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**Leadership Practice of
TOYOTA AND HYUNDAI**

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INTRODUCTION:

The automobile industry is a highly competitive, cyclical, global, and capital-intensive one. This industry is among the hardest to predict due to its complex fundamental nature and current developments (such as self-driving cars and electric vehicles). As a value investor, I make an effort to stay away from industries where I find it difficult to foresee the industry and its participants over the next five to 10 years. The unfortunate news is that one of those businesses is the car industry. The good news is that if I concentrate on the present facts and leave the difficult forecasts to others, I won't need to do that in order to have a respectable risk/reward return.

Toyota, one of the most well-known companies in the world, draws the attention of authors, scholars, and business executives who wish to contrast its famed manufacturing method. In terms of quality, dependability, productivity, cost-cutting, sales and market share growth, as well as market capitalization, Toyota routinely beats competitors. By the end of the previous year, it was almost about to surpass DaimlerChrysler as the third-largest North American carmaker, and not only in terms of sales. In terms of market share, it just overtook Ford to move up to second place among automakers. At the year 2003's end, in comparison to all of its competitors combined, it had a larger market capitalization and net income. But those very successes present the following issue: Why have so few companies been able to match Toyota's performance if it has been studied and imitated so much?.

Leadership is a crucial issue, but it's also a subject we know much less about than we think. A good leader is what? Leadership, according to Warren Bennis, is similar to beauty in that it is hard to describe but easy to spot. Lao Tzu, a Chinese philosopher, noted that effective leadership is frequently both silent and undetectable. What do we know about the operationalization and application of leadership across cultural boundaries?

Can we assume that leaders who are successful in one nation will also be successful in another? Do cultural factors affect a leader's ability to succeed? In the current study, this relationship is investigated by contrasting two global auto industry competitors Toyota Corporation (Japan) and Hyundai Motor Group—who both have supportive organizational cultures.

CASE STUDY: TOYOTA AND HYUNDAI

In several market sectors, Toyota and Hyundai provide cars that are similar to one another. In this sector, product advancements as well as modifications in engineering and design are widespread. Depending on how quickly and how far businesses move up or down in the world rankings, executive careers are either built or destroyed. Companies must both innovate and priorities planning and operational efficiencies if they want to stay competitive.

Toyota outsells Hyundai by a wide margin; its annual global auto sales are close to 10 million vehicles and trucks, as opposed to Hyundai's and Kia's combined yearly sales of about 7 million. Both businesses actively participate in the "green" movement by producing hybrid vehicles, placing a strong emphasis on recycling, and making investments in green technologies like solar and wind power. But they have some significant differences in how they approach management and leadership. Hyundai Motor Group and Toyota have quite different approaches to long-term planning and development of people, goods, and systems. An industry observer has noted that if you ask someone at Hyundai to build you a chair, they will go acquire some wood rather than wood. Two intriguing questions are raised by this observation: Is it accurate first? Second, what are the management consequences of these disparities in the same industry? Our goal was to create composite images of the two organizations' organizational cultures and leadership styles. By combining the interview data with both public and unpublished data, the authors attempted to eliminate potential sources of inaccuracy. Interviewer prejudice and interviewee overzealousness are two hazards that might occur (either negatively or positively).

LEADERSHIP PATTERNS:

This study's main areas of emphasis are organizational culture and leadership. We were particularly interested in how much leadership styles affect the development and upkeep of workplace cultures that represent the major company values, as well as whether or not country cultures have a substantial impact on this connection. More than any other part of a business, executives and managers frequently represent corporate ideals. Through their interactions with workers, executive

decisions made inside the company, incentive and reward structures, and established management systems, they both contribute to the creation of organizational cultures and afterwards reinforce them. Significant discrepancies between the two organizations were discovered in this aspect. For reasons we shall explain in a moment, we refer to these various leadership philosophies as steady state and entrepreneurial.

Steady-State Leadership:

Akio Toyoda, chairman of Toyota, provides symbolic leadership and thoughtful remarks that greatly contribute to the company's culture. As the "father" of the business, the chairman is highly valued and revered. His excursions to various facilities serve to reaffirm the straightforward message that "Toyota has succeeded in large part due to its gradual, step-by-step development and a desire for quality.

Hyundai and Kia were penalized in 2013 for inflating their fuel efficiency claims and breaking the US Clean Air Act. In 2014, they paid more than three times the appraised value for land in South Korea. Since 2013, its currency has appreciated by almost 40% versus the Japanese yen, and this, together with the recession in developing economies, had a significant influence on its performance in 2015. Conflicts between the United States and North Korea and the recall of 240k automobiles due to safety issues during the 2016–17 period added to the under performance. Since 2014, this succession of events has led Hyundai Motor to dramatically underperform both the Korean index and its peer group in the last 5 years by 60% and 53% respectively.

Corporate Governance Needs to Be Improved

The current board structure at HMC demonstrates how senior management responsibilities are shared across Group businesses and significantly lags behind worldwide norms. Since this structure is unclear, it might result in conflicts of interest, especially when it comes to intra-group transactions. The corporation's financial reporting has a significant influence on the performance of its operations.

Toyota's leadership style:

The value of respect for its employees is emphasized by Toyota's leadership style. Its leaders appreciate their staff by defending their positions, giving them challenges, and encouraging them to work hard to do better:

- **Protecting workers' jobs:**

Even in the face of major internal and external problems, Toyota places a high priority on job security. For instance, while rival automakers were laying off thousands of workers during the Great Recession of 2008–2009, Toyota continued to employ their usual staff. Instead, when they were not required on the production floor, team members concentrated heavily on kaizen. In order to prevent team members from being let go, managers also informally agreed to compensation reductions. Employees who lose their jobs due to ordinary kaizen are redeployed to other manufacturing lines as part of regular company operations.

- **Challenging employees:**

Respecting workers at Toyota involves putting them to the test. The TPS forces workers to use their judgment because there are no time or inventory buffers to hide behind. According to Liker, employees engage in voluntary "quality circles" outside of business hours where they collaborate to solve challenging issues.

- **Supporting employees :**

Toyota has a reversed organizational hierarchy where plant workers are prioritized above anything else. A team leader's main responsibility is to assist the group they are leading. Team leaders cover for absent or ill employees, provide hands-on coaching, and often observe their team in action to spot issues and streamline procedures.

- **Toyota Promotes Leaders From the Inside:**

Toyota preserves a consistent culture through elevating executives from within the organization rather than appointing CEOs from outside the business. The duty of current leaders is to develop future leaders. According to Liker, this practice: makes certain that managers have a thorough and in-depth grasp of the business prevents drastic changes in Toyota's corporate culture and management style (which frequently occur when new "superstar" CEOs are hired from the outside). ensures that the CEO makes decisions that are optimal for the long-term success of the business. For the purpose of enhancing their reputations and defending their multimillion dollar

compensation, externally recruited CEOs may be tempted to modifications that favor quick fixes and cosmetic benefits.

- **Toyota Encourages Teamwork and Consensus Decisions:**

Toyota teams operate as incredibly tight groups. They hypothesize that this is because Japanese kids are taught collaboration at a young age in school. All group members provide their opinions during decision-making, and all of these opinions are taken into account when making the ultimate choice. Liker observes that for major decisions, there is typically a protracted consensus-building process prior to the actual meeting (a procedure known as *nemawashi*, meaning "digging around the roots"), resulting in everyone being in accord by the time the formal meeting is place.

- **Toyota Builds Strong Relationships With Supply Chain Partners:**

Toyota is reluctant to accept new suppliers, giving them a series of minor orders as a "audition," but once a supplier joins the chain, Toyota is devoted to them and reluctant to dismiss them. Toyota's leadership style involves encouraging its supply chain partners to engage in intense *kaizen* as a way of demonstrating respect for them. By doing this, the provider may improve its own effectiveness. Through the "target cost system," suppliers are encouraged to perform *kaizen*. Toyota determines how much the part should cost in the first year and requests price decreases every following year (on the premise that the supplier's *kaizen* activities should be lowering the cost on their end). Liker claims that despite its strict criteria, Toyota is the preferred customer of the majority of suppliers.

- **Hyundai leadership style:**

Hyundai constantly improves its performance and implements effective change management procedures using the McKinsey 7s model. To guarantee that its performance standards are continually maintained and increased for the offers, Hyundai focuses on the 7 components listed in the model.

- **Hard elements:**

The McKinsey 7s model's hard components are strategy, structure, and systems. The hard components of the model are simpler to recognise, more concrete in character, and directly under the control and influence of the organization's leadership and management.

- **Strategy :**

All Hyundai workers and stakeholders are informed of the company's strategic direction and overall business plan. As a result, the organisation is better able to oversee performance, direct actions, and develop various strategies that are in line with the company's goals. Furthermore, Hyundai's operations are made more visible and the company's duties and actions are in line thanks to the creation and communication of the business plan.

- **Guiding behavior for goal attainment:**

The strategic direction for Hyundai is crucial for directing employee, staff, and stakeholder behaviour toward the pursuit and accomplishment of objectives. According to the company plan, SMART Goals are established with short- and long-term deadlines. Employees make decisions on strategies and behaviors to accomplish the established objectives and targets in order to advance the company's success.

- **Competitive pressures:**

The pressures of the market and rival activity are also taken into account by Hyundai. The strategy takes on these challenges from the market with suggesting actions and measures to deal with the market through strategic tactics and activities that assure Hyundai's sustainability by adjusting to market changes and changing customer preferences and expectations.

- **Changing consumer demands:**

The fact that Hyundai's strategy always takes into account the shifting consumer trends and wants, as well as the shifting consumer market patterns and consumption behavior, is a key component of the strategy. This is a crucial component of Hyundai's strategic orientation since it enables the firm to maintain its competitiveness and relevance with its target consumer groups as well as to spot demand gaps in the consumer market. The firm then proactively closes these gaps through its product offerings and marketing initiatives, giving it the competitive edge over other market trends.

- **Flexibility and adaptability:**

Hyundai's approach is versatile and flexible. This is a crucial component of Hyundai's strategic orientation and strategy planning. Rigidity in strategy prevents a firm or corporation from progressing with the changing consumer markets and frequently causes it to become stagnant. With flexibility and adaptability, Hyundai is not only able to respond swiftly to shifting consumer trends on a global scale, but it is also able to localize its goods and make them more culturally and regionally relevant for various nations and areas. Additionally, the business frequently has the foresight to anticipate changes in the consumer market and develop strategic modifications in line with such trends.

- **Corporate culture:**

Hyundai supports a welcoming culture that values diversity. Hyundai makes sure that its organizational culture is supportive of diversity and has internal procedures to reduce instances of prejudice because the firm has a global footprint and production facilities that are dispersed across many nations. Hyundai's corporate culture also supports innovation and creativity by giving teams and individuals the freedom to develop on their own, which helps people develop both their professional and personal identities. Last but not least, Hyundai's corporate culture includes a supportive leadership that promotes visibility and accessibility in order to boost employee motivation and job happiness.

Transformational Leadership (TL)

Transformational leadership is one of the management styles, in which the manager tries to change the general culture in the company by completely changing management concepts, by motivating employees to innovate and renew, without direct intervention from senior management. It is based on the manager's confidence in the employees within the organization and making sure of the correctness of their decisions, and it has an impact on the executive level more than the planning one.

Transformational leadership can be considered as the democratic form of leadership within institutions, because this method gives the employee greater powers and capabilities than any other type of leadership, meaning that it does not revolve around managing institutions only, but transformational management goes beyond that by creating more transformational leaders in the future of the enterprise.

Inspiring people to work toward a vision or objective for their particular company that has been developed, communicated, and exemplified by the proper leaders is the purpose of transformational leadership (McShane and Von Glinow, 2009). In 1978, James McGregor Burns had a significant impact on the philosophy of transformational leadership. Burns distinguished between transactional and transformative leadership. The transformational leadership paradigm places a strong emphasis on an individual's personal charm, serving as a role model, and being genuinely kind and intellectually challenging to employees. It was positively correlated with a variety of aspects of individual and organizational performance (Bass, 1985; Burns, 1978). By improving teamwork, dedication, motivation, and trust among their employees, transformational leaders have a favorable impact on the firm's staff performance, which in turn improves performance outcomes. Furthermore, comparison studies show that, in contrast to transactional behaviors, transformational leadership behaviors have a favorable impact on staff productivity in a variety of firm situations (Waldman, Ramirez, House, and Puranam, 2001).

Transformational Behaviors

The four behaviors of transformational leadership are based on the full range of leadership, which consists of individualized consideration, intellectual stimulation, inspirational motivation, and role and idealized influence:

1. Idealized influence is focused with the leader inspiring followers' devotion, self-assurance, and identification. This is accomplished through leading by example, being devoted, and sacrificing oneself for the sake of the organization's supporters (Yukl, 2010).
2. The transformational leader uses inspirational motivation as a strategy to encourage followers to carry out their responsibilities more effectively and efficiently. By giving the job and the objectives that must be achieved a meaning, transformational leadership understands how to leverage inspiring motivation to express the "can-do" attitude towards attaining corporate goals. The stakeholders would put in more effort to meet the objectives if they have something to strive towards.
3. Intellectual stimulation is activity that makes followers more aware of issues; it gets them to look at them from a different angle. The leader should be perceived as giving his or her people support, inspiration, and instruction (Yukl, 2010).
4. Individualized consideration occurs when a leader assigns tasks to encourage learning, offers coaching and instruction, and respects each follower as an individual. Individualized consideration entails taking into account the needs of the followers, offering coaching and mentoring, maintaining good communication, and paying attention to the concerns and wants of the specific individuals the leader is in charge of (Lowe et al., 1996).

Through HR procedures, an organisation may create employee-based competences. The most effective method for managing the network of social connections that business workers have is through HR procedures. Instead of concentrating solely on the needs of their followers or themselves in the present, transformational leaders can adopt a long-term perspective; they also concentrate on future needs; they are concerned with long-term issues in addition to the organization's immediate problems and opportunities; they view the company's problems, no matter how small they may seem, from a holistic perspective and take appropriate action

(Dubinsky, Yammarino, Jolson, and Spangler, 1995). According to Kirkpatrick and Locke (1996), the charismatic communication style's elements (vision and task cues) contributed to improved output in terms of both quality and quantity. The leader's description of the vision, which placed a premium on quality, enhanced the attitudes and perception of the followers, and the task cues boosted followers' comprehension of the work while also fostering a certain level of mental stimulation. In their investigation, Baum, Locke, and Kirkpatrick (1998) discovered further evidence supporting these conclusions. The writers came to the conclusion that a company's total success is positively impacted by its vision and vision communication. Furthermore, Jung, Chow, and Wu's research from 2003 demonstrated a connection between transformative leadership and advantageous organizational innovation. Additionally, transformational leadership is significantly and favorably related to employee acceptability as well as an environment in the workplace that fosters creativity. The authors emphasise the significance of cohesiveness in carrying out collective tasks and the need to realign followers' values to create a more cooperative group in their study by Jung and Sosik in 2002. The study's goal was to determine whether transformational leadership enhances group effectiveness by empowering followers to carry out their job independently from the leader. The findings showed that empowerment, group cohesion, and group effectiveness were all positively correlated with transformational leadership. Furthermore, when workers were given the freedom to do their jobs on their own, group efficacy increased.

Creating a vision and sharing it with your followers are both essential components of transformational leadership. An important part of this communication process between the leader and his or her followers is human resource management. A unified set of instructions on how to realize the vision will be given to followers by HR that is strategically communicated and in accordance with the vision. The link between transformative leadership and the conditions for improved business innovation is moderated by an aggressive, performance-driven corporate culture.

Managerial Contributions

Strategic human resource management and the performance of the company are directly related to transformational leadership in the area of intellectual stimulation. This empirical study aids in developing business problem solutions that lay the groundwork for an organization's success and sustainability. Administrators may use this data to identify and defend the crucial elements that might be more important in a cutthroat market.

So TMC and HMC have separately developed their HRM in the different institutional conditions of the home country and the host country. In both companies, the HRM of the overseas plant has become different from that of the domestic plant, because of the necessity for adaptation under the institutional conditions that are different from those of the host country. Nevertheless, the path dependency to the domestic plants influences the HRM of the overseas plants. Even though Toyota overseas plant has tried to upgrade the skill level of the local production workers, that is functional flexibility, the performances of the overseas plant have not reached those of the domestic plant. On the other hand, Hyundai has tried to increase the numerical flexibility of the overseas plant with the preemptive labor management. The performances of the overseas plant have already overtaken those of the domestic plant within the short period. This research shows the "converging divergences" of HRM in the globalizing industrial world. There is no "one best way", while there is a converging trend toward "flexibility."

Conclusion

This essay examines transformational leadership from the viewpoint of Thailand's Toyota dealer networks. As a result of the political climate in the first few months of the year and the completion of the Thai government's first-car initiative, dealing with an uncertain environment may become necessary. These outside factors, so it is said, have a direct bearing on an organization's ability to survive. The purpose of this research is to investigate the connections between the four facets of transformational leadership and business performance through strategic human resource planning. Data for the model testing was gathered through a postal survey of 400 Toyota dealer company owners in Thailand. This study's conclusion that intellectual stimulation significantly improves strategic human resource management is interesting. Additionally, both inspiration and intellectual stimulation have a strong relationship to independent achievement. Secondly, smart human resource management significantly enhances a company's performance by Just when one of the most successful activist hedge fund managers is properly applying pressure to unlock considerable value, the market is offering one of the top automakers in the world for a price that roughly half of it is covered by its surplus cash on balance sheet. Monish Pabrai, a renowned Indian investor, once said, "Heads I win, tails I don't lose much." I think this is one of such occasions.

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