Journal of World Business 47 (2012) 581–591

Contents lists available at SciVerse ScienceDirect

Journal of World Business

journal homepage: www.elsevier.com/locate/jwb

Symmetric and asymmetric leadership cultures: A comparative study of leadership and organizational culture at Hyundai and Toyota

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ARTICLE INFO

Keywords:
Hyundai
Japan
Korea
Leadership
National culture
Organizational culture
Toyota

ABSTRACT

This study compares national cultures, leadership strategies, and work environments in two successful global automobile companies, Hyundai Motor Group and Toyota Motor Corporation. Despite competing head-on in the same market, it was found that these companies use very different leadership strategies as a basis for both global competition and local operations. Based on the results of a comparative case study, structured interviews, and related media and empirical data, it was found that Toyota competes both strategically and managerially by emphasizing planning and work systems to mitigate the impact of any turbulence in the external environment (stability is key), while Hyundai competes by accepting environmental uncertainty and risk as a part of normal daily operations (flexibility is key). We refer to these approaches as symmetric and asymmetric leadership and organizational cultures. As a result of these differences, Hyundai is able to change course more quickly than its larger competitor as new opportunities and technologies emerge. While national cultures played a role in differentiating between the two firms, leadership differences had a more pronounced effect on organizational behaviors and subsequent performance. Results are consistent with previous research and reinforce the conclusion that top management leaders' behavior can have a significant influence on emergent organizational cultures and performance.

1. Introduction

> If you ask the people at Toyota to make you a chair, they will first develop a plan. They will then develop a coordinated work system to simplify the construction process for the chair. They will gather all the people who will work on the chair and make sure they understand their responsibilities and have the necessary job qualifications. Finally, they will discuss where the chair will be made and what they might need to charge for it. If you ask people at Hyundai to make you a chair, they will go and get some wood.
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> Industry Analyst (2011)

Managers and management researchers have long debated the meaning of leadership and its role in organizational success. However, while much has been written on this topic, the validity and utility of these materials vary widely. Some writers have offered esoteric definitions of leadership that are of little use value to managers in the field. Others offer glib observations that are of equally limited value (e.g., 'be charismatic'). Still, many writers have offered well-considered, and often data-based, models of leader behavior that have found their place in managerial education and practice (Yukl, 2010). As a result, the field of leadership is clearly well established in both theory building and research.

However, in our judgment, what many leadership researchers have failed to do is to pay sufficient attention to the global context in which leadership is exercised. And located at the center of this context is culture and cultural differences (Chen & Lee, 2008; Tsui, Nifadkar, & Ou, 2007). Can we assume, for example, that successful leaders in one country would be equally successful in another? If not, what are the contextual, institutional, or situational constraints that might influence this success or failure? This is an empirical issue more than a philosophical one. Hence the question: What can organizational research tell us about systematic variations in national cultures and contexts as they relate to leadership style and the creation of high performance organizational cultures? The present study explores this relationship by comparing variations in national cultures and contexts as they potentially relate to leadership style and the creation of supportive organizational cultures in comparable companies in Japan and Korea.

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doi:10.1016/j.jwb.2012.01.011

1.1. Approach to study

We chose to explore this topic by focusing on two direct competitors in the global automobile industry: Toyota Motor Corporation and Hyundai Motor Group. The study began by developing a short comparative case study in which executives of both companies responded to an identical external challenge, a major product recall. This was followed by a more detailed structured interview study of the two companies focusing on leadership and organizational cultures as enacted in two different national cultures, Japan and Korea. Finally, these data were compared with other available empirical research, archival data, and media reports using triangulation methods to reach the conclusions reported below (Dickson, Den Hartog, & Mitchelson, 2003; Gelfand, Leslie, & Shteynberg, 2006).

It should be noted that this study represents an opportunistic investigation made possible because the authors were provided with unfettered access to management personnel at multiple levels in both firms. The results are not intended to be representative of the global automobile industry in general. Nor is this a traditional questionnaire-based empirical study. As a consequence, it can be argued that leadership practices and organizational cultures in other automobile companies (including those in China, France, Germany, India, and the U.S.) could be significantly different from the two companies studied here. Still, we believe the access we had to these two companies provides a unique perspective and point of comparison of the interrelationships between national and organizational cultures as they relate to leadership effectiveness in two of the world's leading manufacturers.

1.2. Company backgrounds

Toyota Motor Corporation and Hyundai Motors Group operate in the same highly competitive global automobile industry; indeed, they have competing models in most market segments. Both Toyota (Toyota, Scion, and Lexus) and Hyundai (Hyundai and Kia) are controlled and managed by the descendants of the company founders. Moreover, both the founding families hold own large ownership stakes in the companies, and take an active role in the strategic direction and operational oversight of the firms. One company is headquartered in Japan, the other in Korea.

The global automobile industry in which both companies compete is one of the most competitive business arenas in the world today (Ashbrook, 2011; Lansbury, Suh, & Kwon, 2007). Product innovations are commonplace, as are design and engineering changes. Pressures for sales are relentless. Executive careers are made or lost based on how far or how fast companies move up or down in global rankings. As new entrants enter the field, existing companies are stretched to remain in the running and global rankings continue to evolve as players enter and leave that market. This environment requires a balancing act for managers. On the one hand, companies must continually innovate to remain competitive; on the other hand, they must emphasize planning and operating efficiencies in order to maintain cost controls. Toyota is significantly larger than Hyundai, with a greater number of employees and higher sales. Both companies are active in the 'green' movement, manufacturing hybrid models, emphasizing recycling, and investing in cell and other green technologies. But their approach to leadership and management differs in several important ways.

2. Comparative case study: Managing external challenges

In 2009, both Toyota and Hyundai experienced the same major unanticipated challenge—a U.S. recall of their most successful model, Camry and Sonata. In the case of Toyota, the origin of the recall was said by the U.S. National Highway Traffic Safety Administration (NHTSA) to be uncontrolled acceleration and faulty brakes. While the company initially took issue with this finding, it nevertheless spent over $2 billion in recalls and repairs, resulting in a tarnished image for a once golden company (Saporito, 2010). In the case of Hyundai, the recall involved a possible faulty connection in the steering assembly (Seo, 2010). Toyota recalled over 8 millions cars in the four months ending January 2010; Hyundai recalled 139,000 cars.

Recalls are commonplace in the automobile industry. These are motivated both by a desire to maintain customer loyalty and brand confidence and to avoid legal repercussions. In the same industry and with almost identical products, we might expect company responses to be similar. This was not the case. From a managerial standpoint, the most surprising part about these twin events was that each company—direct competitors in a highly structured and risk-intensive industry—responded in two very different ways. One responded relatively slowly, relying on its long-standing coordination and control systems in an attempt to minimize the damage of the recall; the other responded more rapidly, making adjustments on the run. One was deliberate and planned; the other was more impromptu. Arguably, one worked to avoid risk; the other seemed to capitalize on it (Taylor, 2010b). From the standpoint of theory and research on leadership and organizational performance, the obvious question is why.

2.1. Toyota's management response

According to industry analysts, Toyota's management response to the recall mandate was a case of too little too late (Bensinger & Vertabedian, 2011, p. 1). *Time Magazine* analyst Bill Saporito (2010) noted that the underlying causes of the recall (actually there were several) can be traced back to management inactions beginning in 2002. As Toyota sought to expand rapidly in the global marketplace, it relied on newly developed electronics that in some cases remained untested. Still, management confidence in the 'Toyota Way' created an atmosphere in which managers and executives apparently assumed that everything would run smoothly. According to Wharton professor John MacDuffie, when problems arose, managers either ignored or downplayed their significance (Saporito, 2010). The company's rapid growth placed enormous strain on both management systems and technology, especially over long distances and across national cultures. As MIT professor Steven Spear added, "Does an organization know how to hear and respond to weak signals, which are the problems, or does it have to hear strong signals? You have to listen to weak signals. By the time you get to strong signals, it's too late" (Saporito, 2010, p. 15).

Such was apparently the case in the Toyota recall. The company's famous control and coordination system had broken down and feedback seemed to get lost in the system. Temple University-Japan professor Jeffrey Kingston observed, "Toyota is so used to dealing with successes that when they have a problem, they're not sure how to respond." Waseda University professor Kenneth Grossberg added, "Management cannot turn on a dime. They have so much invested in doing things the Toyota way" (Saporito, 2010, p. 15). Then Toyota committed one additional mistake: it blamed customers for the problem. Then it blamed US-based CTS Corporation for supplying faulty parts, when the company hadn't been the supplier at the time; Denso Corporation of Japan was. And as Toyota delayed, it lost control over the crisis. Lawyers and politicians, particularly in the US, took charge. "It's absolutely the worst position to be in," according to Quell Group Jim Cain (2010). Class action suits against Toyota were soon to follow.

Looking back on the incident, Japanese Transport Minister Seiji Maehara concluded, "Consideration for customers was lacking in