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## INTRODUCTION

Toyota officially Toyota Motor Corporation is an automobile manufacturer originally from Japan. The group's headquarters is located in the city of Toyota. For the first quarter of 2012, it claims to have sold more vehicles than any other manufacturer. It is in 2012 the 1st world's largest automaker with a turnover of 265.7 billion U.S. dollars to Volkswagen and General Motors. Toyota is at the origin of a production system original, the Toyota production system, which gave birth to the Toyota way. Toyota is a global company whose goal is to pursue a balanced growth that benefits all its employees, customers and suppliers, but also to the entire local communities in which it unfolds.

Distributed today in over 170 countries, Toyota vehicles are produced according to the values of the Toyota Way: continuous improvement and respect for all stakeholders, the values back to the origins of society in nineteenth century Japan.

In the American market, Toyota started its first sales in 1957. At present, it is the largest automobile company among other in this country. Toyota expands its business in over 25 countries. The main geographical regions are Asia and Europe as well as in North America. Germany is one of the countries in Europe that Toyota operates in which is under the system of social market and it has companies and industries it assists, like utilities, railroad, and armaments; however, is usually considered a safe and sound environment for foreign investment. In Australia, the company operates under the mix market system and common law system. Toyota has its universal vision to esteem the various communities and people and providing the new opportunities of marketing in Asia and aspires to get over 35 percent of vehicle by the exploiting the growing markets. The company gains fans in most of the Asian countries as its products are more inexpensive as compared to European vehicles. Malaysia and Thailand and recorded sales increase of more than 10 percent whereas the Philippines and Taiwan contracted 8 percent and 17 present, respectively. The ASEAN market recovered to more than 85% of its 1996 peak as a whole. The manufacturer showed its largest sale share in Indonesia, Vietnam as

well as in Brunei. Moreover, it increased its market share in Taiwan Thailand, and Singapore. The steadfast position of Toyota in the area led to sales of more than 200,000 cars in extensive market of Asia in fiscal year 2002.

### **OBJECTIVE OF STUDY**

Because Toyota operates in European and Asian market simultaneously and is constantly expanding its business in these regions, they are facing some types of cultural problems in both regions. The basic purpose to conduct this study is to provide detailed critical analysis in which it compares the two cultures. Based on the research, the study also gives recommendations. In doing so, the paper assesses the likely cultural problems that will need to be addressed to ensure the successful future growth of Toyota. It also proposes a solution detailing the management style, structure and reporting methods that will provide a solution to the issues identified.

### **MARKET FORIEGN MANAGEMENT**

To make a way into a foreign market, there are different ways of entry in a market just because of globalisation. However, when organisations cope with foreign markets, it is not very easy as the firms must be equipped to overcome differences in issues related to language problems, currency matters, cultural issues, and legal and regulatory regimes as well. Only the larger-scale and sensible companies have the capital and knowledge to surmount these complexities on their own. Most of other companies simply do not have the approaches to resourcefully and effectively manage all those variables in an international market, devoid of a business partner in the host country.

Across the globe, companies are internationalising in extremely increasing pace, and therefore the selection of a right entry approach in an international market may have considerable and in-depth effects on the success level and survival of a company. Companies, in the selections of a right entry mode, are considerably influenced by some of the situational aspects as well as key dimensions. The influencing aspects comprise the different factors, and socio-cultural differences is one of the main factors among country risk, firm specific factors, laws and regulations at the government level, and international experience. The key dimensions distinguishing market entry methods are the altering levels of management control, obstacles to entry, equity investment,

political and environmental risks, level of resources commitment to the international market, and suppleness that all the methods have and also the assessment of competitors' entry modes.

## OVERVIEW OF PROBLEMS

The practices and processes of management often vary across national and regional confines. What may be satisfactory managerial behavioural pattern in one culture may be counterproductive or even intolerable in another. As managers more and more locate themselves working in different cultures, the need to comprehend these clear differences has become gradually more important.

Any organisation is confronted with marketing issues when enter to an international market. Japan-based Toyota faces this problem when they entered to other Asian automotive markets, such as Thailand, Philippines, India, Pakistan, etc.

The main problem is cultural and linguistic diversity for Toyota in Europe and Asia. 200 nations of the whole world are grouped into almost 10,000 cultural and linguistic groups, a rough average of more than 50 languages or cultural/ethnic groups each country. In Asia, India and Pakistan has Urdu, Hindi and English as their main languages, but supports a large number of dialects throughout the regions. Toyota also faces political and regional diversities as well as diversities in the size of country and populations. However, Europe has no linguistic problems for Toyota. (Laudon & Laudon, 2011)

However, cultural forces are major challenging issues for Toyota. Toyota faces the lack of skilled and experienced man power in most of the Asian countries, like Pakistan and India, and diversity of culture in most of the European countries. Auto industry is confronting with serious lack of skilled, technical and managerial manpower in India. This challenging issue appears from the inadequate infrastructure of training as well as the social insight. Though the country has a range of most able and skilled man power, India just needs to give assistance to improve their human resources to do extremely well in the industries. Thus, Toyota will be confronted lack of skilled and talented manpower to be creativeness, pioneering ideas, and proficiency in different domains, including servicing and maintenance. (Breslin, 2010)

In Asia, Indian and Pakistani automotive markets are one of the fast-moving manufacturing industries. Most of the international automakers, either by partnership with Pakistani or Indian manufacturers, have set up in the regions as last ten years. "Nano" by Tata Motors is the main

breakthrough which recognised throughout the world and established that India can manufacture automobiles according to the international standards as well as very lower cost through their pioneering design. Thus, it is necessary for Toyota to produce excellent operation so as to growth and face the extreme level of market competition. (Breslin, 2010)

European management, unlike the Asian countries, is distinguished by expanding the managers' power and relationship management with primarily informal character. The social responsibility is another feature of European firms, irrespective of the activity is an essential fraction of society. However, Toyota face the diversity in cultural patterns in most of the European countries, but specific values can be considered, so to speak, "European", which could form the foundation of a European management. Equality and inequality in terms of gender can become another issue in most of the Asian countries, and not in Europe, when developing business at the international level. (Hill, 2011)

### **CULTURAL PROBLEMS IN INTERNATIONAL MANAGEMENT**

A large number of issues are there that Toyota faces in European and Asian foreign markets. They need to take these cultural into consideration when internationalising and extending the business operations into new cultures. Toyota may firmly need to review its management of marketing and human resource, or even review the product so as to meet the social-cultural standards (Ghauri & Cateora, 2010). Toyota through these considerations is altering their management practice so as to adapt to the cultural patterns where they operate. Modern businesses are approaching the ways to create inter-cultural managers, somebody who can operate in various cultures, according to Hofstede (Sparrow, 2013). A most striking advantage of inter-cultural managers is that it can collapse the cultural obstacles and bring people from various cultural backgrounds and sub-cultures simultaneously through communication ways. These programs of managerial development have been enforced into American businesses as the mid of 20<sup>th</sup> century, but most of the businesses operating out of the country have determined it not very easy to implement. Participants at the international level have struggled to benefit of these development programs, as the obstacles at the cultural and communication level have taken effect. An example of Toyota is given by Hofstede (Sparrow, 2013); most of the participants determined it hard acquiring personal feedback on their level of performance as they think they affronted the provider of the feedback. This would come down to the inconsistency in cultural

patterns; in business cultural pattern of Japan, the employee-manager affiliation is more personal as compared to European practice.

Another drawback to creating inter-cultural managers is that most of the managers now are not eager to spend extensive time in a foreign country (Czinkota, 2012) and this situation is faced by Toyota. However, a trend is identified by Czinkota (2012) managers spending very little periods in foreign markets, which is something businesses motivate as by this they can become more culturally insightful by the experience and additional cultural training. As far as the marketing management is concerned, Cullen & Parboteeah (2013) consider that several organisations confront the problem of whether to collocate with the “Convergence Perspective” (campaigns related to global marketing) or adjust their marketing strategic plan and product to the behaviours and patterns of culture (Divergence Approach) of the country being discussed. The modern ways to cultural problems in management assist address the new tendency of modes to management which take the cultural patterns of the internal and external atmosphere to the business into consideration.

### **CULTURE IN FOREIGN BUSINESS MANAGEMENT**

Several definitions of national culture are there pertinent to the environment of international business; starting with Kroeber and Kluckhohn in 1985 (Griffin, Pustay & Liu, 2010). They came across more than 150 different definitions of the sociological aspect of culture. At first, national culture was specified and considered as a sociological term; however, with the globalisation development, the term has become extensively recognised by business persons working in international markets (Czinkota, 2012). The popular definition of national culture that is most common, which can be associated to business developed from Hofstede (Jaakkola, Heimbürger & Linna, 2010) “*The collective programming of the mind which distinguishes the members of one human group from another... Culture, in this sense, includes systems of values; and values are among the building blocks of culture.*” In fact, this definition stresses the magnitude of values, and it is the distinction between these sets of values which form a national culture and comprehending what would be assorted as satisfactory and unacceptable behaviour. Another study was performed by Hofstede into the national cultures and values relationship. From this study, he produced four key dimensions that assist distinguish the national culture of a country from another (Sparrow, 2013):

*Power Distance:* The focus of this dimension is on differentiating the wealth and power of individuals in a country. A broad difference between these two variables is represented by a high score.

*Uncertainty Avoidance:* This dimension measures to what level a country develops life's formal rules or patterns, like career structures.

*Individualism:* This dimension measures the ways in which the societies are firmly connected in a country. The scale's higher end represents societies where the individuals' relationships are very loose; while on the other of scale's end is what is called "collective" societies.

*Masculinity:* This key dimension measure the society's masculinity and femininity. If the society is more masculine, it increases the values "assertiveness" and outcomes, while femininity refers to the procedure of caring and concern for individuals.

## CONCLUSION AND RECOMMENDATIONS

The most vital factor in the current multinational teams appears to be cultural management. Fang (2010), Nielsen & Nielsen (2011), Chhokar, Brodbeck & House (2012) highlighted that culturally diverse teams in a foreign market have an intrinsic far-reaching dynamic that demands the appropriate cultural management. Culture management is not an easy task. Many factors are there to be considered and numerous decisions can be strongly affected by them. The managers of Toyota should try to address any such concerns, with the intension that no such concerns could lead to delays.

Three main classifications are there about business customs that managers need to be aware of when working in a foreign market (s). These classifications are cultural imperatives, cultural electives and cultural exclusives.

Cultural imperatives refer to the business customs that are necessary for international managers to follow. The managers apply across the international business and comprise factors, like developing trust, building friendships and relationships. Cultural imperatives are considered as very important prior to serious business can be performed; while cultural electives refer to the traditions that are regarded as optional to foreigners. These are behavioural patterns that are common among local people and perhaps partook in by foreigners; however, participation is not necessary. However, if done courteously, participating in specific local traditions can assist to develop relationship in businesses. In the end, cultural exclusives are different from cultural

imperatives. Cultural exclusives are withheld for locals and it is regarded as impertinent, uninformed or even intolerable for foreigners to become engaged in. Usually, managers from the foreign countries should avoid remarking on local issues related to politics, religion or customs even if the locals do so. If managers do incorrect thing, be ready to make an apology for mistake. Equality and inequality in terms of gender can become also a problem in an international business setting, as experienced by Toyota. Whereas, it is becoming less established always, still some circumstances are there where females may not experience adequate respect or acknowledgment in setting of international business. It is vital that managers make themselves familiar with any possible concerns in advance, communicate to others that managers have the absolute assistance of their firm and then reflect their capability in a more confident manner. Various cultures operate on diverse levels of regulation and place altering stress on time restraints. In some of the countries like in European countries, meeting is given more value resulting in more constructive results as compared with if it starts or ends in good time. It is also vital that managers recognise that as long as they accomplish their goals, the approach a meeting happens is not vital.

Moreover, a very important thing to remember is that much of the information managers read or hears regarding international markets is based on stereotypes and usual approaches of conducting business. As the global business level enhances, business persons become more adjusted with what their counterparts in foreign business setting anticipate getting out of a meeting and are equipped to make compromises. The most appropriate approach to ameliorate the foreign business capabilities is to developing and performing business in an international environment of business.

However, during the past five decades, people have experienced the convergence of numerous and diverse cultures, which most of the businesses have tried to exploit and expand into. Most of the companies have succeeded in comprehending the worth of culture when enforcing the strategies of business and marketing, while the less-successful companies may have been guilty of arrogance when going into a foreign market. Through the works of Hofstede in the culture and organisations domain, it is obvious that businesses firmly need to realise and comprehend the overall norms of society in which they operate businesses. According to Harragan, so as to comprehend a culture, people need to first recognise the core factors that form the culture of a society.

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