Assignment

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Content

Introduction----------3-4

Part- 1

Company Background----------4

History----------4

Home Country----------4-5

Host Country----------5

Part- 2

2.1 Staffing Strategies----------6-7

2.2 International Strategy Adopted by Toyota in China----------8-14

Part- 3

PESTLE Analysis----------14-17

Part- 4

Evaluation----------18-19

Conclusion----------20

Reference----------20-23

Appendix----------23-25

Introduction -

The practice of trade and investment activities by businesses across international borders is referred to as international business. since crossing national borders is the most obvious component of doing business internationally. The expansion of foreign corporate activity is related to the more general phenomenon of target Globalization. (Tamer,2015, p.3)

The entity responsible for producing goods and services in more than one country is Multinational enterprises (MNEs) or multinational companies (MNC). Business strategy is responsible for the successful completion of the business. The corporation clearly outlines its core components in terms of consumers, products, Distribution services, financial responsibilities, and top management. A business strategy that is implemented the business approach in every one of its domestic and international marketplaces, when rivals lack their abilities or goods is known as an international strategy. (Berndt, 2023, p. 56). The practice of a firm designing, pricing, promoting, and driving a range of products and services to clients in more than one country to make a profit is known as international marketing. (Tien et al .2019, p.135)

International operating companies that plan their human resources often involve headcount planning and staffing strategy formulation to maintain a clear direction. Many international organizations employ the EPG model (ethnocentric, polycentric, geocentric) as a framework for management styles. The ethnocentric strategy involves the management of employees from their nation of origin, e.g. - Panasonic. The polycentric strategy involves the management of employees from their host or international country. E.g. - Unilever. The geocentric strategy involves the management of employees who are completely location and origin independent. E.g. - google. (Berndt,2023, p. 57)

This assignment mainly focused on the Toyota motor corporation in China and the PESTLE model affecting its business environment. The two case studies named critical analysis for Toyota motor corporate strategy by Ondeng and The Toyota way model: an implementation framework for Large Chinese construction firm by Shang used to analyze the internationalization strategy of Toyota in China.

Structure - It is mainly composed of 4 parts. Part 1 explained the company's background, history, home and host country, strategic business unit, HRM, marketing and financial analysis. Part 2 explained the staffing strategies and strategies adopted by Toyota in China. Part - 3 comprises the Pestle analysis and part - 4discussess the evaluation of the internationalization of strategy by the SWOT analysis.

Objective - The main objective is to analyze the business environment of Toyota in China and what kind of staffing strategies are adopted by it according to the culture of China and the role of political, environmental, social, technological, and legal issues to impact the business performance of Toyota in China.

Part -1

Toyota was founded in 1933 by Toyoda Kichiro as a branch of the Toyoda automatic loom works. It became a Toyota motor corporation in 1937. Its headquarters are in Japan, and it primarily operates in Japan, North America, Europe, and Asia. It also produces and distributes motor parts for its line of vehicles under the brands Toyota, Daihatsu, and Lexus. (Nkomo, 2019)

The company is one of the second largest automotive companies in the world because of its Adherence to strong guiding principles and desire to produce the most curing-edge products and services in a sustainable manner that contribute to the advancement of society. The 1936 AA sedan was the first automobile made. For Toyota, the Second World War was a trying time since the company halted making cars and instead concentrated on making trucks until 1947. In the 1960s and 1970s, the company quickly expanded because of starting to sell sizable numbers of cars abroad and exploring new markets. The true innovation occurred in the latter years of the century with a variety of developments like the introduction of The Prius in 1997, the first hybrid powdered automobile in the world. Nowadays it works in about 170 markets and nations worldwide. (Allera, 2022, p.51). At the end of its fiscal year in 2023, Toyota had 375,235 workers on its payroll. (Carlier, 2023)

Home country - Japan is the home country of Toyota. The mission of the Toyota motor corporation is to gain customer satisfaction and loyalty by providing suitable needs to them. It works upon the differentiation and cost leadership strategy to gain a competitive sustainable advantage. Its vision is to become the never-ending automobile manufacturing industry and production of vehicles in such a way that has a positive effect on the environment and economic values. To strengthen and inc. Its sales and services, Toyota Motor announced the recognition of its regional offices as three nee strategic business units. It leads to achieving the ROI (return on investment), KOI (key performance indicator) and sustainable growth. (Chauhan, 2020).

Toyota's dependable product, strong productivity and steadily rising profitability have made it one of the most successful and competitive businesses in the world. Its production process is known as the Toyota production system (Benkarim et al., 2022, p. 127). TPS helps offer consumers the best automobile possible to ensure that members receive Job security and Work satisfaction.

Continuous improvement is called kaizen. It includes constantly working to enhance all aspects of operation, from production to serving customers. In-time delivery allows supply and demand to control the industrial process. Jidoka is a human touch added to autonomation. It helps in minimizing waste and defects to maintain the quality of the product. Its main aim is to prevent the production of waste and enhance the quality of products. (Moonam, 2021, p. 58).

There are various entry strategies for Toyota to enter the world. It includes Exporting, licensing, Franchising, Joint venture, Foreign direct investment, Greenfield operation etc. Exporting is the cross-border sale of domestically produced or grown goods. A joint venture is a strategic agreement between two or more funds with the primary objective of pursuing business opportunities. Toyota Energy in the UK in 1965 by exporting and in 1978 by Joint venture. (Allera, 2022, p. 20).

Host country China - Toyota entered China in 1965 by exporting and in 1998, 2002, and 2004 by joint venture program. Its focus is to create value and gain customer loyalty by adapting to the culture and nature of local people. Subsidiaries in China include - Tianjin, Sichwan FAW Toyota Motor Co. Ltd for manufacturing, FAW Toyota Research and Development Co. Ltd (FTRD) for R & D. (Chauhan, 2020). The main competitor of Toyota in China is BYD, Volkswagen. Knowledge of Toyota's production system has been transferred from the home country to the host country. It is maintained by the HRM, marketing and finance management. (Ondeng, 2022, p. 5)

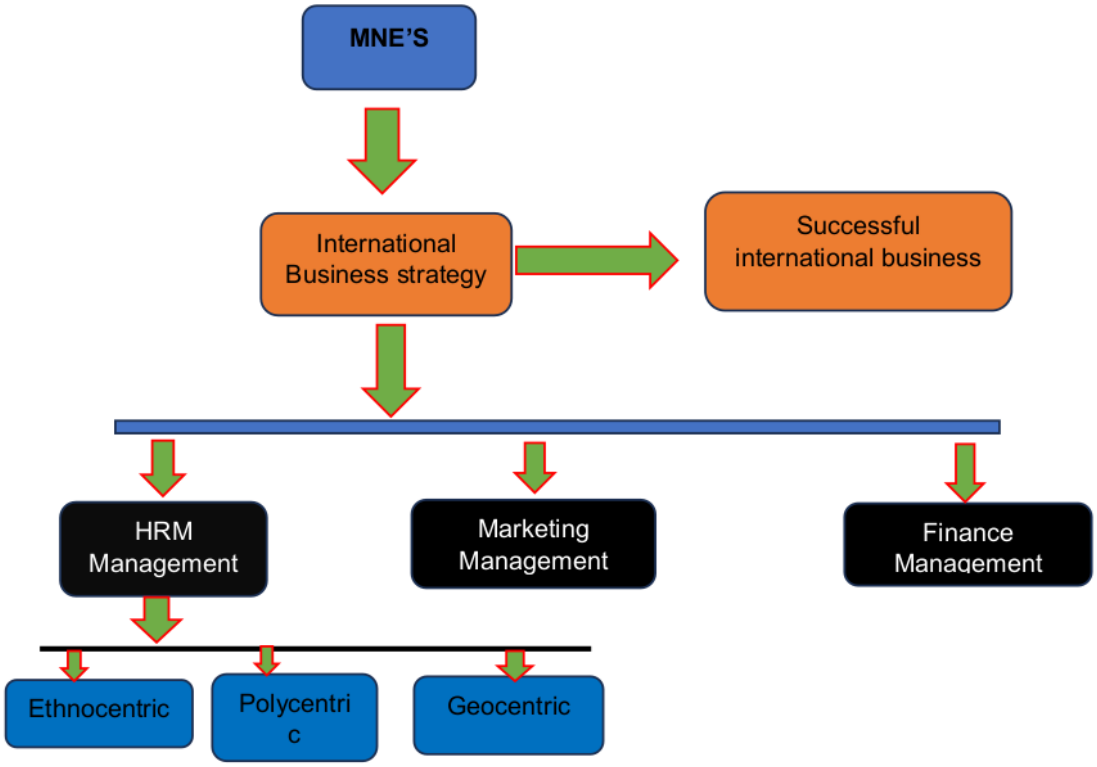
HRM - Human resources (HR) are the machine and Human resource management (HRM) is the practice of optimizing those machines for success. HRM practice is essential for LP adoption and sustainability. The driving force behind LP is Toyota's ongoing investment in the management of its HR, which promotes its adherence to the company's goals and values. It has established a set of management practices. It includes staffing, training, communication, Job security, Empowerment and Recognition. (Benkarim et al., 2022, p. 127).

Marketing management - It involves the management of the production and sales of products. It involves traditional marketing, sustainable Marketing, and marketing segmentation techniques to provide the specific need of customers ranging from the electric vehicle to the eco-friendly vehicle. (Ondeng, 2022, p. 8)

Financial Analysis - Toyota in China acquired the third position with sales of 148, 307 and a market share of 9. 10 % in 2023. (Jin, 2023). It reported 2.5 trillion yen in net profit for the fiscal year, but it was down 14 % from a year earlier. Toyota sold more than 10.5 million vehicles globally including those produced by its subsidiaries Hini Motor and Daihatsu. (Presse, 2023)

The financial data is provided in Appendix 1, 2 and 3.

Table 1: Internationalization strategy



(Source: Nkomo, 2019)

Part - 2

Toyota motor corporation in China

2.1 Internationalization strategy.

Staffing –

An MNEs must consider the types of people they should choose and hire for managerial roles in their facilities in the host country. MNEs may employ a variety of staffing tactics, but the three mentioned - ethnocentric, polycentric, and geocentric are the most crucial.

An approach known as **Ethnocentric** staffing requires that all important managerial positions be filled by citizens of the parent nation. The ethnocentric staffing strategy is frequently used when there are few qualified senior managers in the host country, when MNE want to preserve a unified corporate culture through the home country nationals or when MNEs want to preserve a unified corporate culture through the home country nationals. Numerous problems plague the ethnocentric staffing approach. It frequently results in cultural myopia or management failure to comprehend the surroundings and culture of the host country. (Tian et al., 2013, p. 44)

In **Polycentric** staffing, parent country nationals work in senior management roles at the parent company's headquarters, while host country nationals are hired to work in senior management positions at the host company affiliates. It can assist in resolving the issue of cultural myopia because host country nationals are significantly more knowledgeable than parent country nationals about how an affiliate should be managed in the specific business climate of the host country. (Tian et al., 2013, p. 44)

The polycentric staffing approach has significant drawbacks. The biggest issue is a potential split between the parent country management team and the host nation management team. There could be a gap between the two sets of managers due to variances in cultural traditions and national allegiances. (Tian et al., 2013, p. 45)

In geocentric staffing, recruitment of the best people, regardless of their country for an important management role within the organization, occurs at the headquarters and with affiliates. It can best resolve the resentment problem in both ethnocentric staffing and polycentric staffing. It can also solve the problem of cultural myopia in ethnocentric staffing. (Tian et al., 2013, p. 45)

Teams are not separated based on nationality in parent headquarters or oversea affiliates, which has led to the migration of the polycentric staffing issue of lack of integration between headquarters and affiliates. Under this strategy, an MNE can use the best human resources available at home and in the host country. (Tian et al., 2013, p. 45)

However, the geocentric staffing strategy is constrained by protectionism, which rules the global labour market in most nations. Additionally, the strategy frequently calls for a common compensation plan for all employees inside an MNE and a standard relocation subsidy plan for all nations where it has affiliates, which raises the MNE's overall cost structure. Most of the MNEs used mixed strategies **(polycentric + geocentric)** to overcome the drawbacks of both strategies. (Tian et al., 2013, p. 45)

2.2 Adopted internationalization strategy -

Toyota motor corporation in China adopted a mixed strategy of a Polycentric and geocentric approach. A polycentric strategy is also known as a localization strategy. In this, parent country nationals work in senior management roles at the parent company's headquarters, while host country nationals are hired together to work in senior management positions in the host company. (Tian et al., 2013, p. 45). Based upon the evidence such as Joint venture strategy, Employee and knowledge transfer between the host country and headquarter, Localization of products, and technology indicate the adoption of polycentric approaches.

Entry strategy –

Entering a new market is one of a company's most strategic decisions. Toyota started its experience in China through exporting, succeeding in 1998 to make a joint venture. Toyota is the leading company in the automotive sector.

Toyota entered for the first time in China with the exporting of the Toyota crown in 1964. Toyota decided in 1998 to sign a joint venture agreement with the first automobile workers. The newly formed joint venture Sichuan FAW Toyota Motor started to produce for the first time Toyota lines cars in China. After the acquisition of Tianjin Auto Group by FAW, Toyota had to sign a joint venture agreement again in 2002 forming Tianjin FAW. However, in 2004, Toyota decided to implement its penetration in the south of China and signed a joint venture agreement with the GAIC, establishing the Guangzhou Toyota Motor Company. (Allera, 2022, p. 63)

Knowledge and employee transfer -

Knowledge of Japanese human resource management and Toyota production system has been transferred from the Japan headquarters to Toyota China. This is achieved by providing training to young students at schools and universities about the lean production system. A team of experts from China is sent to Toyota Motor in Japan to learn TPS. They also invited one of the founders of TPS Taiichi Ohno to give a lecture on TPS. Most Japanese instructors came and gave training to the local young people and employees of Toyota China. Most of the employees come from the Guandong Province. (Chen et al., 2010, p. 53)

The school, officially known as the Chinese national automobile industry Toyota Training Centre was established with Toyota's assistance in China to provide Chinese autoworkers with the necessary training. Training in milling, lathe machining, machine assembly, machine maintenance and mould making is provided. The intended audience is middle school graduates who want to

pursue careers in the automotive business after completing their education. Employee transfer from Toyota China to the Japan headquarter also takes place which indicates the adoption of polycentric staffing. (Benkarim et al., 2022, p. 129)

Decision making -

Due to the different environment and culture of China concerning Japan, Chinese employees are involved in the decision-making with the headquarters staff. Toyota understands the value of open communication and that it demands information exchange between team members and supervisors because it is a two-way street. (Benkarim et al., 2022, p. 127)

It mainly focuses on customer needs to achieve customer satisfaction and loyalty. It uses the localization of products, services, and technology according to customer needs. Customers are attracted to it due to its differentiation and cost-reduction strategy. The cross-cultural translation should therefore consider both the appeal and attractiveness of the target language. China prefers to utilize four-character patterns in advertisements because they are rich in rhythm and enticing. They use the slogan "There is always a solution, regardless of how challenging a situation may be". (Yuan, 2023, p. 103)

Localization -

The China automotive industry policy was put into place by the Chinese government in 1994 to increase the competitiveness of Chinese manufacturers. The policy required all JVs to set up internal research and development (R & D) to support the localization of the industry. (Yeung et al., 2022, p. 1190).

To increase the sales of electric vehicles Toyota will concentrate on building local supply chains and manufacturing facilities in China. (Merano, 2023) The extension of R & D space at Toyota motor engineering and Manufacturing China has been announced by Toyota motor corporation. A new laboratory will be built, along with evaluation and testing facilities for batteries and upgrades. It was founded in 2010. The local manufacturer of the primary hybrid system (hybrid vehicle transaxle), Toyota Motor (Changshu) Auto parts co. Ltd was established in 2012. Toyota automotive energy system co. Ltd, a business that manufactured hybrid batteries, was founded in 2013. Corolla hybrid and Levin hybrid in Oct 2015, both of which are equipped with hybrid systems. Toyota has been creating and promoting a full line of eco-cars by utilizing each of the unique qualities of hybrid, plug-in hybrid, electric and fuel cell. (Toyota, 2023). Pictures of training and R & D centre is given below.

(Source: Fackler, 2007)

(Source: Schmitt, 2010)

Evidence for geocentric staffing – It involves the recruitment of an individual According to their skill and talents, independent of their nation and culture. Toyota in China is involved in globalization and global integration. The term globalization is used to describe how trade and technology have increased connectivity and interdependence around the world. The integration of global and local firm strategies depends critically on the localization of human resources in multinational corporations. Due to the increase in technology, and innovation, the Development

of an R & D centres where vehicle production takes place increases its globalization process. Two factors primarily influence the strategy of global business. The first step is combining a global strategy with a local China strategy. The second consideration is the matter of control and cooperation. In China's early stages of development, indigenous companies dominated the market. The international business had to use the platforms for manufacturing and sakes given by China to join the Chinese market. (Yi et al., 2017, p. 98)

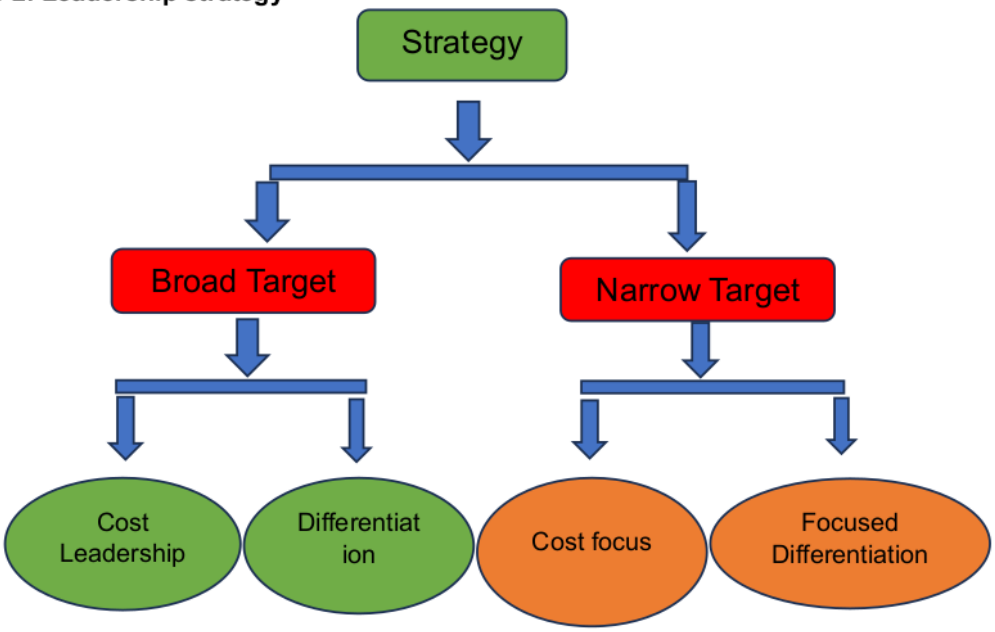
There is Development of trade between China - Japan, China-US, China - Europe etc. where the export of vehicles and parts of the vehicle takes place from China to other countries. Toyota in China mainly focused on the customer need to Maintain customer loyalty and satisfaction. It includes global chain management. Designing, planning, carrying out controlling and overseeing supply chain operations. (Basu. 2023, p. 4) There is a relationship between automakers and suppliers. Suppliers fall into the categories of suppliers of core components, feature components and commodity components. Toyota set up the two Distinct organizations for the core and features suppliers owning a 30 % ownership in the first and a 10 % stake in the second.

Toyota may learn about the cost of key component suppliers, talk about future investment plans, and collaborate to create new products to promote just-in-time delivery. Suppliers are expected to locate their manufacturing facilities close to the Toyota assembly plans. Toyota offers a lot of management and production technology support to its employees in exchange for its supply loyalty. Toyota promotes its production method among the suppliers in this way. Due to COVID-19, it faces a decline in its financial performance due to a lack of exports between other countries. Japan and USA face a lot of difficulties while not receiving imports from them. (Yi et al., p. 98) In 2023 China surpasses Japan to become the world's largest exporter of automobiles. China exports 1.07 million vehicles due to increasing demand for electric vehicles car in Russia. (Auto, 2023)

Leadership strategy –

To meet customer satisfaction locally and globally, a leadership strategy was adopted by Toyota. When a firm adopts a strategy that is challenging for competitors, it gets a competitive advantage. According to Porter, competitive strategies considered enhancing several company characteristics that set it apart from its rivals and the value it creates (Alhosseiny, 2023, P. 3)

Table 2: Leadership strategy



(Source: Alhosseiny, 2023, P. 3)

Toyota motor corporation adopted a hybrid strategy to gain a competitive advantage. It is a common competitive strategy, which places a high level of emphasis on both cost leadership and differentiation strategies concurrently. A hybrid strategy aims to differentiate itself while yet offering a competitive price. (Baroto et al., 2012, p. 124)

Differentiation strategy -

The differentiation technique establishes competitive advantage through the development of different products and services as opposed to the production of goods that are identical to those already on the market.

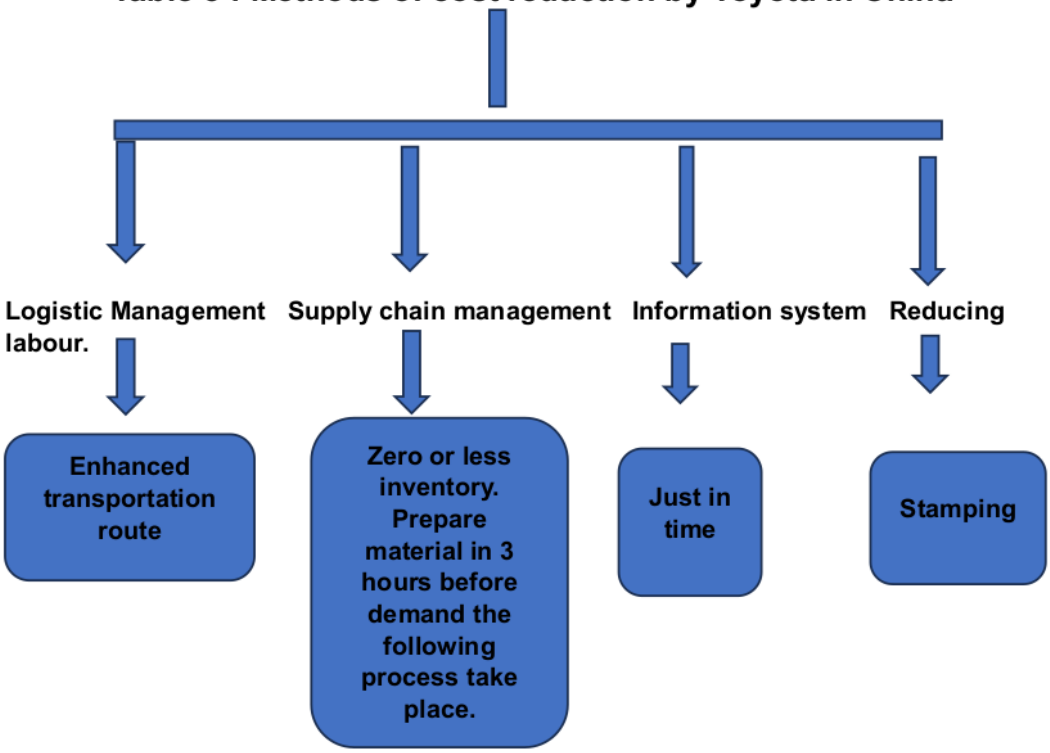
Such a distinction may be based on design, brand reputation, distribution etc. They create customer value by offering high-quality products supported by good service at high-quality prices. The goal is to create a higher fulfilment of customer needs in one or more product attributes to evolve customer satisfaction and loyalty. (Baroto, 2012, p. 123). Toyota used a differentiation strategy by producing environment-friendly vehicles. It is based on sustainable development. The company's goal is to create conventional engines more efficient and Favor next-generation vehicles with low or no carbon dioxide Emissions. This includes hybrids, plug-in hybrids, and

electric and fuel cells. Toyota approaches the development of low-carbon materials and parts as recycled biomaterials. (Simao et al., 2012, p. 190)

Cost-Reduction Strategy -

The goal of the cost leadership strategy is to produce goods and services with qualities that customers will value at a price that is lower than that of competitors. (Baroto et al., 2012, p. 122). The cost leadership strategy has been successfully implemented by the Toyota company in China. Cost reduction can be separated into managerial expenses and financial costs. Cost structure typically comes in the form of material costs, labour expenses, transportation etc. GAC Toyota pays more attention to reducing materials and labour. Stamping is one important step in the manufacturing process because 60% to 70% of the parts of cars are made by stamping. The GAC Toyota stamping plant has introduced the world's most advanced stamping line and the world's most advanced. tap line increased labour productivity by more than 20% to reduce costs directly. It uses just-in-time methods, logistic management, and supply chain methods. (Zhiran et al., 2013, p. 32).

Table 3 : Methods of cost reduction by Toyota in China



(Source: Zhiran et al., 2013, p. 32).

There is an increase in the sales of Toyota in China from 2003 to 2021. It is given in the appendix 4.

Part - 3 - PESTLE Analysis

The business environment has a certain impact on growth and Enhancement. It includes macro and micro factors. Pestle analysis is used to describe the macro environment of the business. Pestle analysis is an analytical framework for planning, communicating, and creating reports. It serves as a tool to help an organization analyze its current and future strategic contexts by identifying and summarizing environmental effects. (Tan et al., 2012, p. 1)

Table 4 : Pestle analysis

(Source: Tan et al., 2021, p.1)

Political factor –

It includes the impact of government, taxation, and government policies on the stability of the business environment and operating costs.

Anti-Japanese protests in 2005, 2010 and 2012 will have an impact on the financial performance of Toyota in China. Japanese FDI is crucial to the economics of both nations. In 2005, riots broke out because of the political tension between China and Japan. Chinese citizens and lawmakers protested in 2005 when Japanese PM Junichiro Koizumi visited. A Chinese company called Toyoda Gosei, went on strike in 2010. There is a suspension in production due to a labour strike. 2012. There was a decline in Japan's FDI in China by 61.7 % after 2005, a 67.54% decline after 2012 and an increase of 74.43% after 2010. (Childs et al., 2015, p. 30)

Trade between US and China-US President Donald Trump and his administration have made significant progress. It involved a Tariff increase on Chinese imports. A tariff is a tax taken by the government on the exports and imports of goods and services. Due to this, there is a 1.1 % decrease in employment and a 10 % loss in GDP in Toyota China in 2019. (Gereffi et al., 2021, p. 507)

Government policies -

China's National Development and reform commission (NDRC) launched an automobile industry policy in 1994 to collaborate with foreign automakers to build partner projects. This policy resulted in the joint venture agreement of Toyota with FAW and GAC in China. The necessity to encourage independent research and development of autonomous vehicle technology was acknowledged by govt. in 2004. It results in localization. In April 2018, the Chinese government declared that it would alter regulations that limit foreign automakers' ownership to 50% of the industry. (Chen et al., 2020, p. 4)

Economic factors –

These factors have immediate effects on a corporation and long-term effects on the status of the economy. For instance, a rise in the inflation rate in any country would affect the prices that companies charged for goods and services. Additionally, it would affect a customer's ability to make purchases. (Rastogi & Trivedi, 2016, p. 385)

Competition and Covid - 19 pandemic will have a great impact on the economic growth of Toyota in China.

Competition -

An organization which sells the same goods or services are the major competitors. The major competitors of Toyota China are Honda, Tata Motors. Due to the innovation in technologies by

Tesla, BYD produces electric vehicles, they are the major competitor of Toyota China. Tesla as a high-tech business, only took 10 years to ray among the top ten most intensive vehicle industry because of its better Innovation. BYD is a global pioneer in new energy cars that rely on technology and product innovation, as well as being the top-ranking automaker in China. Due to this competition, Toyota may face a decline in the global value chain (GVC) in China. (Liu & Meng, 2017, p. 966)

Covid-19 - International trade, as well as social and cultural life, are all badly impacted by the Covid-19 outbreak. Toyota decided to halt manufacturing in China. Many nations have decided to stop importing items from China or having their products made there. Given all these unfavourable outcomes, it would seem natural that stock markets, economic expansion, and currency rates would also play a role in these circumstances. (Zeren et al., 2020, p. 78)

Social factors –

The way the societal changes impact the project is among the variables culture, awareness of health and safety, population growth rate, and age distribution make up the other social elements. (Chen et al., 2020, p. 4) Toyota in China adapts itself concerning culture and local people's demands to achieve customer loyalty and satisfaction. The market is quickly evolving, and consumers are increasingly choosing environmentally friendly cars over conventional ones. Right now, the demand for electric and hybrid vehicles for electric hybrid vehicles is significantly higher. The increase in production of this will increase financial performance. (Toyota, 2023)

Technological factors -

The impact of new and emerging technologies on organizations is one of the factors for the enhancement of business. Toyota in China uses information technology, the internet, and local and international communication to produce hybrid and hydrogen vehicles. (Chua et al., 2017, p. 4) Innovative hydrogen vehicles are necessary to maintain business in a cutthroat industry. With its focus on R&D, Toyota was the first to release hydrogen-powered vehicles on the market. (Chua et al., 2012, p. 4)

The idea that mobile devices do not move has been disproved by the establishment of an Internet of Vehicles (IOV). In one hour, the plug-in hybrid generates 25 GB of data. It is a battery-powered vehicle. The max charge time for 240 AC is 3 hours. The plug-in will then switch to hybrid mode, offering an estimated 49 miles per gallon. A hybrid vehicle combines a traction engine and power unit technology engine and power unit technology. It helps to save fuel and energy and helps in

controlling noise pollution. It helps in increasing its financial performance as the sales of hybrid cars are 7 million globally. (Yi et al., 2012, p. 101)

Legal factor -

Compliance with the law ensures an organization's efficient operation. When effectively implemented, rules relating to labour, quality, and other business practices differ among countries and markets and ensure a favourable impact on the development of the organization. The macro environment of the firm may occasionally be disturbed by certain legal difficulties, nevertheless.

legal aspects

Settlement of a recall: Customers who were enraged by Toyota's recall of their automobiles due to defective systems sued the firm. It caused the brand to incur significant losses. The brand paid 1.2 billion dollars to resolve the lawsuit, including the expense of correcting the flaws. (Skool, 2019).

Intellectual property is a further legal consideration. A lawsuit has been filed between Toyota and a man by the name of Alex Severinsky, together with his company Paice LLC. Toyota allegedly utilized this hybrid technology in the Prius, Lexus RX450h, HS250h, and the hybrid Toyota Camby, according to Severinsky. Toyota, however, is adamant that they must create their technology. After six years of litigation, the parties to this case settled a pairing agreement. (Chua et al., 2012, p. 6)

Environment factors –

It includes the factors that worked upon conserving the environment which result in the enhancement of the economy. As Toyota will work on a sustainable leadership strategy to achieve sustainable competitive advantage. Sustainable development includes meeting today's needs without compromising. the future needs. It works on the sustainable differentiation strategy which includes Internal environmental management, Eco-design, green purchasing, and green distribution to reduce the production of waste and products must be reusable, recyclable, and recoverable. (Ibrahium et al., 2023, p. 307)

To go beyond zero environmental effects to reach a net positive impact. Toyota created Toyota's environmental challenges till 2050. In 2015, its specific six goals include zero CO2 emissions from new vehicles, buildings, and plants and reducing and minimizing the use of water. The production of a hybrid helps in reducing environmental pollution. It will reduce noise pollution and protection

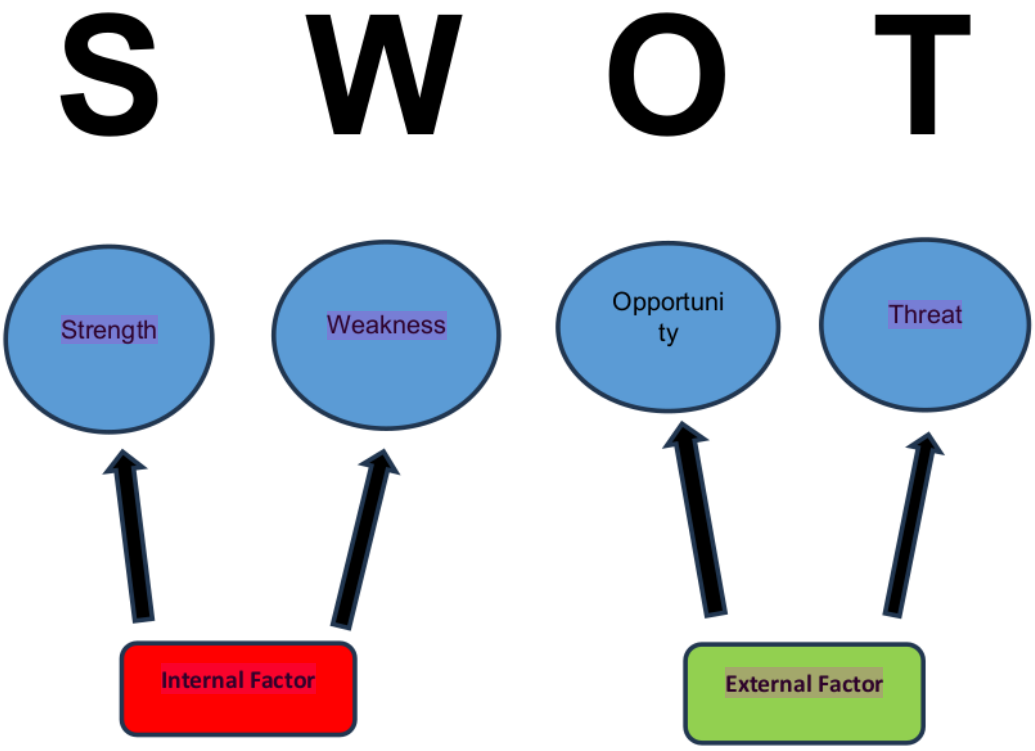
of ozone layer, as it emits fewer gases compared to conventional fuel vehicles. (Chua et al., 2012, p. 4)

Part - 4

Evaluation-

Evaluation: Analyzing the firm's performance requires conducting an evaluation. The SWOT analysis is used to assess the company's internal aspects, such as its strengths and weaknesses. External variables are represented through obstacles and opportunities. SWOT stands for Strength, Weakness, Opportunity, and Threat. (Lubis et al., 2019, p. 3).

Table 5 : Swot analysis.



(Source: Lubis et al., 2019, p. 3)

Strength –

It has a strong reputation all around the world. It works upon the differentiation and cost leadership Strategy to achieve sustainable competitive advantage. The polycentric approach helps in overcoming culture myopia. Training will result in the employment of well-skilled young people in colleges and universities. The localization of technology as R & D centres help Toyota in China to meet the customer needs in China as well as worldwide. Marketing segmentation technique helps to provide the needs ranging from individuals to a family as family cars, and passenger cars. The use of innovation led to the formation of environmentally friendly vehicles such as hybrid cars which mainly protect the environmental pollution. (Nkomo, 2019)

Weakness -

Due to the intense competition between BYD and Tesla, it faces a decline in its financial performance. Apart from Toyota and Lexus cars, the company also owns Hino and Daihatsu car brands which are unrecognized by consumers due to Toyota's ineffective marketing strategies. Due to political instability between China - Japan and US, there is declining in the global value chain. (Nkomo, 2019)

Opportunities -

Toyota is positioned to gain from its expanding cooperation with BMV. A memorandum of agreement was signed by Toyota and Toyota in June 2012 to form a long-term strategic partnership in the realm of technology. It will help in increasing its sales and production.

Expand globally - Toyota in China has an opportunity to expand globally by exporting the vehicles to other countries which also enhanced its global value chain. (Nkomo, 2019)

Threats –

These are the risks that have negatively impacted the financial performance of the organization. It includes Porter's five competitive forces - (competition, threats of new entry, bargaining power of suppliers and customers and threat of substitution). The pandemic also results in a decline in sales and productivity. COVID-19 results in declining the global value chain and productivity. (Nkomo, 2019)

Conclusion -

International strategy plays an important role in the enhancement of business globally and international enterprise also referred to as a MNC. Toyota motor corporation is a globally expanded business and has a headquarter in Japan. Toyota entered China through Exporting and then by joint venture agreement with the FAW, Tianjin and GAC. It adopts a mixed strategy (polycentric + geocentric) staffing approach to enhance its business. It includes localization of technology, Development of R & D centres. Adaptation with respect to culture, knowledge transfer, Global integration, and global value chain. Government policies result in the development of R & D centres, and joint venture programs which enhance the performance of Toyota in China. Competitors and COVID-19 influence the economic conditions of organizations. The successful business is due to the Toyota production system which mainly works on reducing waste production and maintaining the quality of products which mainly have a positive effect on environmental, societal, and economic conditions. It focused on the production of electric vehicles to save energy and reduce pollution. It focused on the differentiation and cost reduction strategy to achieve sustainable competitive advantage. Staffing strategy helps in achieving the global value chain, and local value chain. Toyota in China had to be focused on effective marketing with the use of social media to meet global and local needs. It will attract more customers which led to an increase in its financial performance, as effective Marketing is used by BYD and Tesla to enhance its business performance.

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[Appendix- 1]

Financial data of Toyota Motor Corporation

Annual Data | Millions of US $ except per share data		2023-03-31	2022-03-31	2021-03-31	2020-03-31	2019-03-31
Revenue		**$274,941.8**	**$279,277.6**	**$255,817.2**	**$275,355.9**	**$272,031.1**
Cost Of Goods Sold		$228,225.5	$226,129.7	$210,392.9	$225,605.8	$223,036.1
Gross Profit		**$46,716.33**	**$53,147.89**	**$45,424.31**	**$49,750.19**	**$48,995.06**
Research And Development Expenses		-	-	-	-	-
SG&A Expenses		$26,551.13	$26,486.2	$24,765.47	$27,275.78	$26,787.16
Other Operating Income Or Expenses		-	-	-	-	-
Operating Expenses		$26,551.1	$26,486.2	$24,765.4	$27,275.7	$26,787.1
Operating Income		**$20,165.2**	**$26,661.69**	**$20,658.84**	**$22,474.41**	**$22,207.91**
Total Non-Operating Income/Expense		$6,983.431	$8,854.031	$6,905.296	$1,027.99	$-1,638.72
Pre-Tax Income		**$27,148.63**	**$35,515.73**	**$27,564.13**	**$23,502.38**	**$20,569.19**
Income Taxes		$8,700.661	$9,931.67	$6,109.774	$6,287.556	$5,939.496
Income After Taxes		**$18,447.96**	**$25,584.06**	**$21,454.35**	**$17,214.83**	**$14,629.69**
Other Income		-	-	-	-	-
Income From Continuous Operations		**$18,447.96**	**$25,584.06**	**$21,454.35**	**$19,709.43**	**$17,870.28**
Income From Discontinued Operations		-	-	-	-	-
Net Income		**$18,139.75**	**$25,365.98**	**$21,105.45**	**$19,100.88**	**$16,945.86**
EBITDA		**$35,260.49**	**$42,876.42**	**$36,115.17**	**$37,243.93**	**$38,339.28**
EBIT		**$20,165.2**	**$26,661.69**	**$20,658.84**	**$22,474.41**	**$22,207.91**
Basic Shares Outstanding		1,366	1,389	1,398	1,399	1,436
Shares Outstanding		1,366	1,389	1,421	1,423	1,459
Basic EPS		**$13.28**	**$18.27**	**$15.10**	**$13.64**	**$11.71**
EPS - Earnings Per Share		**$13.28**	**$18.27**	**$14.86**	**$13.42**	**$11.61**

(Source: Toyota, 2022)

[Appendix-2]

Net sales and market share of Toyota in China

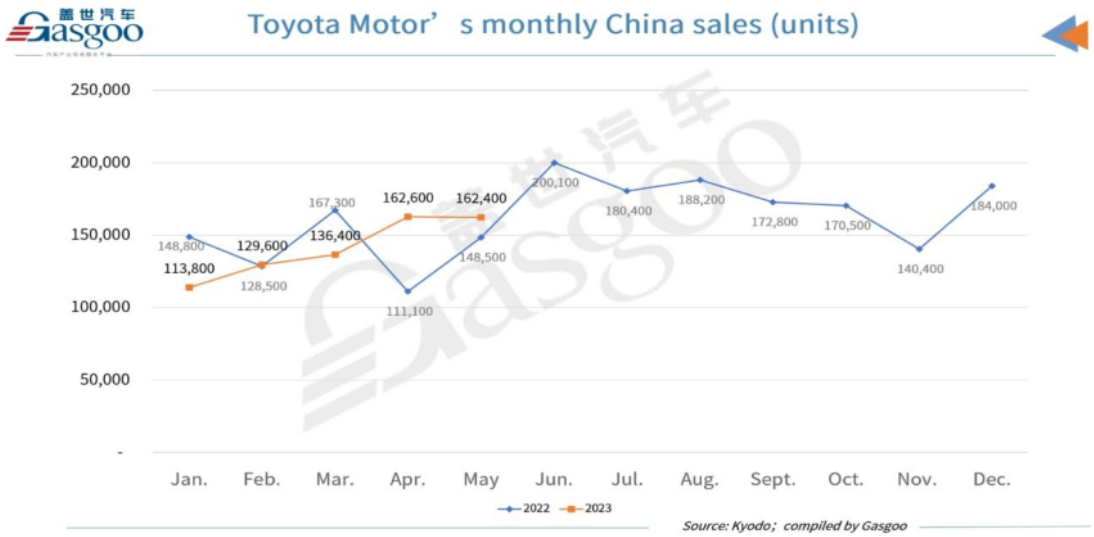
Top-Selling Brands in China in April 2023
CarNewsChina.com

Rank	Brand	Sales	Share
1	BYD	183,534	11.26%
2	Volkswagen	174,214	10.69%
3	Toyota	148,307	9.10%
4	Honda	94,617	5.80%
5	Changan	76,458	4.69%
6	Wuling	64,893	3.98%
7	Geely	60,108	3.69%
8	BMW	53,207	3.26%
9	Nissan	51,103	3.14%
10	Benz	49,500	3.04%

(Source: Jin, 2023)

[Appendix-3]

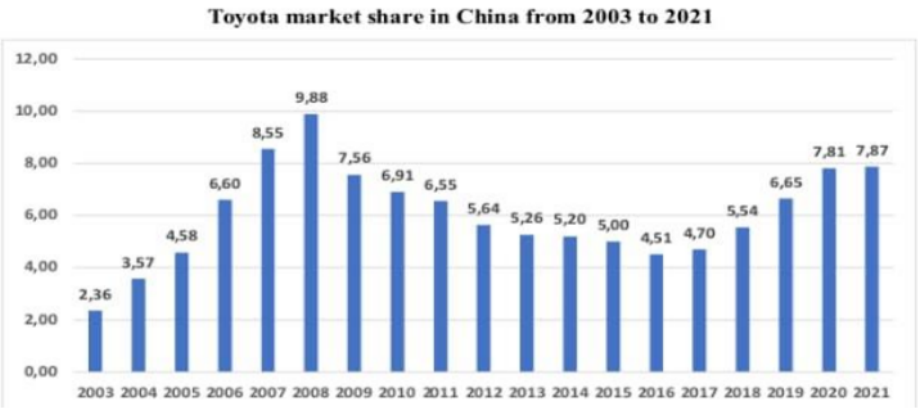
Total sales of Toyota in China



(Source: Gasgoo, 2023)

[Appendix- 4]

Increase in the sales of Toyota in China from 2003-2021



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