan's national culture". (Marksberry, 2011)

Mechanistic Organisation.

- High specialization
- Rigid departmentalization
- Clear chain of command
- Narrow spans of control
- Centralization
- High formalization

Organic Organisation

- Cross-functional teams
- Cross-hierarchical teams
- Free flow of information
- Wide spans of control
- Decentralization
- Low formalization

The Toyota Production System is very standardized with clear process, centralized decision making and clear chain of command also using “Just-in-Time production” (Clifford, 2013). It also has a divisional structure made up of separate divisions because it works in many countries, which is more mechanistic. But they have organic parts too, like cross functional teams involving employees and collaboration. “Within the Toyota Production System, *Kaizen* humanises the workplace, empowering individual members to identify areas for improvement and suggest practical solutions. The focused activity surrounding this solution is often referred to as a *kaizen blitz*, while it is the responsibility of each member to adopt the improved standardised procedure and eliminate waste from within the local environment.” (Clifford, 2013) *Kaizen* as a part of the TPS shows how the company uses a mixed structure.

Types of Culture

Toyota’s organisational culture and structure is unique and influences the way the company works. Japanese culture in general also has a big effect on how the company organisation is structured. The culture web model is a good way to understand the factors that affect how Toyota’s organisational culture has been created.

The Culture Web Module Theory/Paradigm has these parts:

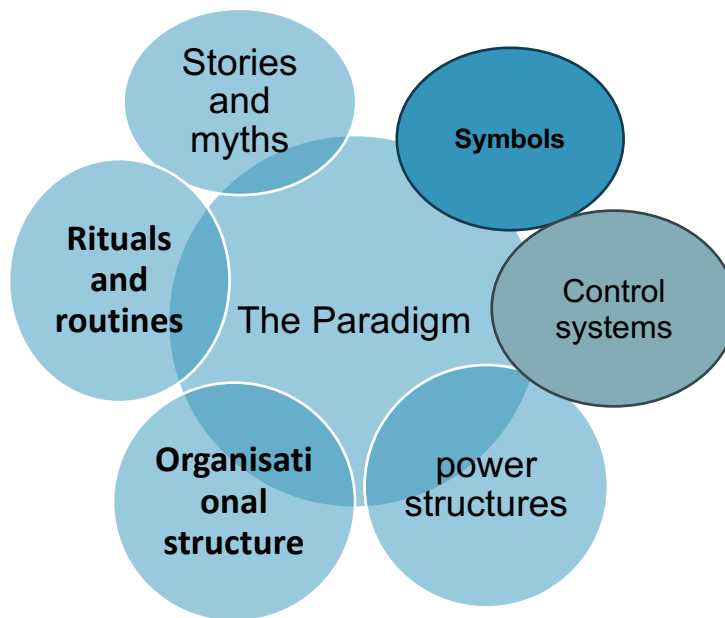
Stories - the past and present events and people talk about inside and outside the company. Key stories revolve around its founding principles, the Toyota Production System, innovation. These impact the Toyota Motto: “Enrich society through building cars”, which may have been developed in part by the idea of “spirit of the Samurai” (Sosnovskikh, 2016).

Rituals and routines - the daily behaviors and actions of people that signal acceptable behavior. All Toyota employees, referred to as “members,” are expected to identify and suggest improvements, even minor ones, in their daily tasks, *culture of continuous improvement (Kaizen)* and respect for people. “Respect for People means creating an environment built on mutual trust where employees feel valued and empowered.” (TMI, 2024)

Symbols - Company including logos, office decor and formal or informal dress codes.

“The Toyota three ovals in the Toyota logo are linked in a horizontally symmetrical layout – so it is recognizable both head-on and when seen in a rear-view mirror. The inner ovals symbolize the heart of the customer and the heart of the company, overlapping to represent a mutually beneficial relationship and trust between the two, as well as forming a ‘T’ shape for Toyota. The outer oval one signifies the world embracing Toyota. Each oval is drawn with different stroke thicknesses, pointing to Japanese calligraphy art and culture.” (Toyota, 2020)

Organisational structure - The organisational chart and the unwritten lines of power and influence that indicate whose contributions are most valued. “According all these elements help the member of an organisation easily understand each other at work and known how they should behave I shows how culture evolve inside the organisation.” (Sosnovskikh, 2016)



The culture web model has the same ideas as some of Hofstede’s theories which apply to Japanese culture and Toyota. In Japan there is a lot of power distance in companies which allows for a clear chain of command and standards. They also have a focus on collectivism where group collaboration is very important. Toyota has a mix of teamwork and collaboration for problem solving which helps them to adapt to change. They also have clear power dynamics because of focus on respect for people allowing clear management hierarchy. But the emphasis on respect also allows for trust between employees and management. “..there are three significant items that Toyota follows (Hoseus and Liker 2008, 235) The use of matrix style of management; Distribution of decision-making policy is based on exact standards; Clear identification of the team leader’s functions.” (Sosnovskikh, 2016)

Organisational culture and barriers to effective functions.

Even though Toyota Corporation has many strengths in their culture, it can also be creating barriers that effect the emotional wellbeing, motivations, communications and relationship dynamics of employees.

Some of the Toyota culture expectations below could be creating barriers.

- **Pressure from continuous improvement**, which may lead to stress or burnout.
- **Strict standardization**, limiting creativity and emotional expression as part of their “Just in Time Production” and centralization of power.
- **Group conformity pressures**, discouraging dissent or open emotional communication, because of collectivism.
- **Harmony-oriented norms**, which can cause employees to hide dissatisfaction or avoid conflict also because of collectivism.
- **Efficiency demands**, reducing opportunities for emotional support or interpersonal connection. Toyota encourages innovation but the pressures to be efficient might be a barrier to innovation and collaboration.

There are some barriers created by Toyota’s culture, but their mixed structure and focus on working together help to make this impact less. “Organisational factors in Toyota’s working culture that brings about positive impacts on lean implementation is discussed. It is found from the literature review that a number of factors such as top management commitment and leadership, empowerment and training of human resources, building relationship with suppliers and customers, enhancing departmental relations and teamwork need to be taken into account in order to implement a successful lean system.” (Al-Najem et al.,2012) Toyota’s strong culture supports performance, but it can also unintentionally limit emotional expression and affective well-being among employees. Most of the time when the employees focus on long hours that would be very difficult physically and emotionally which could lead to to making mistakes.

Organisational Culture and External Environment

The Toyota automobile company has many challenges from the external environment. Toyota is affected by government politics, economic factors, social factors, technological factors, environmental factors and legal factors. The best way to explain these challenges is by using PESTLE analysis.

1. Political Factors

Nowadays in the UK London the government makes Uber drivers only use hybrids or EV to reduce emissions below a certain level. The global focus on hybrid and electric cars has had an impact on Toyota too because they are global. Just in the UK emission standard have been increasing. The following is now required in the UK for taxi or for hire vehicles.

“Emit no more than 50g/km CO₂ and be capable of being operated with no (zero) exhaust emissions for a minimum range of 10 miles (16.093 km); or Emit no more than 75g/km CO₂ exhaust emissions and be capable of being operated with no (zero) emissions for a minimum range of 20 miles (32.187 km) As a minimum, the vehicle must meet the Euro 6 emissions standard if an internal combustion engine is part of the vehicle specification (i.e. hybrid vehicles).” (Matters, T, n.d)

Fortunately for Toyota their culture has helped them in this area because they have had a focus on social and environmental ethics which help them to easily adapt and be at the top of the industry for environmentally friendly vehicles.

2. Economic factors

We can see how the global economic cycle influences automobiles. In the EU and most advanced countries they are focusing on using electric cars which is making it a big challenge between automobiles companies around the world. Focusing on the quality of the car and the batteries and after US tariff on a lot of countries which is in some countries 100% tariff means Toyota is pushed to make more environmentally friendly vehicles. This means they have to consider production numbers vs. quality. “Toyota’s recent efforts to become the top selling automaker in the global marketplace might have led to some unfavorable changes in its supply chain management practices, as well as tarnishing some of the core values of the “Toyota Way”, which were partially responsible for the massive recall. Toyota’s handling of the recall also reflected the unique “Japanese way” of managing the crisis.” (Andrews et al.,2011).

3. Social Factors

More public awareness of global warming around the world from consumers who are environmentally conscious makes a higher demand for quality cars that are more environmentally friendly. To be competitive they must keep up with greener solutions such as hybrid and electric because they are in more demand. Toyota has responded by making one of the best hybrid and electric vehicle technology, such as the Prius, which has improved its brand image and sales among modern, socially conscious customers. Toyota’s awareness of social movements toward environmentally friendly vehicles has made them commit to reduce “vehicle CO₂ emissions by 90% in comparison to 2010 levels.” (Clifford, 2019)

4. Technological Factors

When we talk about technology, Japan is well-known as one of the top countries in the advancement of technology. Toyota is investing in many different types of technology in automobiles to stay competitive. They are developing many types of batteries, hybrids, even hydrogen fuel cells for vehicles to reduce CO2 emissions. (Toyota UK, 2017). The technology Toyota use in manufacturing is integrated with the "Toyota Production System" (TPS) while still involving the innovation of employees.

“The Toyota Production System (TPS) can result in huge benefits for companies and has been widely implemented around the world. Nevertheless, most adopters emphasize only the technical practices of the TPS but neglect the critical role of human factors in the implementation of the TPS.” (Yang et al.,2012)

5. Environmental Factors

Climate change put a lot of regulations and pressure on automobile market to reduce carbon emissions in Europe and many other countries who want more cleaner productions and more greener technologies to be invested. Toyota is socially forward thinking but environmental factors add more rules that they must work with. This can help or hurt innovation and is hard to measure. “This paper investigates whether environmental regulations become obstacles or a cause for innovation in Japan by examining some empirical evidence on how environmental regulations affect the course and character of technological change through innovative activities of the firms in Japan. Available literature shows that it is rather very difficult to measure the stringency of environmental regulations and its effects on subsequent innovations at aggregate levels.” (Debnath, 2015)

6. Legal Factors

Legal requirements relating to working safety and standard emissions regulations for the environment became very important in many countries. Complying with this creates many legal requirements for Toyota in various countries around the world. Labor law, property protections in most countries are required for the safety of employees and is first priority for Toyota. Toyota always complies with human rights against forced labor, discrimination, and human trafficking, no child forced to work and fair wages. “For Toyota the goal is always to be the best at cost, quality, delivery, safety, and morale through engaging people in continuous improvement.” (Iker and Hoseus, 2010).

Organisational culture and organisational performance

Toyota's organisation culture often referred to as the Toyota Way, it is long-term global performance, built on the principle of continued improvement (Kaizen) and respect for the people which shape behavior's, decision making and strategic outcomes across the company. (TMI, 2024) This culture has been very well known as a major source of Toyota's competitive advantage, supporting operations excellence, innovation, and customer satisfaction. "TW is the result of Toyota attempting to codify its culture to the global community. Using structural equation modelling techniques, we show that the TW-associated measures challenge, kaizen, genchi genbutsu, respect and teamwork do adequately operationally define the TW; the first three measures corresponding to the construct 'process improvement' and the final two measures corresponding to the construct 'people development'." (Jayamaha et al., 2014)

Toyota has good organisational health and performance because they have strong organisational alignment, values are communicated clearly through the Toyota Way, and collaboration, respect and fairness add to employee well-being. Toyota's Kaizen also paves the way for innovation, flexibility and idea sharing. To keep performance high, they should pay attention to the pressure to conform, and high efficiency demands which could hurt employee satisfaction and product innovation.

Recommendations

What I am recommending here is to increase culture flexibility to integrate faster decision-making structures for new technology divisions. Working on global knowledge and information sharing while still working within the Toyota practice of Kaizen could help with innovation. Building a culture bridge between engineering and software units from digital TPS Kaizen teams to unify digital and operation problem solving would also be helpful. Toyota may also want to be careful of strict standardization and efficiency demands that may reduce innovation and cause issues with manufacturing that then need to be recalled.

Conclusion

Toyota automobiles are one of the best companies in the world, no doubt. Toyota's organisation's culture is the foundation, with many strengths that shape the structure, culture, decision making, adaptability and performance of the company positively. It's culture of collectivism with large power distance also introduces challenges related to

speed, flexibility, and disruptive innovation. By working together its traditional strengths with more sharing across departments, modern information flow and continued adaptability Toyota can sustain its global leadership and respond well to future industry transformations.

Toyota's organisational culture known as the "*The Toyota Way*", is still one of the most important parts of its competitive advantage in global manufacturing. Toyota's external environment presents both challenges and opportunities, particularly related to technological change, sustainability pressures, environmental focus, in a very competitive market. However, Toyota's focus on Kaizen, respect for people and long-term thinking has been a big help for its global success. To keep staying competitive in a fast-changing industry, Toyota should enhance its innovation culture, increase cultural flexibility, and accelerate digital transformation. With continued adaptation, Toyota is in a good place to maintain their strong organisational performance and industry leadership.

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