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Cross-Cultural Leadership Challenges in Asia

Bachelor Thesis

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Affirmation

I hereby affirm that I have written the presented bachelor's thesis, on the topic Cross-Cultural Leadership Challenges in Asia, honestly and conscientiously, and that I have cited all resources used throughout the writing process.

Date.....

Student's signature.....

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ABSTRAKT

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Cieľom bakalárskej práce je identifikovať a porovnať vodcovské a štrukturálne faktory, ktoré prispievajú k dlhodobému úspechu spoločností Toyota a Samsung, a analyzovať aký vplyv majú na efektivitu riešenia krízy. Táto práca využíva kvalitatívny výskumný postup s využitím sekundárnych údajov. Je rozdelená na teoretickú časť, ktorá sa zameriava na štýly vedenia, organizačné štruktúry a kultúrne hodnoty Toyoty a Samsung, a empirickú časť, ktorá porovnáva účinnosť reakcie na krízu vo vybraných spoločnostiach. Výsledky práce poukazujú na dôležitosť harmonického vzťahu medzi organizačnou štruktúrou, štýlmi vedenia a kultúrnymi hodnotami, ktoré pomáhajú spoločnostiam nielen prekonávať krízy, ale aj dosahovať dlhodobý úspech na globálnom trhu. Tieto poznatky môžu byť prínosné pre budúcich lídrov, medzinárodné firmy či akademikov, ktorí chcú preskúmať tajomstvá úspešných ázijských spoločností a nájsť efektívne metódy, ako zvýšiť organizačnú odolnosť a udržateľný rast v kultúrne rôznorodom prostredí.

Kľúčové slová: Ázia, vodcovstvo, organizačná štruktúra, Keiretsu, Chaebol, kultúra, Toyota, Samsung

ABSTRACT

GÁLIKOVÁ, Vanessa: *Cross-Cultural Leadership Challenges in Asia*. – The University of Economics in Bratislava. Faculty of Applied Languages; Department of Intercultural Communication. – Supervisor: Dr. Habil. PhDr. Ildikó Némethová, PhD. – Bratislava: FAJ EU, 2025, 63 p.

The bachelor's thesis aims to identify and compare the leadership and structural factors that contribute to the long-term success of Toyota and Samsung, and to analyse their impact on the crisis response effectiveness. This thesis applies a qualitative research approach using secondary data. It is divided into a theoretical part that focuses on leadership styles, organisational structures, and cultural values of Toyota and Samsung, and the empirical part that compares the crisis response effectiveness of selected companies. The results of this study reveal the importance of the harmonious relationship between organisational structure, leadership styles, and cultural values that help companies not only to overcome crises but also achieve long-term success in the global market. These insights can be beneficial for future leaders, international firms or academics who want to explore the secrets of successful Asian companies and find effective methods to increase organisational resilience and sustainable growth in culturally diverse environments.

Key words: Asia, leadership, organisational structure, Keiretsu, Chaebol, culture, Toyota, Samsung

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Introduction

In today's interconnected world, the global economy faces a broad range of unprecedented challenges. The rapid pace of globalisation, technological advancements, resource scarcity, and the diversification of supply chains contribute to the unstable international markets, where competition plays an important role. This constantly changing business environment significantly shapes the way businesses operate, innovate and respond to challenges while ensuring sustained competitiveness. Moreover, the growing influence of Asia in the global economy has been recognised, with countries such as Japan and South Korea being regarded as major centres of technological advancements and industrial production. The two renowned Asian companies – Toyota and Samsung do not only foster the economic prosperity of the whole continent, but also represent unique business models, along with distinctive leadership styles and corporate culture that significantly differ from Western competitors. This raises the question of how they can compete and thrive despite these differences. Although numerous research papers exist on successful leadership strategies for companies to achieve long-term competitiveness in the market, most of them are based on data from the Western context. Therefore, it is essential to deepen our understanding of effective leadership styles within the culturally diverse Asian continent to develop better strategies to lead the organisation successfully. From a practical perspective, the study aims to inspire or guide future leaders, international companies, as well as academics who seek to explore the secrets of successful Asian companies and find the methods on how to enhance organisational resilience and sustainable growth in culturally diverse environments.

Although there is an immense amount of academic literature, studying specific characteristics of Asian business models (Miyashita & Russel, 1994; Chang, 2003) or cultural dimensions in Asia (Hofstede et al., 2010), the particular comparison of the main representatives of Keiretsu and Chaebol, in terms of practical application of leadership styles, organisational structures, cultural values especially in times of crisis is scarce. This thesis aims to fill the gap through a comparative analysis of two globally renowned, but organisationally contrasting Asian conglomerates – Toyota and Samsung. By detailed examination of leadership styles, corporate structures and cultural values, the thesis aims to bridge the gap between practical leadership approaches and cultural studies, even in challenging times. Drawing on existing literature such as Toyota Way (Liker,

2004), Inside the Samsung Way (Song & Lee, 2014), and GLOBE Project (House et al., 2004), it brings new insight into how specific leadership styles combined with cultural and organisational structure contribute to dominant position of Toyota and Samsung in the global market.

The main objective of the thesis is to identify and compare the structural and leadership factors that contribute to the long-term success of Toyota and Samsung, and to analyse their impact on the crisis response effectiveness. To achieve the research objective, the thesis applies a qualitative research approach using secondary data from books, academic articles, the official website of selected companies and annual reports. The methodological framework includes **description, deduction, analysis, synthesis and comparison.** The descriptive method is used to illustrate the theoretical concepts of leadership, cultural dimensions and corporate structures. Through deduction, hypotheses about expected leadership styles are formulated based on the established knowledge. The analysis focuses on the corporate cultures and daily operations of Toyota and Samsung, while the synthesis connects the theoretical findings to specific cases demonstrating their practical application. The comparative method assesses two conglomerates and their responses to crises, and evaluates their effectiveness and impact on long-term stability. This approach provides a clear and comprehensive overview of the leadership practices and daily operations in some of the most renowned Asian companies, serving as valuable study material for effective leadership practices from which individuals can learn.

To fulfil the main objective of the thesis, the following **research question** is formulated: **What leadership and structural factors contribute to the crisis resilience and long-term success of Toyota and Samsung?** Based on the theoretical knowledge and preliminary research, the following hypotheses are formulated:

Hypothesis I: A more centralised Chaebol model allows Samsung to respond faster to changes.

Hypothesis II: Toyota is dominated by team-oriented and participative leadership styles, which are shaped by a collectivist culture and consensus-based decision making (*Ringi system*).

The presented thesis consists of four chapters divided into theoretical and empirical parts. It contains 14 figures that effectively illustrate all necessary information. The first

chapter provides a comprehensive overview of the theoretical knowledge that guides the future investigation. It defines the concept of leadership and characterises leadership styles that are typical of countries in the Confucian Asia Cluster. Moreover, the chapter is enriched by a synthesis of the cultural dimensions of acknowledged authors in the field of intercultural communication. It describes important cultural values in Asia and their penetration into social and professional lives.

The second chapter examines the historical evolution of Keiretsu. It explores its origins, development and structural transformation in the 20th century, in the context of the emerging Japanese economy. This chapter includes an in-depth analysis of the Toyota conglomerate, where the theoretical concepts are analysed in terms of their application in the company's everyday operations. An overall picture of the company complements its philosophy, corporate culture and basic principles of automobile production.

The third chapter describes the emergence and rapid development of Chaebols, illustrating fundamental characteristics and leadership practices of the South Korean conglomerates. This section includes a methodological analysis of the Samsung conglomerate that highlights key changes in the company's corporate culture, internal processes, and leadership practices since its inception.

The fourth chapter compares the crisis responses of Toyota and Samsung, focusing on the advantages and disadvantages of the crisis leadership strategies. It reveals key differences in the companies' responses, especially in the speed of initial reaction and public communication, identification of root cause and approach to problem resolution, implemented measures and consequences. The results of this analysis provided valuable insights into how various leadership and structural factors have influenced the resilience and sustained success of these companies.

To summarise, the main aim of the thesis is to identify and compare the structural and leadership factors that contribute to the long-term success of Toyota and Samsung, and to analyse their impact on crisis response effectiveness. To achieve the aim, leadership styles, organisational structure and cultural values of selected companies will be analysed, drawing on secondary data. The results of the thesis might expand the knowledge of effective leadership approaches in Asia and offer practical insights, valuable for future leaders, international companies, and academics.

1. Leadership and Its Styles in Asia

Leadership is a widely recognised concept; however, its understanding and practice differ across cultures. There is no universal approach to leadership as it is influenced by numerous variables. The presence of historical, cultural, social and economic factors contributes to the variety of leadership styles. At this point, culturally diversified Asia serves as an ideal example of how different cultures within a region idealise leaders and approaches. For the proper comprehension of the entire research thesis, it is necessary to define leadership at the outset.

Burns (1978) defines leadership as a two-way process where individuals with specific motivations and moral principles utilise various resources, such as political or economic tools, within competitive or conflicting environments to achieve common goals that may be shared between leaders and their followers or pursued individually. Yukl (2013) points out that leadership is a process where individuals develop a mutual understanding of the urgent actions and procedures while promoting individual and group efforts towards goal accomplishment. However, Northouse (2016) views leadership more as a dynamic and reciprocal process by which an individual guides a group of people toward a shared goal. He adds that leadership is not a linear event, but rather an interactive exchange where both leaders and followers influence each other, regardless of the context (Northouse, 2016).

Livermore (2010) suggests that leaders who want to lead their teams successfully in culturally diverse environments, such as Asia, should be aware of cultural intelligence (CQ). The term CQ can be understood as the individual's ability to operate efficiently across organisational, ethnic and national cultures. It provides leaders with a manual of perspectives and techniques applicable globally. CQ consists of four dimensions, namely, CQ Drive, CQ Knowledge, CQ Strategy and CQ Action. Thus, CQ is an essential component of all effective leaders, though it encourages leaders to adapt their leadership styles according to various cultural contexts. He further notes that, as well as individuals holding different assumptions or beliefs about leadership styles, cultures also favour certain approaches to leadership. A study of Global Leadership and Organisational Behaviour Effectiveness (2004) conducted across 62 societies shows that national and organisational cultures shape views on effective leadership. House et al. (2014) claim that this assertion is based on the Cultural Leadership Theory (CLT), which is built on the

premise that every culture possesses distinct CLTs that refer to what a given society expects from its leaders. Moreover, the CLT focuses on cultural values and norms that influence the traits and behaviours of leaders. According to this model, it is assumed that leaders must meet contingent expectations. House et al. (2004) define the concept of leadership as the capability of a person to influence and motivate individuals and empower others to contribute toward a successful and effective organisation in which they participate. The study reveals 21 positively viewed traits and behaviours of leaders and 8 hindering traits. Moreover, it results in the creation of 6 leadership dimensions (House et al., 2004).

LEADERSHIP STYLE	CHARACTERISTIC FEATURE	MEASURED LEADERSHIP TRAITS
Charismatic/Value-oriented	Inspiration, motivation, and high-performance expectation	Visionary, inspirational, self-sacrificial, integrity, decisive and performance-oriented
Team-oriented	Teamwork effectiveness with a common goal	Team-oriented, collaborating, team coordinator, diplomatic and benevolent
Participative	The extent of employee empowerment and decision-making	Participative and non-autocratic
Humane-oriented	Support, consideration, sympathy and kindness	Humble and humane-oriented
Autonomous	Independence and individualism	Individualistic, independent and autonomous
Self-protective	Security and safety of the team and individual by status enhancement and face-saving behaviour	Self-centred, status-oriented, conflict-inducing, face-saving and bureaucratic

Figure 1: Leadership Styles. Adapted by the author based on House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. (Eds.). (2004). *Culture, Leadership, and Organization: The GLOBE Study of 62 Societies*. p.14.

To narrow the scope of the thesis, the main focus will be placed on the Confucian Asia Cluster. As reported by House et al. (2004), this cluster comprises 6 countries – **China, Hong Kong, Japan, Singapore, South Korea and Taiwan**. According to Chhokar et al. (2007), the philosophy and teachings of Confucius shape the Confucian Asia Cluster. His teachings emphasise the importance of education, especially in hierarchical and familial institutions. Diligence, self-sacrifice, and prioritising collective well-being over individual gratification are values that are deeply rooted in Asia. House et al. (2004) add that Confucian teaching permeates today's society. Many people feel responsible for fulfilling their obligations to the family, the state and the world. Moreover, it is essential to respect fathers or older relatives aimed at family harmony. Thus, the individuals are taught to respect the structures of the state, contributing to national and overall world harmony.

Based on our own data processing, Figure 2 shows that charismatic and team-oriented leadership are most popular in Confucian Asia, representing 5.72 and 5.71 on the 10-digit scale. House et al. (2014) note that charismatic leadership shares some similarities with the Transformational Leadership Theory developed by Burns (1978); however, it varies in some aspects. The charismatic leader is perceived as an exceptional individual whom followers rely on. It serves as a source of direction and inspiration. On the other hand, transformational leadership lies in enhancing and motivating followers to reach their fullest potential to achieve exceptional performance. In the forefront, there are goals and a shared vision, while the emotional follower's connection to the leader is not necessary.

Team-oriented leadership, as reported by House et al. (2014), is effective in companies where pride expression, loyalty and mutual interdependence are essential attributes. Furthermore, a strong connection to collectivism and a tendency to avoid uncertainty contribute to the attractiveness of this style. Participative leadership presenting 5,07 on the scale is valued; however, as stated by House et al. (2004), its score is ranked as the lowest compared to other clusters. On the other hand, scores for humane-oriented, autonomous and self-protective leadership in Confucian Asia exceed the numbers of other clusters. Furthermore, the study reveals that Confucian Asia perceives self-protective leadership less negatively than others, even though it includes the behaviours of self-protection, status-consciousness and a face-saving manner of leaders. Overall, an ideal leader in Confucian Asia is a charismatic or performance-oriented personality inclined to

team, but not so excessively participative in leadership style (*Confucian Asia Results - GLOBE Project*, n.d.).

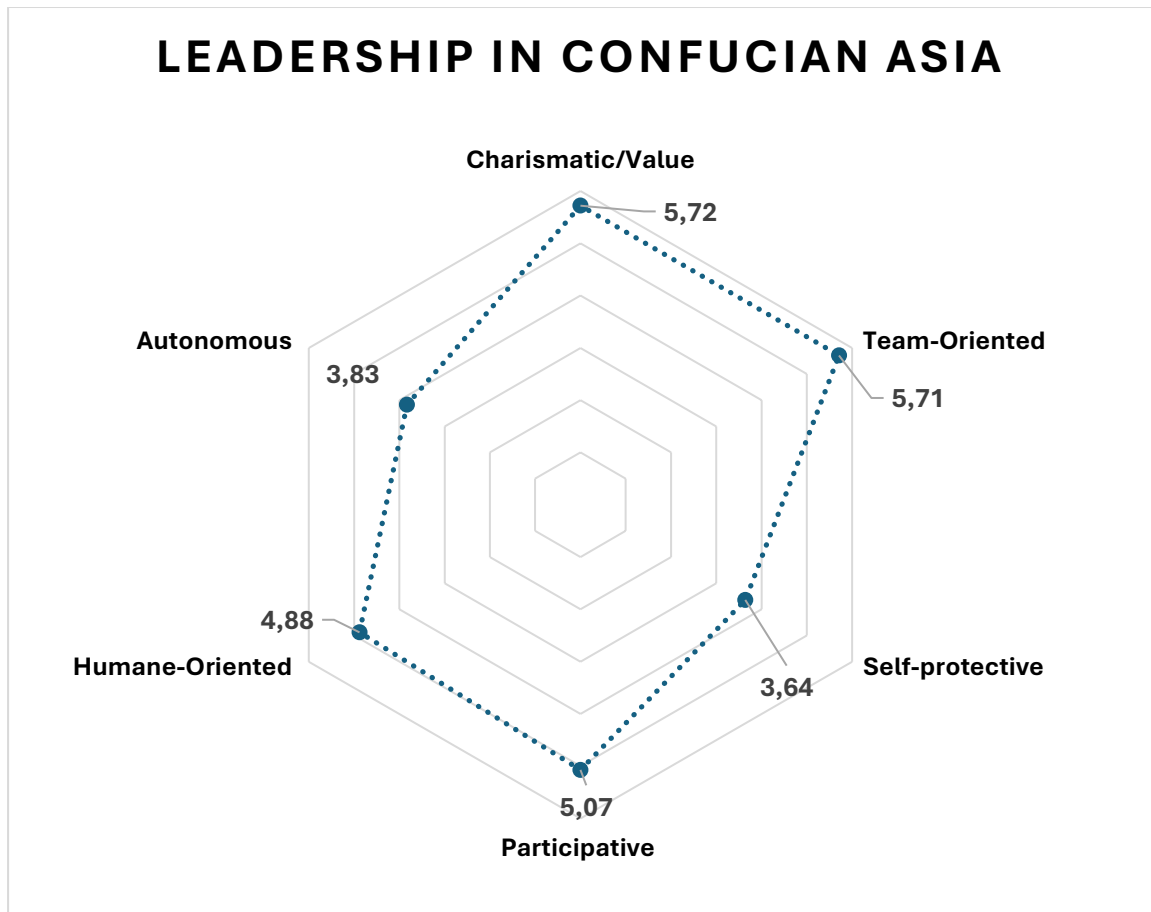


Figure 2: Leadership in Confucian Asia. Adapted by the author based on the information available at: <https://globeproject.com/data/GLOBE-Phase-2-Aggregated-Leadership-Data.xls>

1.1 Cultural Dimensions in Confucian Asia

Following a detailed examination of the cultural dimensions important for Confucian Asia will clarify the preference for particular leadership styles within the cluster. Over the years, well-renowned scholars such as Geert Hofstede, David Livermore, the GLOBE and Erin Meyer have studied different cultures and enriched the discourse on this subject. Each author offers a unique insight into diverse cultures. For this reason, the synthesised model from all authors presented below gives a complex overview of all aspects specific to Confucian Asia.

Power Distance and Hierarchy: House et al. (2004) observe that societies that value philosophy based on Confucian teaching are more inclined to accept high power distance and view it as an integral part of a well-ordered society. Hofstede et al. (2010) define power distance as “*the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally*” (p. 61). In countries with high power distance, people expect and view overall inequalities within societies as usual. They exist in an inherent state of inequality, which establishes a hierarchical structure based on this difference. The power within organisations is centralised in a small number of people, and employees expect clear guidelines on what they should do. Superiors have entitlements such as *private laws*, and interactions between superiors and subordinates are expected to be solely initiated by the superiors.

According to House et al. (2004), individuals do not typically expect leaders to foster participation or be accountable for results. Leaders in such societies are accorded a high level of deference and respect. Moreover, they are not expected to be performance-driven or even visionary. On the other hand, Hofstede et al. (2010) reveal that subordinates in countries with high power distance envision their ideal superior as an autocratic and benevolent figure or a good father, with whom they respect and feel comfortable.

Furthermore, Meyer (2014) elaborates on power and leadership in her work. She develops the Leading scale based on Hofstede’s idea of power distance and utilises it in business settings. On her scale, however, the term low power distance is replaced with egalitarian and the term high power distance is substituted with hierarchical. The results are consistent with the ideas of the latter-mentioned authors and show that Asian countries are positioned on the hierarchical side. Meyer (2014) states that the *aura of authority* in hierarchical cultures stems from the leaders who precisely draw the line. This creates a

considerable distance between them and their subordinates. According to Meyer (2014), an effective leader acts as a strong supervisor, leading exclusively from the front. In addition, cultures focus on status and organisational hierarchies that are complex and even inflexible. Moreover, the communication within the systems strictly adheres to hierarchical lines.

Livermore (2015) contributes to the research of cultural value dimensions of power distance and links it with the research of CQ. He defines power distance as the extent to which differences in power and status are anticipated and embraced. For societies with high power distance, such as Confucian Asia, differences in titles and status are emphasised. It is uncommon for leaders and followers to socialise together, and subordinates are not expected to question or challenge their superiors. It is necessary to adhere to the chain of command, and superiors are responsible for making decisions. Meyer (2014) agrees and states that almost all **hierarchical cultures** are characterised by **top-down decision-making processes** except for Japan. In a top-down culture, individuals hold the decision-making responsibility. Decisions are typically made swiftly and early in the process, unilaterally, by one person, in most cases by the boss. However, each decision remains flexible. In the event that new information occurs or different opinions emerge, decisions can be easily revised or altered, resulting in time-demanding implementation. In contrast, Japan is different. Despite being hierarchical, it favours a **consensual decision-making process** known as *the Ringi system*.

Sagi (2015) argues that this term is derived from two parts. *Rin* refers to submitting a proposal for a supervisor's approval, and *Gi* denotes the ensuing discussions and decisions. It involves circulating proposals to all relevant managers. The overall process has four steps, including proposal, circulation, approval and record. Although the *Ringi system* can be seen as time-consuming, it is highly appreciated because it promotes participation and collective decision-making in organisations. Meyer (2014) concurs that once a decision is made, it is fixed and inflexible to any changes.

Collectivism and Group Harmony: Livermore (2015) states that leaders should be aware of their primary source of identity, whether it comes from the individual or the group, to become successful in cross-cultural settings. He classifies Confucian Asia as a collectivistic society where social **harmony** and **dedication** to in-groups are of paramount importance. According to Hofstede et al. (2010), collectivism is defined as

societies that integrate individuals from birth into strong, cohesive in-groups. They provide lifelong protection in return for unwavering loyalty. The interests of the whole group are of greater importance than personal goals, and individual identity is often embedded in these in-groups. Hofstede et al. (2010) add that maintaining group harmony and avoiding direct confrontation are considered key attributes of collectivism. This is further supported by Meyer (2014) in her illustration of the Disagreeing scale. It demonstrates that Asian cultures view direct disagreement as a disruption of harmony. Openly challenging or refuting someone's ideas is inappropriate and impolite, particularly in public settings. Words and phrases that might offend others should be avoided. Under all circumstances, harmony, social order and deference to individuals of higher rank or status should be maintained.

Furthermore, House et al. (2004) elaborate on collectivism, noting that it is a multi-dimensional concept. They differentiate between Institutional collectivism and In-Group collectivism. The research examines both types of collectivism at the societal and organisational levels, focusing on values and practices. In-group collectivism refers to individuals' loyalty, pride and cohesion towards their organisations and families. On the other hand, Institutional collectivism indicates how much societal and organisational practices encourage and reward common actions and resource distribution. According to House et al. (2004), Confucian Asia belongs to the clusters with the highest score on In-Group and Institutional practice collectivism.

The developing economies of East Asia and the Pacific (EAP) exhibit better performance compared to other global regions. The anticipated regional growth rate of 4.8% for 2024 is considerably higher than the average growth rates of 3.3% for other emerging markets and developing economies (EMDEs) and 1.5 % for advanced economies (World Bank, 2024). This aligns with the opinion of House et al. (2004) that Institutional collectivism practices have a positive correlation with economic prosperity, public sector support for economic prosperity and the Competitive Index.

House et al. (2004) further develop the idea that employees in collectivistic cultures view themselves as deeply connected to the organisation. They identify with the organisation so powerfully, resulting in integration into their self-identity. Moreover, fulfilling responsibilities and commitments that contribute to the group is a crucial aspect of an individual's motivation in a collectivist society. In Japan, a reciprocal exchange

known as *amae-on-gimu* exists between supervisor and employee. Leaders provide *amae*, which involves love and unconditional reliance, producing *gimu*, or obligations. In response, employees repay this kindness through dedication and high performance, fostering long-lasting relationships.

Similarly, Meyer (2014) argues that Asian cultures belong to relationship-based cultures, indicating that affective and cognitive trust are intertwined. She differentiates between cognitive trust, which is built on the achievements, abilities, and reliability of another person, and affective trust, which is more about the feelings of emotional proximity, empathy and friendships. The combination of both types of trust helps to develop long-term relationships that are not easily dropped, which is crucially important in a business setting.

Uncertainty Avoidance and Importance of Feedback: Uncertainty avoidance refers to how individuals feel comfortable with unpredictable and unknown outcomes. People with a high uncertainty avoidance orientation tend to minimise ambiguity and establish clear structures to create some level of predictability, stated by Livermore (2010). According to Hofstede et al. (2010), countries such as Japan and South Korea score high in uncertainty avoidance (92 and 85), while other Asian countries occur at medium or low levels (from 69 for Taiwan to 8 for Singapore). Societies scoring high within UA adhere to laws, rules and regulations to minimise uncertainty. Formal rules and informal directions help guide behaviour and maintain a structured environment. House et al. (2004) believe that controlling organisational behaviour is a more practical way of dealing with uncertainty rather than predicting the environment. Hofstede et al. (2010) mention that people tend to work hard to keep themselves busy. They believe in the necessary expertise in the working environment. Life is, according to them, hurried, and time is money.

House et al. (2004) in the study show that many countries reflect Uncertainty avoidance more in their values than in their practices. This might demonstrate that countries within the Confucian Asia cluster value consistency, orderliness, and clear instructions; however, they are rather flexible and ready for incoming change. In addition, House et al. (2004) mention that giving short-term feedback is one of the methods companies use to mitigate uncertainty avoidance. Meyer (2014) discusses the importance of giving feedback, emphasising that even negative feedback should be delivered softly,

subtly and implicitly. The method of blurring the message is increasingly important when providing feedback to a person from an Asian culture. The best approach is to provide feedback gradually with subtle allusions to necessary changes. As a result, a delicate construct of essential changes is created.

House et al. (2004) further develop the idea that cultures with high uncertainty avoidance prioritise long-term results instead of short-term results within organisations. The development of results might take a longer time, however, they are cultivated by building and nurturing strong relationships. Livermore (2015) supports the idea by differentiating cultures into competitive and cooperative. Confucian Asia comprises cooperative countries which they focus on cooperation with the belief that building and maintaining supportive relationships is the best way to accomplish tasks and reach goals. Moreover, in cooperative cultures, individuals are less likely to receive personal recognition for their achievements because teamwork and collaboration are valued as primary goals. Therefore, success is often viewed as the outcome of a group effort, rather than being attributed to the leadership or talent of a single person.

Long-Term Orientation: Another important dimension that is relevant to Confucian Asia, including Japan, China, and Korea, is the long-term orientation. The essential aspect of long-term orientation is persistence and thrift, which are invaluable in these societies (Livermore, 2015).

According to Hofstede et al. (2010), this dimension has been developed after the analysis of the CVS (Chinese Value Survey) by Michael Bond (1985). It was composed of 8 values, from which persistence, thrift, ordering relationships by status and having a sense of shame reflected Confucian teachings. These values directly impact business behaviour in the country with a long-term orientation. Within the Confucian context, perseverance and tenacity are crucial to achieving an established goal. Furthermore, relationships are ordered by status with a clear recognition of the hierarchy. This reflects a Confucian focus on unequal relationship pairs, creating a stable and peaceful societal order that allows entrepreneurs to fulfil their tasks. According to Meyer (2014), when people fail to fulfil the expectations associated with their role, it can result in a loss of face known as *Mianzi*, which can disturb the social order. The concept of *Mianzi* is highly valued in Confucian Culture, even though the level of its importance varies among countries.

Hofstede et al. (2010) further note that another essential part of this cultural framework, influenced by Confucius, is the concept of shame. This emotion strengthens social bonds by fostering an understanding of one's position within society and the need to uphold commitments. Frugality, as noted by Hofstede et al. (2010), results in greater savings, which enables capital for reinvestment, whether for oneself or one's family. According to Livermore (2015), Confucian cultures that focus on long-term goals tend to have higher savings rates among individuals, and they often possess significant national reserves.

Findings from the theoretical analysis reveal that cultural aspects of Confucian Asia create a conception of effective leadership. Cultural values examined in this section shape the idealised traits and skills of a competent leader. Countries within the cluster are strongly influenced by power distance, hierarchy and status preservation. Thus, leaders typically hold a position of central authority that is responsible for all decisions, except for Japan, where decision-making is based on consensus. Moreover, collectivism and dedication to the company significantly impact the overall operation of organisations, while cooperation in workspaces significantly contributes to the standard achievement of goals. This is facilitated by the perseverance and tenacity of individuals deeply rooted in Confucian teachings.

2. Economic Structure and Corporate Culture of Asia

The following two chapters will focus on Keiretsu and Chaebols, two unique business models operating in Japan and South Korea that contribute to the economic stability and overall prosperity of the whole continent. The subsequent analysis of these business structures with their main representatives will effectively illustrate how two culturally identical countries, rooted in the Confucian tradition, differ in values and leadership styles influencing their success.

2.1 Analysis of Zaibatsu Transition

Zaibatsu, translated as a financial clique, refers to a set of related and intertwined businesses managed by a single family. The best-known zaibatsu are Mitsu, Mitsubishi, Yasuda and Sumitomo. Despite their different origins, they share one characteristic. The founding family acquired and diversified into new businesses over the Meiji period, during which it owned and managed controlling stakes in its holding company (Flath, 2022). This family-headed group of enterprises also consisted of a central bank and a trading company, known as a *sogoshosha*, both under the umbrella of a family holding company that had decision-making responsibilities. The role of the bank was to provide financial support to companies within the cluster, to conduct internal reviews, as well as to promote venture capital. The trading company supervised both the export of products and the import of raw materials. Moreover, it served as an intermediary in global commerce by granting a documentary letter of credit. The companies accessed information from abroad, which allowed them to adopt diverse sales and marketing strategies and gain a high market share (“Chapter 1. The Old Japanese Keiretsu Model”, 2007).

The Meiji Restoration (1868) marks a significant turning point in Japanese history, transforming the country's political and social structures. The newly established government initiated many reforms to transition from a feudal system to a modern constitutional monarchy with an open capitalistic economy (Grabowiecki, 2006). The government was made up of young former samurai and a few influential noblemen. At the centre was a 15-year-old emperor who served as the symbolic head of the state, providing legitimacy. The government was determined to modernise Japan quickly, after realising how far behind the country was compared to the industrialised West. When the shogunate's seclusion policy was abolished, leaders set three main goals: to industrialise the economy,

to reform the political system by introducing a constitution and parliament, and to strengthen the military to support external expansion (Ohno, 2018).

Over the following years, the government established several industrial enterprises, including silk, glass and cement factories. It built shipyards, modernised coal mines and employed foreign experts to oversee them. It heavily invested in the purchase of industrial plants and equipment, all of which was financed by the state treasury. However, over time, these industries did not prosper and placed a financial burden. As a result, the government decided to sell them at a reduced price. This decision was complicated by a shortage of capital during those days. The group of people who could afford to buy those businesses included individuals such as Iwasaki at Mitsubishi, Soichiro Asano of Asano Shipping and Ichibei Furukawa of Furukawa Mining. The only businessman who distinguished himself from the rest came from a wealthy, long-established Mitsui family that earned the support of both the previous and current government (Miyashita & Russel, 1994). The history of the Mitsui family dates back to the late 17th century when they established a merchant house. Mitsui initially operated a dry goods store in the cities of Edo and Osaka. Later, they engaged in the business of discounting banknotes based on rice taxes collected and stored in a warehouse in Osaka. During the early Meiji period, the family provided banking services to members of the government and established its private bank in 1876. Due to good political relations, the Mitsu family acquired a new company named Mitsui Bussan (Flath, 2022).

Mitsubishi bought a major Japanese shipyard, and Mitsui gained a coal mine and silk factory, while silk represented a major export commodity. Asano acquired a great cement plant, and Furukawa secured important copper mining assets. Other prominent families, such as Sumitomo and Yasuda, did not participate in this state purchase (Miyashita & Russel, 1994). The term to describe such influential people is *seisho*, which translates to wealthy businessmen with political connections. *Seisho* has often been associated with those who acquired government-established enterprises under favourable conditions (Kobayashi, 1986).

Following the improvement of the economic condition of Japan, the government started to provide various forms of support to newly established private industries. Financial aid in the form of subsidies, tax breaks, or legislative exemptions fueled the boom of the private sector. Moreover, the expansion of the banking system allowed traders

to borrow capital based on expected returns from mineral extraction or the ship trade. In addition to the well-known groups such as Mitsui, Mitsubishi, Sumitomo and Yasuda, other business families and groups, such as Asano, Furukawa, Shibusawa, Okura, and Fujita, have expanded into new forms of businesses. However, most of these companies remained privately owned by their founders. Thus, at the beginning of the 20th century, Japan witnessed the massive emergence of business groups that diversified into new businesses, all owned and controlled by a single family. As these families accumulated more money, they expanded their operations and established themselves as the new aristocracy of the nation, referred to as *financial cliques* or *zaibatsu* (Miyashita & Russel, 1994).

Zaibatsu gained power in 1914 when World War I broke out. Japan, as a country not involved in the war, benefited from the inaction of European companies. It supported the Allies in the supply of ships, armaments and other commodities. Exports from Japan increased enormously in the following 5 years, and domestic industrial production doubled. Suddenly, Japan, a country heavily reliant on imports, became the nation with a trade surplus. (Miyashita & Russel, 1994). Carney (2008) argues that an increase in nominal capital during the war period prompted zaibatsu to establish or aggrandise trading companies. A clear example is Mitsui zaibatsu, in which Mitsui Bussan established branches in 57 countries. The trading company's profits multiplied 10-fold, mainly due to the expertise and specialisation of its people, which Bussan insisted on (Miyashita & Russel, 1994). Overall, the company facilitated one-fifth of Japan's exports and a sixth of its imports by 1910 (Flath, 2022). Miyashita and Russel (1994) note that, apart from trading companies, the zaibatsu used their capital to establish their banks. Additionally, the Big Four advanced their operation and founded even insurance companies and trust banks.

The end of the war, followed by the crash of Wall Street in 1929, resulted in an unbalanced Japanese economic and political position. The dynamic entry of the US into international trade and the resurgence of European goods imports weakened the Japanese opportunities. Moreover, there was a significant difference between first and second-tier zaibatsu (Carney, 2008). While the first-tier zaibatsu, known as the Big Four, thrived and consolidated their position, the Asano, Okura, and Furukawa zaibatsu played short-handed. The Big Four took advantage of their competitors, diversified into new businesses and supported their key banking business. The banks of the Big Four had a significant

influence on overall Japanese finance. They provided almost 14 per cent of all loans, 20 per cent of deposits and 25 per cent of all securities. Nowadays, these banks are believed to be the primary source of financing for zaibatsu activities. Assuming the size of individual zaibatsu groups at that time, they might have been independent in their financing and no longer needed the bank's help. Furthermore, new business groups, such as Nomura, emerged; however, many small, newly formed ones disappeared. Their demise was not without cause, for example, in the case of Suzuki, which has disappeared from the economic scene. There was rivalry between the zaibatsu groups. This led to the strategic decision by Mitsu and Mitsubishi to join forces in acquiring the Bank of Taiwan, a key pillar of Suzuki (Miyashita & Russel, 1994).

The persistent instability of the country emphasised the advantages and disadvantages of the zaibatsu corporate governance. Heavy industry, copper production, trade or shipping were not at the centre of interest. New opportunities appeared, especially in the electrical, chemical, and scientific industries, which were, however, capital-intensive. Many zaibatsu groups responded to the changes by reorganising into multi-subsidiary structures. The Mitsui family combined the closed family system model and the open joint-stock company management model. The first step was to create an unrestricted partnership by connecting the family council and secretariat. In this regard, family members became limited partners with shares in the profits anchored in the family constitution. The assets of this partnership consisted of interests in operating subsidiaries. Secondly, subsidiaries were transformed into joint-stock companies, allowing tax advantages, access to public capital markets and reduced public criticism of zaibatsu. The family influence on business operations was reduced, as parent-unrestricted partnership has become a holding company or private equity fund. Moreover, family members were more flexible in adjusting their ownership interest in operating subsidiaries based on market prospects or economic conditions. This strategic centralisation and operational decentralisation enabled zaibatsu to operate in new industries (Carney, 2008).

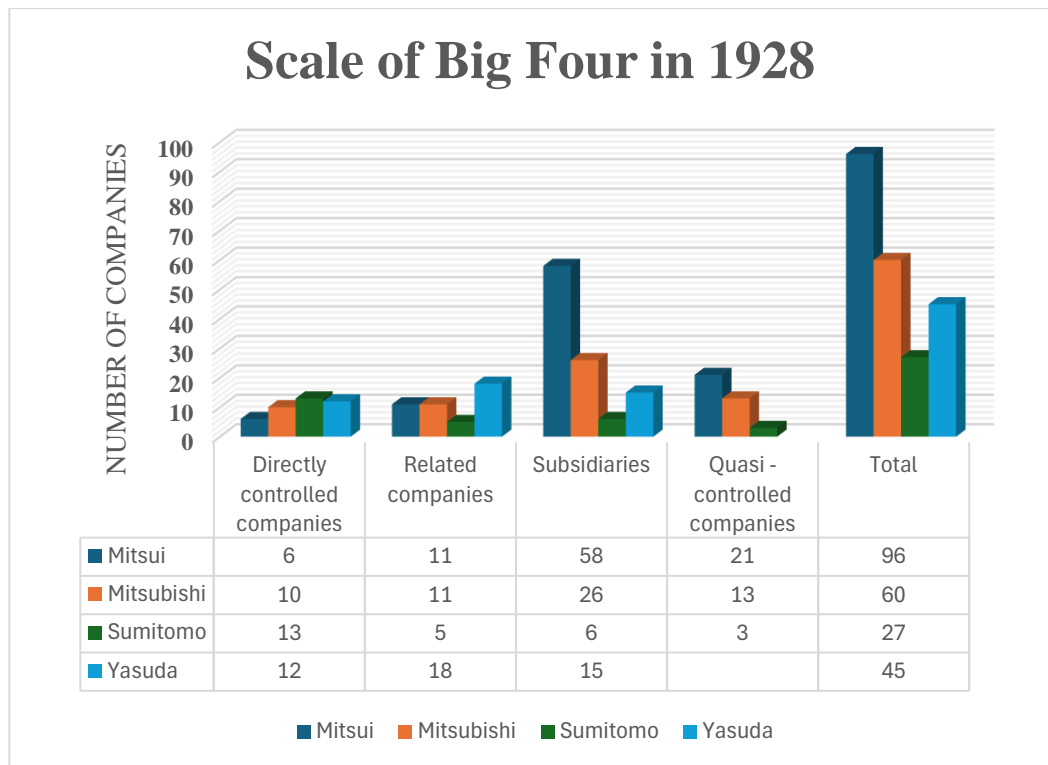


Figure 3. The Scale of the Big Four in 1928. Adapted by the author based on Flath, D. (2022). *The Japanese Economy*. (4th ed.). p. 69.

The 1930s were characterised by nationalism and considerable disagreement between the political right and left sides in Japan. The conflict escalated into the rise of the military government, triggering the anti-zaibatsu movement. The government imposed heavy taxes on the zaibatsu profits to finance its expansionary politics. Initially, zaibatsu resisted government pressure to invest in arms factories and heavy industry. However, they had to face a new kind of business – Nissan concern, which supported the government’s initiative. It was a less diversified, vertically structured group similar to a zaibatsu (Carney, 2008). Miyashita and Russel (1994) add that Nissan resembled modern conglomerates, rather than a true zaibatsu. Although a holding company was at its core, the family business was missing. They further note that Nissan was more focused on heavy industries, which the government wanted. Therefore, it allowed only Nissan to invade China, establish mining industries, build railways, and generate appropriate profits.

The subsequent Sino-Japanese war in 1937 contributed to the gradual disintegration of the zaibatsu. Japan returned to a centrally planned economy, and the zaibatsu was forced to invest in heavy industry. The number of investments by Mitsu, Mitsubishi, and Sumitomo in heavy industry soared more than tenfold during the wartime. Moreover, the

paid-in capital into the primary industry represented 57 per cent by the end of the war. Due to compulsory investment and a lack of internal funds, the zaibatsu had to restructure again. This process, in which central offices and their subsidiaries are transformed into joint-stock companies, is known as zaibatsu conversion. The family stockholder status was minimised, and the Bank of Japan became the significant owner of these companies. The second phase of the zaibatsu dissolution occurred shortly after the Japanese defeat in WWII (Carney, 2008).

US occupation forces realised the monopolistic position of the Big Four (Mitsubishi, Mitsui, Sumitomo and Yasuda) in key industries. Zaibatsu, dominating the steel industry, foreign trade, and banking, controlled roughly one-fourth of paid-in capital. The US perceived the zaibatsu as a threat to supporting the war efforts. Thus, the US introduced three main policies to create a competitive environment. The policy framework included the dissolution of the Zaibatsu and the enactment of the dispersal of monopolies and anti-monopolistic law. The aim was to dissolve zaibatsu and publicise shares that joint-stock companies owned, representing 167 million out of 443 million shares of Japanese domestic firms (Ito & Hoshi, 2020).

Miyashita and Russel (1994) assert that occupation forces believed in breaking ties that bound the zaibatsu together, allowing the integrated enterprises to become separate entities. The heart of each zaibatsu was not the holding companies or founding families, but the individual relationship and loyalty to corporate identity embedded in the old zaibatsu name. Miyashita and Russel (1994) further state that SCAP (Supreme Commander of Allied Forces) changed its attitude when communism started to spread. From that point on, Japan was considered a strategic buffer between the US and the communist mainland. Therefore, the aim was to revive the weakened economy of Japan and create a country with a robust industrial base. Among other factors, the US further promote democracy, making the country safe for foreign investment. Additionally, SCAP empowered the Japanese bureaucracy, comprising members of MITI, the Ministry of Finance, and the Bank of Japan, to control the Japanese economy. The situation was similar to that of the 1880s, with the only difference being that the government was allowed to support only industry, not the military.

The Ministry of International Trade and Industry helped to organise Japanese industry and encouraged the rebirth of many conglomerates after the US occupation left. However, new conglomerates emerged through its administrative guidelines without family holdings. Post-war conglomerates were built on the small and medium-sized enterprises that worked for them as subcontractors. These can be classified into three groups, as demonstrated in the table below (“Chapter 1. The Old Japanese Keiretsu Model”, 2007).

TYPE	CHARACTERISTICS	EXAMPLE
The ancient zaibatsu	The set of former businesses as built by the end of the 19century, without family substance and their holdings	Mitsu, Mitsubishi, Sumitomo
The new zaibatsu	The set of companies built in the 1950s under the large city bank’s initiatives	Fuyo, Dai-Ichi Kangyo, Sanwa
The new vertical conglomerates (Keiretsu)	Manufacturing industry at the core, formed from auto or electrical companies, in the 1950s, created a business world called Zakai	Toyota, Nissan, Honda & Matsushita, Hitachi, Toshiba, Sony

Figure 4. New Conglomerates. Adapted by the author based on Chapter 1. The Old Japanese Keiretsu Model. (2007). p. 9. Available at: <https://doi.org/10.2753/jes1097-203x340301>

Another type of conglomerate appeared alongside the three above-mentioned, such as major banks (the Industrial Bank of Japan), securities companies (Yamaichi Securities) or trading companies. However, none of them have reached the size of the zaibatsu. In addition to these conglomerates, many smaller urban or rural firms were established. The zaibatsu dismantled their centralised family-holding structure and the members of the former Board of Governors. From the 1950s onwards, the term zaibatsu was no longer used, and the term keiretsu began to refer to these conglomerates. The grouping of companies took on a more decentralised form. Relationships between firms were vertically structured due to cross-shareholding and a general subcontracting system (“Chapter 1. The Old Japanese *Keiretsu* Model”, 2007).

2.2 Corporate Culture and Leadership in Toyota

The following section analyses the Toyota Motor Corporation, a highly diversified conglomerate in the automotive sector in Japan. As a part of the Toyota Group, it controls 577 subsidiaries and 165 affiliates with minor equity (TOYOTA MOTOR CORPORATION, 2025), comprising one of the largest keiretsu in Japan. Toyota, which embodies qualities such as perfectionism, loyalty, and reliability, underlies its worldwide recognition, making it 2nd most popular car brand in 2024 (Statista Research Department, 2025). As Liker (2004) states, the Toyota Production System and Toyota Way represent *the yin and yang* of the company's existence, defining Toyota's management style and uniqueness. For this reason, the analysis examines the **principles of TPS, corporate philosophy and leadership styles** to understand how each component influences the others and contributes to Toyota's success.

The history of Toyota can be traced back to the 1930s when Sakichi Toyota founded Toyoda Automatic Loom Works, a parent company of the Toyota Group. His relentless zeal for progress and development led to the invention of the power loom equipped with a special mechanism to stop the loom at any time when a thread broke. This accompanying feature of the machine has been preserved under the name **Jidoka**, which today forms one of the pillars of **TPS** (Liker, 2004). Jidoka or automation with a human touch indicates an automatic detection of any faults throughout the process and possible shutdown of production, ensuring quality improvement with less demand on employees to oversee the machines (TOYOTA MOTOR CORPORATION, n.d.-a). A few years later, his son Kiichiro Toyoda followed in the footsteps of his father and his philosophy. He founded the Toyota Automotive Company and enriched it with his innovations (Liker, 2004). He coined the **Just-In-Time** inventory system inspired by a US supermarket that maintained a small amount of inventory and products on the shelves were replenished only when they ran out, following customer demand (Dahl, 2020). Today, Just-In-Time relates to the synchronisation of all processes of every manufacturing plant into a continuous flow, resulting in creating what is needed, when it is needed and in the required quantity (TOYOTA MOTOR CORPORATION, n.d.-a).

The figure below shows *the TPS House model*, a metaphorical illustration of a unique Toyota Production System where each component intertwines and supports one another to form a functional complex. Pioneers James Womack and Daniel Jones, in their

book *Lean Thinking* in 1996, stated that lean production is fundamental in TPS. It is based on thinking and working according to the principle of a continuous flow of products through value-creating processes without interruptions, known as *One-Piece-Flow*, where production is managed by actual demand, known as *the Pull system*. The apex that complements the overall purpose of lean production is a strong corporate culture in which everyone constantly strives for improvement (Liker, 2004).

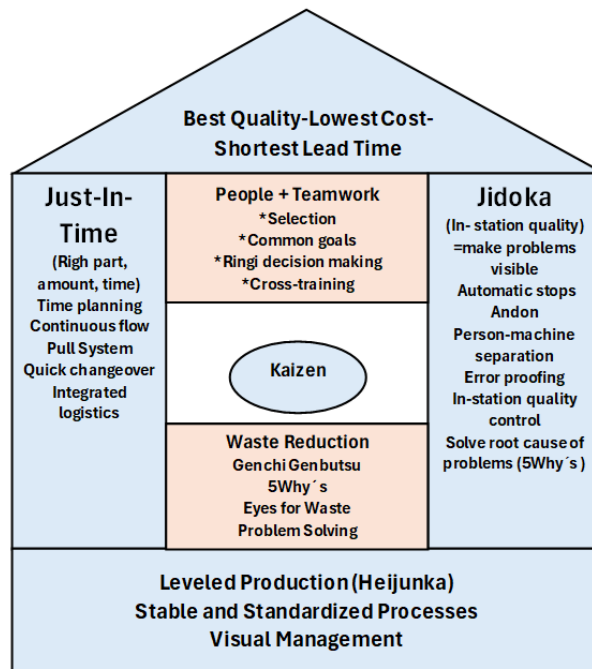


Fig. 5 The Toyota Production System. Adapted by the author based on Liker, J. K. (2004). *The Toyota Way: 14 Management Practices from the World's Greatest Manufacturer*. p. 35.

The roof at the top represents the goals of ensuring top quality at the lowest cost and shortest lead time. The outer pillars are Just-in-Time and Jidoka. At the centre, there are people who hold important positions (Liker, 2004). It represents the main attributes of the Toyota Way as defined by Dahl (2020). Creativity and curiosity drive people to push boundaries and ceaselessly question why things are done in a certain way. They are encouraged to be alert to waste and go directly to the source, genchi genbutsu, which helps the workers to define the problem and suggest solutions or possible improvements, kaizen. Dahl (2020) further adds that part of the Toyota Way is respectful of all people. The opinion of every employee is heard, and equally important, regardless of their position. Moreover, Toyota values team cohesion and collaboration, where every individual supports the attainment of common goals. At the bottom are the foundational principles on

which the Toyota Way is established, reflecting Toyota's philosophy (Liker, 2004). They can be divided into 4P (subcategories) as shown in the figure below.

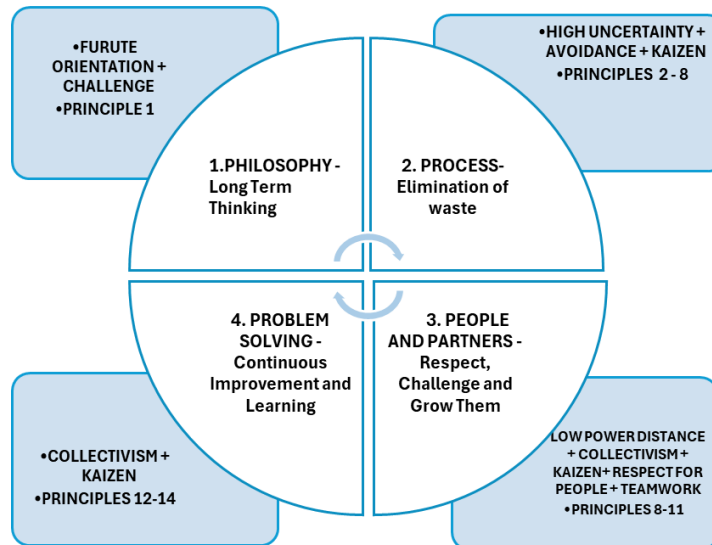


Figure 6. 14 Toyota - Guiding Principles. Adapted by the author based on the information listed below.

The first principle manages the decision-making process, following the long-term philosophy of Toyota. It emphasises that everybody at the company strives for a common goal of **bringing value to all**, not focusing on short-term financial returns (Liker, 2004). According to Carlier (2024), Toyota throughout the years 2007 and 2024 has been continuously investing in **R&D**, despite the major Recall Crisis that happened in 2009. This persistent contribution to this area allows Toyota, nowadays, to provide a range of electric cars and hydrogen-powered engines to support carbon neutrality (TOYOTA MOTOR CORPORATION, n.d.-b), which correlates with the *long-term orientation dimension*.

The second principle reflects on the continuous flow to identify issues promptly. Toyota's work processes are designed to eliminate waste (muda) from overproduction and reduce waiting time through continuous improvement (kaizen) (Liker, 2004).

The third principle implements a pull system to prevent overproduction (Liker, 2004). As a main component of TPS, production of the following parts begins only after the preceding components have been consumed. With this approach, only what is demanded is produced (Helmond et al., 2022).

The fourth principle balances the workload (heijunka) and embraces a steady pace of work, related to a tortoise rather than a hare. Heijunka analyses customer orders over time to evenly distribute the quantity and type of components produced daily (Liker, 2004). Helmond et al. (2022) note that a systematic approach helps to level out the workload and avoid burdening employees or machines (muri) and overall irregularity (mura).

The fifth and sixth principles prioritise getting quality right from the start of production, where all processes and tasks are standardised to enhance kaizen and employee empowerment (Liker, 2004). These two principles refer to **Toyota's Zero Defect** philosophy of minimising damages and addressing root problems early. To maintain quality, it motivates workers to actively avoid mistakes and develop a continuous desire to perform their job well. Related to this is the **Andon** (a board displaying a problem) lights up to inform employees about the abnormality (Helmond et al., 2022).

The seventh principle utilises visual control to ensure all problems are visible (Liker, 2004). It includes the 5S concept: **Seiri** (sorting), **Seiton** (setting in order), **Seisho** (shining), **Seiketsu** (standardising) and **Shitsuke** (sustaining). This method strives for a coherent and systematic working environment. Reduction of unnecessary items and logical organisation of equipment optimises efficiency and flow. Frequent cleaning of the workspace helps avert mistakes. Moreover, implementing labels and colour coding standardises practices and behaviour, ensuring the workspace remains organised over time (Helmond et al., 2022).

The eighth principle refers to the use of reliable, thoroughly tested technology serving your people and processes (Liker, 2004).

Principles 2 to 8 reflect a high degree of *uncertainty avoidance* in Toyota. The overall production process follows a set of fixed and verified procedures, including waste elimination, avoidance of overproduction and excessive workload, conservation of resources and the Andon system. All principles help minimise risk and potential anxiety from the unknown, promoting stability and predictability within all stages of production, which are hallmarks of this cultural dimension.

The ninth principle emphasises the importance of cultivating leaders who understand work, embody the company's philosophy, and disseminate it through the workforce (Liker, 2004). Kato and Smalley (2010) assert that leaders are expected to instruct and train team

members to create a harmonious atmosphere of trust and respect towards leadership, avoiding potential conflict. This dynamic illustrates a relative power distance within Toyota. Although there is no rigid hierarchy between leaders and followers, on the other hand, all of Toyota's leaders have served as role models who support improvement and connect the whole organisation with the company's philosophy.

The tenth and eleventh principles demonstrate the growth of people and teams and respect for philosophy and suppliers by both challenging them and helping to improve (Liker, 2004).

The twelfth principle explains the understanding of issues through direct experience, known as *genchi genbutsu*. All managers at Toyota are expected to engage with operations firsthand to identify potential areas for improvement (Liker, 2004).

The thirteenth principle involves decision-making by consensus, evaluating all possible options and implementing them through *Nemawashi*, using a one-on-one discussion with each member of a decision-making group (Liker, 2004).

The fourteenth principle highlights the importance of being a learning organisation through constant reflection, *hansei* and *kaizen*. The typical approach to problem-solving is to identify the root cause, assess the initial perception of the problem, clarify issues, conduct root cause analysis and, apply countermeasures, assess and standardise solutions (Liker, 2004).

The principles discussed above, 10-14, reflect the cultural value of *collectivism*. The leader collaborates effectively with employees and demonstrates a genuine concern for their welfare. Workers are afforded various opportunities for teaching and training to support their career development. Furthermore, the key element of collectivism is group decision-making, which Toyota practices through *Nemawashi*, known as the *Ringi system* and *genchi genbutsu*. Moreover, Toyota strives to maintain good relations with suppliers and partners to enhance mutual success, which reflects a high degree of *institutional collectivism*.

To create a comprehensive overview of Toyota's corporate culture, it is essential to study the **Code of Conduct** and analyse **Toyota's leadership** through real examples using the GLOBE model from the theoretical section, which are summarised in the tables below.

1. Always be faithful to your duties, thereby contributing to the company and to the overall good.
This represents the employee's responsibility and devotion to Toyota, which cares about the well-being of society and the global community.
2. Always be studious and creative, striving to stay ahead of the times
This highlights the curiosity, creativity, and zeal for improvement (kaizen) that contribute to Toyota's technological advancements.
3. Always be practical and avoid frivolousness
This refers to TPS focusing on small inventory with a minimal amount of waste, following customer demand.
4. Always strive to build a homelike atmosphere at work that is warm and friendly
It refers to the importance of teams and collaboration. All are equal within Toyota, support each other and share ideas through Nemawashi.
5. Always have respect for spiritual matters and remember to be grateful at all times
Although there is no rigid hierarchy, it is essential to show respect and reverence to subordinates and feel thankful for all

Figure 7. Code of Conduct. Adapted by the author based on the information available online at: https://global.toyota/pages/global_toyota/company/vision-and-philosophy/code_of_conduct_001_en_2.pdf

Charismatic Leadership: Akio Toyoda epitomises this leadership approach with his conscious vision and desire to inspire. As a representative director of the company, he strives for continuous improvement and progress as anchored in Toyota's long-term vision that runs "*To inspire a world where the expansion of mobility redefines what's possible.*" (TOYOTA MOTOR CORPORATION, n.d.-d). Woven City is a groundbreaking idea of a living laboratory town where equally passionate people about mobility collaborate with scientists to discover and test out new technologies and services that can push the boundaries of movement to the next level (TOYOTA MOTOR CORPORATION, n.d.-d).

Team-Oriented Leadership: The response of Toyota to the environmental crisis in 2011, which severely weakened supply chains at multiple levels, demonstrated the power of this leadership. Toyota primarily provided humanitarian aid to all victims and halted production (TOYOTA MOTOR CORPORATION, n.d.-e). Toyota's suppliers, dealers and overseas operations rallied together to support the affected area quickly. They applied Toyota's fundamental principles, such as genchi genbutsu, to assess the situation firsthand. Consultative decision-making, immediate actions and teamwork supported the normalisation of all operations in advance (TOYOTA MOTOR CORPORATION, 2012).

Participative Leadership: It is measured by the level of employees’ involvement in the company. The Japanese concept of Kata refers to a consistent approach to thinking and acting applied in all stages of the company. Employees possess the skills and empowerment to resolve issues. Additionally, they are motivated to challenge established procedures and activities. This environment fosters flexibility, creativity and efficiency in problem-solving (Helmond et al., 2022). An example of such motivation for improvement is Toyota’s manufacturing plant in Buffalo, US, where an employee developed an affordable camshaft chatter tool. This small but handy tool could detect the correct angle between the lobes of the camshaft in engines. Its incorrect position might lead to unpleasant noises in the final engines, which would require the discontinuation of production for review, a time-consuming process that needs additional attention (Hannon, 2023).

Humane-Oriented Leadership: Toyota offers a comprehensive range of training sessions for managers and employees to enhance their skills and support ongoing development. Furthermore, it encourages managers to deliver feedback to employees to evaluate their performance and help them advance their capabilities. It promotes the well-being of employees and provides them with support in the form of surveys or online consultations, thereby enhancing growth, sustainability, and overall health (TOYOTA MOTOR CORPORATION, 2025).

Leadership Dimension	Characteristic Feature	Practical Example
Charismatic	Vision, inspiration, motivation	Woven City
Team-Oriented	Teamwork, group cohesion, and common purpose	Toyota’s approach to the environmental crisis in 2011
Participative	Kata, Kaizen	Improvement in the Buffalo manufacturing plant
Humane-Oriented	Work-life balance and security	Extensive learning sessions, training and feedback

Figure 8. Leadership Styles at Toyota. Adapted by the author based on the information listed above.

An in-depth analysis of Keiretsu and its main representative, Toyota, presents important insights. The historical development of Zaibatsu, shaped by various internal and external factors, has evolved into the present, more decentralised structure of Keiretsu in the 1950s, where ownership transitioned from familial control to independent affiliates, forming a vertically integrated conglomerate. This structure influenced the formation and nature of the current Toyota. Following the Toyota Production System, core values, principles, and leadership practices examination can be concluded that Toyota serves as a perfect example for companies on how to produce efficiently with a minimal amount of waste, additional costs and burden on employees with an exemplary leadership strategy at the helm. Toyota prides itself on foundational principles and preserves them while keeping up with the modern age. Applied manufacturing processes are in accord with harmony and stability, minimising the risk of problems that might lead to uncertainty. All employees, from workers, managers or leaders, strive for a better future for all with a constant zeal for improvement and progress. The value of collectivism penetrates cooperation not only between employees and their supervisors but also between the individual companies within the keiretsu structure, which gives Toyota a leading position on the automobile market.

3. Characteristics of Chaebol

A chaebol is a large business group characterised by family ownership, oversight and familial involvement in the management of affiliated companies. At the top of the pyramid is the founder, a father figure practising paternalistic leadership towards subordinates (Carney, 2008). Despite various changes in ownership structure throughout its historical evolution, the family currently owns smaller shares in the leading companies, which, however, control larger stakes in the remaining affiliates. Consequently, the family wields control over the entire group through cross-shareholdings (Chang, 2003). Furthermore, Carney (2008) states that another feature of chaebols is a planning group responsible for data analysis and assessment, which helps the owner to make informed decisions. Moreover, the hierarchical structure and emphasis on authority are underlined by the frequent meetings of CEOs and senior managers with the chairman, who possesses unlimited power (Carney, 2008). Before analysing the selected chaebol, it is necessary to consider the historical background and factors that have shaped the chaebol into its current form.

3.1 Historical Evolution of Chaebol

The origins of the chaebols date back to 1948 when Syngman Rhee, an anti-communist, was elected after the partition of Korea. One of his first reforms was the compulsory redistribution of lands to family farmers. In return, the original landowners were rewarded with positions in politics, government or industry. Syngman funded his supporters, resulting in a new class of ambitious entrepreneurs who sought to improve the country and make progress. However, this favouritism and corruption in several sectors led to the coup in 1960. This allowed Park Chung-hee to take control of the country, initiating the era of Korea's industrialisation. His goal was to liberate Korea from imports and create a stable economy with industries capable of exporting (Carney, 2008). Schneidewind (2016) concurs, adding that Park Chung-hee preferred the central state economy. However, after interviewing the educated founder of Samsung, he gradually leaned towards a liberal market economy and the support of emerging chaebols. He believed that it was the right approach to foster competitiveness abroad and provide modern commodities to the population. Carney (2008) notes that Park established state organisations to supervise the development of chaebols and the implementation of the 5-year plan.

Chang (2003) asserts that the funding from the US and Japan was redistributed to only some companies. Furthermore, the nationalisation of banks along with the control and distribution of finances facilitated the plan's success. In the 1970s, Korea concentrated on developing capital-intensive industries. Steel, petrochemicals, machinery, shipbuilding, non-ferrous metals, and electronics were recognised as strategic sectors, and the government extended financial support to selected firms. Carney (2008) emphasises the reciprocal help of the state and chaebols. Korea protected chaebols from unpredictable foreign markets and created a place for long-term planning and large-scale capital investment. Therefore, chaebols contributed to the development, efficiency and productivity of Korea. Biggart (1998, as cited in Carney, 2008) asserts that chaebols exhibited an internal patrimonial leadership style. The owner operated the companies with unlimited authority, and loyal employees undoubtedly embraced his moral and economic vision. Although chaebols were managed by family members and close associates, later incorporated by professional managers, the core family ownership and patrimonial control remain to this day.

Chang (2003) notes that during this period, the government allowed chaebols to invest in non-banking financial institutions, including insurance, securities, and merchant banking, to support financing its affiliates. However, in the last decades of the 20th century, massive deregulation and market liberalisation took place. The IMF and World Bank urged Korea to ensure economic stability and to open its markets to foreign investments. The government reduced its spending, lowered interest rates, and limited loans, including cross-shareholding and debt guarantees. Despite these changes, chaebols continued growing. Carney (2008) acknowledges that the state intervened and supported chaebols with advantageous loans for R&D. However, the subsequent privatisation of banks permitted chaebols to issue bonds and purchase shares in the international market, and banks could borrow foreign short-term capital from these markets. It resulted in increased FDI, which chaebols actively invested in both domestic and foreign markets. The mismatch between short-term liabilities and long-term funds contributed to the 1997 Asian Financial Crisis (Chang, 2003).

3.2 Corporate Culture and Leadership of Samsung Electronics

Samsung, a South Korean corporation well-known for its state-of-the-art technology and innovation, represents another object of this research. Through strategic diversification, Samsung belongs to one of the most influential conglomerates globally. Although it initially copied and then adjusted existing products, Samsung has successfully established itself at the forefront of the technology sector. To understand how Samsung became a market leader, it is necessary to explore its history and analyse the leadership of two of Samsung's family owners, management, and organisational values of the company.

Founded in 1938 by Byung-Chul Lee, Samsung Corporation began as a trading company that exported farm products and essential commodities (Chang, 2003). At the same time, three foundational principles were laid out that are preserved until today with little alterations: a contribution to Korea's economic development, the pursuit of economic rationality and the value of human resources (Chang, 2008). In 1953, the founder established Cheil Jedang and Cheil Industries Inc., which produced flour, sugar, chemical fibres and woollen fabric. Amity with the Korean government strengthened Samsung's monopoly position and expanded into the **financial service industry, life insurance and media sectors**. As a result of its expansion, Samsung revised its conventional recruitment practices, which had been based on acquaintances, and began hiring local graduates for equal starting positions. Through this, a continuous flow of new talent was ensured. To help the founder (chairman) control all affiliates, a **Corporate Strategy Office** was established. It provided financial accounting agendas, coordinated the business and decided on expansions and investments (Song & Lee, 2014). Chang (2008) notes that secretariat and affiliate presidents held only 20% of decision-making power, while the chairman had a majority, making him a patriarchal leader.

In the 1970s, Samsung diversified into **Samsung Electronics** and branched into **strategic industries, advertising and the hotel industry** (Song & Lee, 2014). Chang (2008) highlights that Samsung Electronics cultivated an execution-oriented culture and management style within the Samsung Group, where speed, efficiency, and accuracy accelerated goal achievement. Employees demonstrated loyalty and devotion to achieve manufacturing competitiveness, exhibiting behaviours typical of Japanese firms. According to Song and Lee (2014), Samsung later focused on the **aviation, computers and telecommunications industries**. It began with semiconductor production, which

generated huge profits and solidified his leadership in the 21st century, as indicated by statistics (Yoon, 2024). The extensive diversification has weakened central management. Therefore, Samsung was divided into units where each manager became more autonomous in the affiliate’s performance. The rigorous management system, known as Well Managed Samsung, supervised accounting audits, performance analysis, business plan evaluations, and strategic affiliate planning to increase transparency. HR management emphasised fairness, placing people in suitable positions, rewarding good work, and punishing misbehaviour (Song & Lee, 2014).

The following figure summarises the principal attributes of leadership, corporate values and management at Samsung before 1997.

LEADERSHIP STYLE	Centralised leadership with all decision rights - patriarchal leadership, the help of the Corporate Strategy Office
STRATEGICAL APPROACH	Fast-follower, execution-oriented, quantity and efficiency over quality
ORGANISATIONAL STRUCTURE	Domestic intellectuals, loyalty, devotion of employees, compensation based on seniority
CULTURE AND VALUES	No. 1 in Korea
MANAGEMENT CONTROL	Well-managed Samsung, hierarchical division

Figure 9. Samsung Leadership and Management before 1997. Adapted by the author based on Song, J., & Lee, K. (2014). *The Samsung Way: Transformational Management Strategies From the World: Leader in Innovation and Design*. p.121.

Following the succession of Lee Kun-hee (the son of the founder), the Samsung Group has undergone a tremendous transformation. Lee’s leadership was marked by the **vision** and **insight** to anticipate business opportunities and trends. He prioritised substantial investments in **R&D** and **branding**, which remain evident today (Song & Lee, 2014). A prime example is the Galaxy Unpacked Event, which annually attracts numerous technology enthusiasts. Samsung’s engaging approach to unveiling new products has garnered global acclaim and a solid customer base, reflecting a stable market share as shown in the newest statistics, representing 20% of the total (MFK, 2024).

Additionally, Samsung faithfully supported the Olympic Games for over 20 years (SAMSUNG, 2018), which supports its global recognition. Unlike his father, Lee empowers division CEOs to make decisions and achieve objectives. Although the Corporate Strategy Office still exists, it primarily supports and mediates the affiliates. Lee participates only in broad strategic matters, such as investment or Samsung's future operations (Song & Lee, 2014).

The philosophy of Samsung, outlined below, illustrates the shift from being a fast follower that simply imitates rivals to a strategy centred on product quality and labour enhancement, aiming to become a world-class company. Samsung pays more attention to customer markets and invests heavily in **innovation, technology, design and branding**. It streamlines its business portfolio, concentrating on areas with growth potential. To maintain a competitive edge, it manufactures components within the group, distinguishing itself from other firms (Song & Lee, 2014).

"To dedicate our talent and technology to creating superior products and services that contribute to a better global society. To achieve this goal, Samsung greatly emphasises its people and technology" (SAMSUNG, n.d.-a).

As stated by Song and Lee (2014), the former HR Management, initiated by the founder, relied on domestic workers with standardised skills, in-house training and loyalty. But today, Samsung employs more than 267,860 people across 76 countries (SAMSUNG, n.d.-b). The number of university-educated individuals and specialists involved in R&D, marketing, software, design and branding (intangible assets) increased as considered essential in the 21st century. Furthermore, Samsung attracts top talent from domestic and international rival companies, offering competitive wages and benefits. Samsung's competitive advantage lies in the opportunity for selected employees (regional experts) to travel abroad, assimilate local cultures and develop products that meet local demands. This is supported by the GSG (Global Strategy Group), which recruits foreign nationals from top business schools to evaluate various markets and develop new products. Additionally, Samsung promotes cooperation and competition (co-opetition) among employees, teams, and affiliates through performance-based compensation to **achieve outstanding results**. Moreover, all employees appreciate organisational principles that reflect deeply embedded cultural values of South Korea, as shown in the table below (Song & Lee, 2014).

PEOPLE	Samsung recognises the importance of its employees and offers them a wide range of possibilities to realise their potential.
	It emphasises Collectivism as the people serve as a basis of the group, contributing to a common shared success.
EXCELLENCE	Samsung is driven by a desire for excellence in its people and products.
	Excellence can be related to the expectation that employees will work hard and respect the corporate hierarchy, reflecting high Power distance .
CHANGE	Samsung tries to anticipate the market and adapts to changing customer demands and trends
	It corresponds to Long-term orientation , while Samsung sets the insights on the future to achieve long-term success
INTEGRITY	Samsung's operations are based on moral and ethical standards, transparency and respect for all concerned
CO-PROSPERITY	Samsung guarantees to be a socially and environmentally responsible citizen in every community.

Figure 10. Samsung's Values. Adapted by the author based on the information available at <https://www.samsung.com/us/about-us/leadership-and-mission/>

Under new management, Samsung was divided into macromanagement, operated by executives and micromanagement, controlled by middle managers and workers. It reflects the blend of Japanese meticulousness and strategic thinking typical of the US. All decisions are based on facts through the SCM system, which integrates data and generates forecasts from the development, procurement, production, logistics, marketing, and sales processes. GOC then generates various indices that help drive manufacturing and business decisions. A key advantage of Samsung is the integration of IT infrastructure, which enables real-time data sharing within the group (Song & Lee, 2014).

The following table illustrates the key transformations of leadership, corporate values and management at Samsung after 1997.

LEADERSHIP STYLE	Visionary leadership with insight, and collaboration between the owner and managers, strategic decision-making power
STRATEGICAL APPROACH	Quality-focused strategy, global market leader, select-and-focus strategy, quality at the centre
ORGANISATIONAL CULTURE	Specialists, core talents, regional experts, GSG, co-opetition, favourable compensations
CULTURE AND VALUES	Number 1. on the global market, enhancement of products and employees, collectivism, power distance and long-term orientation
MANAGEMENT CONTROL	Micro/macromanagement, thorough decisions, integrated IT systems.

Figure 11. Samsung Leadership and Management after 1997. Adapted by the author based on Song, J., & Lee, K. (2014). *The Samsung Way: Transformational Management Strategies From the World: Leader in Innovation and Design*. p. 121.

Based on the collected data of Samsung, it is evident that during its tenure, the company was headed solely by the founder and later by his son, which relates to the theoretical framework of centralised, family-based leadership typical of Chaebol. Due to the implemented changes in the conglomerate's functioning executed by the son, it is possible to analyse the presence of other leadership styles as defined in the Globe Project (2004) framework. Firstly, the Charismatic approach reflects the founder's son to transform Samsung into the number 1 in the global market, providing high-tech quality products and services. Diversity and inclusion among employees that align with professional and personal development show Humane-oriented leadership. However, the most dominant style is Autonomous, which is visible mainly in the company's desire to innovate even better products to hold the top position. Other forms of leadership are not delegated on a larger scale.

4. Comparison of Crisis Responses of Toyota and Samsung

The chapter aims to illustrate the different responses of two selected companies, Toyota and Samsung, during crises. For the comparative analysis, two similar incidents were chosen, resulting in product recalls and tarnishing brand trust. Based on the available data, the responses of these companies are compared from the following perspectives: the speed of initial reaction and public communication, identification of root cause and approach to problem resolution, implemented measures and consequences. Additionally, the analysis includes tables that present a thorough overview of the advantages and disadvantages associated with the crisis leadership strategies of the companies.

Vlasic (2010, as cited in Andrews et al., 2011) describes a tragic accident of a US highway patrolman that happened in late August 2009. The driver allegedly lost control of a Toyota-branded Lexus car, which subsequently veered off the road and burst into flames. Based on available information, the accident was caused by the accelerator pedal jamming, due to an improperly sized car mat. The rapid acceleration and impaired braking resulted in the fatalities of all passengers.

Shortly after the incident, US Toyota employees began facing intense pressure from concerned customers, the National Highway Traffic Safety Administration (NHTSA) and the media. In seeking guidance, they relied on centralised leadership from Japan, which was isolated from the problem. Japanese managers did not respond to the rising questions from US employees immediately. They rather focused on a thorough technical analysis and identification of the cause of the problem while collaborating with Japanese in-house engineers and technicians (Liker & Ogden, 2011). According to Andrews et al. (2011), Toyota began recalling its vehicles in November, totalling 6.5 million, after identifying the cause of the unintended accelerations. Toyota's recall aimed to repair accelerator pedals and install protective covers to prevent further incidents. This meticulous examination of the problem conducted in Japan was considered slow in the US, whereas this country represents a culture with a low level of uncertainty avoidance according to Hofstede et al. (2010). Although Toyota had proceeded systematically and tried to avoid any precipitous decisions, a typical feature of Japanese corporate culture, Americans perceived it as the passivity and recklessness of Toyota.

This fact is supported by the evidence of Kelly (2012), who shows a rapid decline in Toyota customers' trust, from 83% to 59% since the crisis outset, while customer dissatisfaction in the US has risen 41%.

Toyota, a company that boasts about its adherence to principles, failed to apply all the problem-solving procedures during the crisis. Its systematic approach to solving the problem (12th, 13th, 14th principles), including the identification of the root cause and carrying out an analysis to implement the necessary measures, reflects high *uncertainty avoidance*, which is typical for Japan. However, during the crisis, Toyota erred in allowing sufficient autonomy to US managers who were in direct contact with customers and regulators. Instead, it relied on centralised decision-making from Japan as reported by Liker and Ogden (2011). This was inconsistent with Toyota's philosophy of decentralised leadership within the Keiretsu structure. Although the technical analysis was thorough, the absence of *Genchi Genbutsu* (direct on-site examination of the problem), which is firmly embedded in the Toyota Way, undermined the ability to respond quickly to the crisis.

Despite initial communication problems, Toyota worked with its 1,400 US dealers. Although the number of dealers was relatively small compared to the other US automakers at that time, Toyota worked tirelessly to ease the situation. The US dealers provided towing services for damaged vehicles, extended the opening hours of their service centres or, in some cases, bought back several affected cars. In addition, Toyota Motor Sales (TMS) financially supported the dealers in covering the costs incurred. Due to efficient logistics and teamwork, 85% of all impacted vehicles were repaired within six months of the start of the crisis, thus restoring the confidence of the company (Liker & Ogden, 2011). This close collaboration of dealers in the US to help customers and provide compensation in various forms demonstrates the strength and unity of Toyota. It highlights the importance of team spirit, a fundamental feature of the Toyota (Keiretsu) structure. Thanks to the crisis, Toyota has strengthened mutual trust and support among the companies that comprise the whole structure. This might be beneficial for the company to resolve future challenges in an efficient and better-organised manner.

Liker & Ogden (2011) add that Toyota did not excuse its misconduct by blaming customers or other subsidiaries, but instead emphasised collective responsibility for problem solving. A YouTube video that captures Akio Toyota's first public appearance in February, six months after the crisis began, shows the chairman's efforts and courage in taking responsibility for the crisis and contributing to its improvement. During his speech, he publicly apologised for the inconvenience caused and offered his condolences to the family of the police officer. He also admitted that Toyota's drive for rapid expansion had stifled the traditional approach that emphasised quality and safety and did not pay attention to customers, who are the foundation of Toyota Way (C-SPAN, 2010). Moreover, Toyota could have prevented the massive recall if it had reacted earlier to reported problems of accelerator entrapment reported by customers, which had brought NHTSA in 2007 (U.S. Department of Transportation, 2010).

After the situation stabilised, Toyota created a Special Committee for Global Quality composed of quality executives from each region and various experts, headed by a chairman. The ultimate goal of the company was to streamline communication, focus on customers, and tighten quality control of vehicle safety to prevent similar problems in the future. (TOYOTA MOTOR CORPORATION, 2010).

The self-awareness of the causes of problems reflects the principle of *hansei* (deep self-reflection), which is an integral part of Toyota. Even though it was slower, because the chairman first publicly communicated the issue six months after the tragedy, it shows that Toyota learnt from its mistakes. However, the initial reticence and lack of comment on the situation from the Toyota side demonstrates the concept of *Mianzi*. Reputation preservation and face-saving, as defined by Meyer (2014), were far more important for the company despite facing social pressure. The effort of Toyota to create a group responsible for safety shows the commitment of the company to gradually improving its processes, aligning with the *Kaizen* (continuous improvement) principle. This strategic move was not only an immediate short-term response to the problem. However, it shows the company's *long-term orientation* to enhance quality and customer safety while strengthening international cooperation.

The following table shows the advantages and disadvantages of Toyota’s crisis leadership strategies in response to the Recall Crisis (2009-2010).

ADVANTAGES	DISADVANTAGES
<p>Systematic approach to problem resolution - Meticulous identification of the root cause of the problem to ensure a long-term solution.</p>	<p>Slow response - careful analysis of the problem delayed the recall of the cars, resulting in a loss of customer trust in the US.</p>
<p>Efficient Logistics and Teamwork - Despite Toyota's delayed response, it successfully repaired 85% of the affected vehicles in a short time.</p>	<p>Centralised decision-making - all decisions were made in Japan, which was isolated from the problem, making the process time-consuming.</p>
<p>Support of Toyota dealers and customers - Toyota helped its US dealers by reimbursement of incurred costs associated with car repairs.</p>	<p>Non-compliance with Toyota's principles – The low level of autonomy for US managers has slowed the effective response in the US.</p>
<p>Collective responsibility for the problem - Toyota did not blame individuals, but addressed the problem collectively as a challenge, which strengthened relationships within the group.</p>	<p>Lack of understanding of the U.S. market - Japan's emphasis on analysis and systematic problem solving was in sharp contrast with expectations of a rapid response common in the U.S.</p>
<p>Implementation of systemic changes - Establishment of the Special Committee for Global Quality demonstrated Toyota's long-term commitment to enhanced safety and quality in automobiles.</p>	<p>Poor and slow crisis communication - At the beginning, Toyota and its representatives refrained from publicly commenting on the situation to preserve their reputation (Mianzi).</p>

Figure 12. Advantages and Disadvantages of Toyota’s Crisis Response. Adapted by the author based on the information listed above.

In 2016, Samsung faced a severe crisis shortly after the highly anticipated launch of the premium smartphone model, the Samsung Note 7. It became available to customers on August 19 of that year. The device was equipped with various advanced features and a high-performance battery (3500mAh), which later emerged as the focal point of the issue (SAMSUNG, 2016). According to Zhang (2020), initial sales of the phones exceeded expectations; however, after a few days, it took an unexpected turn. Five days following the launch, the first reports of mobile ignition appeared. Samsung responded promptly to the problem to reassure the frightened customers. Firstly, the company recommended that customers use only the original adapter and limit its use when charging. However, with the increasing number of cases, Samsung held a press conference two weeks later.

The newly appointed chairman, Mr. Koh-Dong-jin, apologised on behalf of Samsung and immediately ordered the first recall of the mobile phones. He asked for immediate mobile returns from customers to exchange the battery for a different one, manufactured by a different company. Additionally, the company provided financial compensation to all affected customers and suspended sales of mobiles in 10 countries except China. The decision was justified by the fact that Chinese models had a different battery type, and there was no risk of ignition. However, it turned out to be untrue. As reported by Moynihan (2017), both types of batteries were defective despite being manufactured by different companies. Zhang (2020) adds that this later recognition of the problem caused a second wave of phone recalls in late October, already with restored batteries. Furthermore, Samsung permanently stopped production. This decision was enforced by US regulators, who banned the Samsung Note 7 from being taken onboard, as stated by the Transportation Security Administration (n.d.). This unfavourable situation in which Samsung found itself caused a decline in sales in the US, while its main rival, Apple, flourished in the market with a share of 41%. This might indicate a loss of customer trust in Samsung (Kadlec, 2016).

This immediate response from Samsung corresponds to the centralised leadership and top-down decision-making approach typical of chaebols, which was analysed in the previous chapter. The decision of Samsung to stop selling the phones throughout the world was a risky and high-cost move for Samsung. Therefore, it required approval at the highest level of the company, led by the newly appointed chairman, Koh Dong-jin. Moreover, Samsung's quick response and appointment of a new chairman demonstrate the company's effort to handle the situation efficiently and transparently. Even though Samsung endeavoured to minimise the crisis's impact while prioritising consumer safety, it remains unclear why Samsung had not acted uniformly. Samsung may have refrained from recalling products in China due to strong domestic competition. According to Farroqui (2017), the share of Chinese domestic mobile manufacturers was 87%, while Samsung had less than 3%. In addition, Samsung's biggest competitor, Apple, presented an 8% market share in China. Samsung was already at a disadvantage, therefore, it feared that product recalls would further strengthen the position of its rivals.

Although it seemed that Samsung had everything under control, the gap between employees and central management continued to widen, as evidenced by the annual

employee evaluation conducted each year. According to Reuters and Business Standard (2016), appraisals were that year more stressful due to the crisis. The unfavourable situation was escalated by frustrated employees and managers who were afraid of losing their jobs. This fear stemmed from an email sent by the aforementioned Koh Dong-jin, who allegedly outlined that staff members would face serious consequences due to a crisis, which Samsung had denied. Moreover, Reuters and Business Standard (2016) capture the personal feelings of employees who have made unofficial statements to the media during the crisis. An unnamed employee described the anxiety and tension in the company, where everybody was afraid to speak up or take any action. The tension in the company reflects a high degree of hierarchy and power distance in South Korea. Instead of collectively addressing the cause of the problem, as in Toyota, Samsung wanted primarily to blame and impose sanctions on employees. Therefore, the staff members were scared to come up with a possible suggestion to solve the problem. Despite the fear of being perceived as critical of authority, employees preferred to refrain from commenting on the situation. It corresponds with Hofstede et al. (2010), who illustrate that any criticism of authority is perceived negatively and unacceptable.

Once the situation had stabilised, Samsung publicly communicated the key reasons for battery explosions a few months later. To rebuild trust, Samsung implemented more precise battery inspections, consisting of more safety procedures, and created an advisory group for battery checks and safety (SAMSUNG, 2017). Even though Samsung analysed the root cause later, in contrast to Toyota, its determined collaboration with researchers highlights the long-term orientation of Samsung to prevent similar problems in the future. Instead of choosing a shorter-term solution that would have allowed Samsung to return to the market more easily and quickly, the company opted for a longer and more challenging path. Sincere and open communication with the public, followed by the implementation of stricter battery measures, which extend to future models, helped to restore customer loyalty. Overall, Samsung faced consequences due to its aggressive approach to innovation and the rapid launch of the new models, but it was able to learn from its mistakes. According to Reuters (2016), Samsung took the Note 7 crisis as an opportunity for growth, reflecting on their work, approach to innovation, and relationship with customers to further enhance them, which is the key pillar of Samsung.

The following table shows the advantages and disadvantages of Samsung’s crisis leadership strategies in response to the Galaxy Note 7 (2016) crisis.

ADVANTAGES	DISADVANTAGES
Fast reaction - The top-down decision-making of Samsung enabled a quick response to recall the phones while ensuring the safety of customers	Initial underestimation of the problem - The first recall (battery replacement) was ineffective, further damaging customer confidence.
Transparent and honest communication - Samsung quickly acknowledged the problem and admitted it publicly. Shortly after the first incidents, Samsung initiated a recall of the phones, followed by battery replacements to ensure customer safety.	Deteriorating work morale in the company - Employees at Samsung faced enormous pressure from top management, who threatened them that they would face the consequences of the crisis.
Rapid discontinuation of sales - With an increased number of phone explosions, Samsung completely stopped production and sales of the Note 7.	Sharp decline in sales - Samsung phone sales plummeted in the US, contributing to increased profits for competitors.
Implementation of stricter safety protocols - After the crisis, the company implemented more rigorous battery control and testing to enhance its safety credibility	Loss of Brand Trust – The ban on carrying and using the Samsung Note 7 on airplanes deteriorated Samsung's reputation for safety. Additionally, the company's inconsistent approaches strained relations with Chinese consumers.

Figure 13. Advantages and Disadvantages of Samsung’s Crisis Response. Adapted by the author based on the information listed above.

To summarise, Toyota’s response to the crisis **was slower and more methodical** compared to Samsung’s. While Toyota adhered to foundational principles, this approach proved to be time-consuming. The comprehensive technical examination of the issue, centralised leadership from Japan, and the subsequent vehicle recall were not under the expectations of the US customer culture. Consequently, Toyota’s actions were perceived as inaction and passivity, which eroded customer trust in the US. Recognising the shortcomings, Toyota acknowledged the necessity of communication improvement. It embraced collective responsibility and closely cooperated with US dealers to stabilise the situation. In contrast, Samsung’s **quick response** to the initial ignition of mobiles appeared to be more effective than Toyota’s approach. In contrast with Toyota, Samsung primarily

wanted to **protect its reputation**. However, the early recall was insufficient, as the problems persisted, leading to the complete cessation of products that affected the company’s trustworthiness. The introduction of more rigorous testing and battery checks has helped restore the company’s image as a reliable mobile phone vendor. Overall, both companies derived valuable lessons from the crises and implemented measures designed to bolster their resilience to future challenges and help restore customer loyalty.

The following table summarises the key differences in the companies’ responses, especially in the speed of initial reaction and public communication, identification of root cause and approach to problem resolution, implemented measures and consequences.

AREAS OF FOCUS	TOYOTA RECALL CRISIS	SAMSUNG NOTE 7 CRISIS
SPEED OF THE INITIAL RESPONSE	Slow communication with the US managers due to the systematic analysis of the problem, followed by a car recall.	Quick recognition of the problem, immediate recall of phones.
APPROACH TO PROBLEM SOLVING	Centralised decision making from Japan, car repairs and close collaboration with US dealers.	Centralised decision-making and two recalls of phones.
THE MAIN PROBLEM OF THE COMPANY’S REACTIONS	Slower response according to the US culture caused loss of the customer’s loyalty.	First, quick recall did not fix the problem, leading to the loss of customers’ trust.
CONSEQUENCES	Brand image deterioration; strengthening the relationships with subsidiaries to tackle future challenges	Short-term loss of reputation; implementation of stricter security standards.
TAKEAWAY FOR COMPANY	A need for faster response and greater autonomy of international managers.	The importance of thorough analysis before implementing a solution.

Figure 14. Comparison of the Crisis Responses of the analysed companies. Adapted by the author based on the information listed above.

Conclusion

This bachelor's thesis aimed to identify and compare the structural and leadership factors that contribute to the long-term success of Toyota and Samsung, and to analyse their impact on crisis response effectiveness. To achieve the main objective, leadership styles, organisational structure, and cultural values of selected companies were analysed, especially during the crises. Subsequently, the comparative method, focusing on the advantages and disadvantages of the crisis leadership strategies, allowed for the analysis of the key differences in the companies' responses, especially in the speed of initial reaction and public communication, identification of root cause and approach to problem resolution, implemented measures and consequences. The results of this analysis provided valuable insights into how various leadership and structural factors have influenced the resilience and sustained success of these companies.

The research findings confirmed the first hypothesis that a more centralised Chaebol model allows the company to react quickly to changes. The centralisation of decision-making power within the top levels of the company, headed by the family, enabled Samsung to take rapid and decisive actions without unnecessary delays. Indeed, this direct decision-making approach without further consultation with subordinates, reflecting high power distance and respect for authority, proved to be effective during the crisis, where time plays an important role. Although the company made several mistakes, including initial underestimation of battery safety, unequal treatment of regions, and intimidation of its employees, the ability to mobilise resources and staff employees to implement strategic solutions quickly helped Samsung in the challenging times. Moreover, the rapid innovation of new, safer batteries – aligning with Samsung's corporate philosophy – enabled a fast return to the market and restoration of consumer trust.

In contrast, Toyota during the crisis leveraged its strategic advantages of the Keiretsu structure, highlighting collective responsibility. Long-term relationships and mutual collaboration among companies within the conglomerate allowed Toyota to react effectively. Finding a long-term and sustainable solution has provided the stability for the company in times of disruption, which is essential in the highly competitive and volatile automobile industry. The collaboration of experts from various subsidiaries, along with the involvement of technicians and researchers, to collectively solve the problem, illustrated

deeply anchored principles – tight collaboration, consensual decision-making, *Nemawashi*, and continuous improvement, *Kaizen*. Moreover, the close collaboration of the US dealers and their employees in the vehicle repair process proved to be advantageous in difficult times. The effective coordination demonstrated the company’s unity and team-oriented spirit, helping to compensate for the delayed initial response. Therefore, **the second hypothesis of participative and team-oriented leadership in Toyota, influenced by collectivism and consensus-decision-making process (Ringi system), was proved.**

The findings of the thesis addressed the research question: **What structural and leadership factors contribute to the crisis resilience and long-term success of Toyota and Samsung?** The results revealed that the ability to overcome challenges and sustain long-term success is not contingent on a single variable. However, it is conditioned by the mutual relationship of multiple factors that are closely related to the leadership and structural aspects of the organisation. The key lies in a strategically designed crisis leadership approach that aligns organisational structures and internal processes, combined with context-sensitive leadership styles that reflect the company’s cultural values and long-term goals. While Samsung benefited from **the centralised leadership approach**, which reflects the traditional South Korean business model of **Chaebol**, focusing on **hierarchy and quick decision-making**, reflecting high power distance, Toyota relied on **team-oriented and participative leadership styles**, which are deeply rooted in the principles of **Japanese corporate culture** and the **Keiretsu system, reflecting team-work and collective responsibility**. Therefore, this harmonious relationship of organisational structure, leadership styles, and cultural values empowered Toyota and Samsung to manage the crises effectively without loss of control, and transform them into opportunities for long-term improvement and helped maintain sustained success.

The findings of the thesis contribute to the field of international leadership practices by providing new insights, how mutual relationships between organisational structure, leadership and cultural values contribute to the resilience and long-term success of Asian conglomerates. It underscores the need for the development of leaders who can guide organisations, even in times of crisis, while aligning with the cultural values and strategic direction, such as those at Toyota and Samsung. These leaders perfectly illustrate how to overcome the challenges by fostering collective responsibility, emphasising teamwork, and ensuring that decisions are aligned with the company’s core principles and long-term

goals, which include persistent innovation and the creation of a better world for people. These findings can be valuable for future leaders seeking effective cross-cultural leadership approaches, for multinational companies focused on cultural awareness and adaptability, as well as for researchers in international business and organisational studies. On a practical level, they offer valuable insights that can guide the development of effective leadership training programmes on how to enhance organisational resilience and support sustainable growth in culturally diverse environments.

Although this thesis was based on secondary data analysis, it provided a comprehensive overview of the successful leadership strategies and structural factors of two leading companies, Toyota and Samsung, operating in Japan and South Korea. Future studies could be extended to other conglomerates, presented in India or the Middle East, that remain insufficiently explored. Moreover, it could incorporate a synthesis of qualitative and quantitative methods, enriched by data directly from leaders or employees, thus contributing to a deeper understanding of cross-cultural leadership challenges in the 21st century.

In conclusion, despite the significant difference between Asian companies – Toyota and Samsung- both companies have shown **the importance of the harmonious relationship of organisational structure, leadership styles, and cultural values** that helped them not only to overcome crises, but also to compete with Western companies and achieve long-term success in the global market.

Resumé

Hlavným cieľom bakalárskej práce bolo identifikovať a porovnať štrukturálne a vodcovské faktory, ktoré prispeli k dlhodobému úspechu spoločností Toyota a Samsung, a analyzovať aký vplyv mali na efektivitu riešenia krízy. S narastajúcim vplyvom Ázijskej ekonomiky na čele s poprednými spoločnosťami, ktoré sú známe svojimi inováciami v oblasti technológie a automobilového priemyslu, bolo dôležité preskúmať, čo umožňuje práve týmto spoločnostiam prosperovať, aj napriek pretrvávajúcej nestabilite na globálnom trhu. Táto práca sa zameriavala na dve konkrétne Ázijské spoločnosti – Toyota (Keiretsu) a Samsung (Chaebol), ktoré sa v porovnaní so západnými konkurentmi výrazne odlišujú štruktúrou a štýlom vedenia. Porovnanie týchto dvoch spoločností, ktoré pôsobia v Japonsku a Južnej Kórei, efektívne poukázalo na to, ako sa tieto dve kultúrne podobné krajiny, zakotvené v konfuciánskych tradíciách, líšia v spôsobe riadenia podnikov, aj v čase krízy, čo má výrazný vplyv na ich dlhodobú konkurencieschopnosť.

Na dosiahnutie cieľa práce sa uplatnil kvalitatívny výskumný postup s využitím sekundárnych údajov z kníh, odborných článkov, oficiálnych webových stránok vybraných spoločností a výročných správ. Metodologický rámec zahŕňal deskripciu, dedukciu, analýzu, syntézu a komparáciu. Deskriptívna metóda bola použitá na ilustráciu teoretických konceptov vodcovstva, kultúrnych dimenzií a podnikových štruktúr Keiretsu a Chaebol. Na základe zistených poznatkov sa prostredníctvom dedukcie formulovali hypotézy o očakávaných štýloch vedenia. Analýza sa zameriavala na podnikové kultúry a každodenné fungovanie spoločností Toyota a Samsung, zatiaľ čo syntéza prepájala teoretické zistenia s konkrétnymi prípadmi, ktoré demonštrovali ich praktické využitie. Komparatívna metóda porovnávala dva konglomeráty a ich krízové reakcie s cieľom analyzovať efektivitu a vplyv na dlhodobú stabilitu. Táto metóda poskytla jasný a komplexný prehľad o prístupoch vedenia a každodenných operáciách v najznámejších ázijských spoločnostiach, ktorý môže slúžiť ako študijný materiál pre jednotlivcov.

Predložená bakalárska práca pozostávala zo štyroch kapitol rozdelených na teoretickú a empirickú časť. Súčasťou práce bolo 14 schém, ktoré ilustrovali všetky dôležité informácie. Prvá kapitola poskytla komplexný prehľad teoretických poznatkov, ktoré vytvorili pevný základ ďalšieho skúmania. Definovala pojem vodcovstva a charakterizovala štýly vodcovstva, ktoré sú typické pre krajiny Konfuciánsky-Ázijského zoskupenia, do ktorého patrí Japonsko a Južná Kórea. Zo zistení vyplynulo, že najviac

zastúpený bol charizmatiký a tímovo-orientovaný vodcovský štýl, ktoré kladú dôraz na strategickú víziu, napredovanie a vzájomnú spoluprácu spoločnosti. Okrem toho bola kapitola obohatená o syntézu kultúrnych dimenzií od uznávaných autorov v oblasti medzikultúrnej komunikácie. Opisovala kľúčové kultúrne hodnoty Ázie – mocenský odstup, hierarchiu, kolektivismus, vyhýbanie sa neistote a dlhodobú orientáciu – s cieľom poukázať ako sa tieto jednotlivé hodnoty odrážajú v spoločenskom a pracovnom živote.

Druhá kapitola skúmala historický vývoj Keiretsu štruktúry. Podrobne opísala jej vznik, vývin a následnú štrukturálnu transformáciu v 20. storočí v kontexte pomaly rozvíjajúceho sa japonského hospodárstva. Táto kapitola obsahovala hĺbkovú analýzu konglomerátu Toyota, ktorá odhalila základné princípy riadenia spoločnosti. Poukázala na dôležitosť tímovej spolupráce zamestnancov a firiem, ktorí svojimi názormi prespievajú k spoločnému rozhodovaniu, známe ako *Nemawashi*. Zdôraznila aj potrebu neustáleho zlepšovania a napredovania spoločnosti, *Kaizen* a posilnenie vzťahov v rámci štruktúry, ktoré sú pevne zakotvené v kultúre spoločnosti.

Tretia kapitola podobne skúmala vznik a rýchly rozvoj Chaebolov, pričom ilustrovala základné charakteristiky centralizovaného riadenia tohto juhokórejského konglomerátu. Táto kapitola obsahovala aj metodologickú analýzu konglomerátu Samsung, ktorá poukázala na kľúčové zmeny v podnikovej kultúre a riadení spoločnosti od jej vzniku. Analýza odhalila ako sa z malej obchodnej spoločnosti stal celosvetový výrobca špičkovej technológie, pričom zdôraznila centralizáciu moci, hierarchiu a vzdelávanie zamestnancov.

Štvrtá kapitola porovnávala reakcie spoločností Toyota a Samsung na krízy, ktorými si prešli. Zatiaľ čo obe spoločnosti čelili masívnemu odvolávaniu produktov, ich prístupy k riešeniu problémov sa výrazne líšili. Komparatívna analýza, ktorá sa zameriavala na výhody a nevýhody stratégie krízového riadenia, umožnila identifikovať kľúčové faktory, ktoré ovplyvnili spôsob efektívneho prekonávania problémov, vďaka ktorým si dokázali udržať ich stabilnú pozíciu na trhu.

V rámci výskumu bola ako prvá overená hypotéza, podľa ktorej centralizovaná organizačná štruktúra Chaebol umožní Samsungu rýchlu a efektívnu reakciu na neočakávanú zmenu na trhu. Hierarchický systém spoločnosti, ktorý si zakladá na rozhodovaní zhora nadol, kde najdôležitejšiu úlohu zohrávajú najvyššie úrovne riadenia spoločnosti na čele so zakladateľom, umožnil Samsungu rýchlo stiahnuť chybné telefóny

z trhu, a tým zabezpečiť vedúce postavenie. Práve toto rýchle rozhodovanie, bez zbytočnej konzultácie naprieč viacerými úrovňami spoločnosti, ktoré je v súlade s dimenziou mocenského odstupu, sa ukázalo byť kľúčové v období krízy, kde čas zohráva dôležitú úlohu. Napriek tomu, že sa spoločnosť dopustila viacerých zásadných pochybení počas krízy – nerovné zaobchádzanie s čínskym trhom či interné zastrašovanie zamestnancov, dokázala vykompenzovať nedostatky rýchlymi inováciami v oblasti technológie, a vytvoriť bezpečnejšie batérie pre svoje modely, ktoré obnovili úspech kórejskej spoločnosti. Naopak, japonská spoločnosť Toyota ťažila počas krízy zo štrukturálnych výhod Keiretsu modelu. Dlhodobé vzťahy, vzájomná dôvera a spolupráca spoločností v rámci konglomerátu umožnila efektívne riešenie problému. Za účelom nájsť vhodné a dlhodobé riešenie problému, ktoré prinieslo stabilitu spoločnosti sa spoločne podieľali viacerí špecialisti a technici. Práve táto vzájomná podpora odráža základné hodnoty spoločnosti ako konsenzuálne riešenia *Nemawashi*, spoluprácu, a neustále zlepšovanie *Kaizen*. Navyše spoločné úsilie amerických predajcov Toyoty počas krízy, ktorí sa snažili poskytnúť pomoc zákazníkom viacerými spôsobmi, výrazne pomohlo vyvážiť nedostatok pomalej počiatkovej reakcie Toyoty, ktorá spočiatku verejne nekomentovala situáciu. Tieto zistenia prispeli k potvrdeniu pravdivosti druhej hypotézy o participatívnom a tímovom orientovanom vedení v spoločnosti Toyota, ktoré je ovplyvnené kolektivismom a procesom prijímania rozhodnutí na základe konsenzu (systém Ringi).

Zistenia tejto práce zodpovedali výskumnú otázku, týkajúcu sa vodcovských a štrukturálnych faktorov, ktoré prispievajú k odolnosti voči kríze a dlhodobému úspechu spoločností Toyota a Samsung. Výsledky poukázali, že schopnosť prekonávať výzvy a udržať si dlhodobý úspech nie je určený jednou premennou. Je však podmienený vzájomným vzťahom viacerých faktorov, ktoré úzko súvisia s vedením a štrukturálnymi aspektmi organizácie. Kľúč k úspechu vyplýva zo strategicky navrhnutého prístupu krízového vedenia, ktorý zosúladzuje organizačné štruktúry a vnútorné procesy v kombinácii s kontextovo citlivými štýlmi vedenia, ktoré odrážajú kultúrne hodnoty a dlhodobé ciele spoločnosti. Zatiaľ čo spoločnosť Samsung ťažila zo centralizovaného prístupu vedenia, ktorý odráža tradičný juhokórejský obchodný model Chaebol, zameraný na hierarchiu a rýchle centralizované rozhodovanie, Toyota sa spoliehala na tímovo orientovaný a participatívny štýl vedenia, ktoré sú hlboko zakorenené v princípoch japonskej podnikovej kultúry a systému Keiretsu, odrážajúceho tímovú prácu a kolektívnu zodpovednosť. Harmonický vzťah organizačnej štruktúry, štýlov vedenia a kultúrnych

hodnôt umožnil Toyote a Samsungu efektívne zvládnuť krízy bez straty kontroly. Vďaka tejto harmónii boli spoločnosti schopné transformovať výzvy na príležitosti, ktoré viedli k dlhodobému zlepšeniu a upevnili ich pozíciu na trhu.

Výsledky práce prispievajú do oblasti medzinárodnej praxe vedenia tým, že poskytujú nové poznatky o tom, ako vzájomné vzťahy medzi štruktúrou, vedením a organizačnou kultúrou prispievajú k odolnosti a dlhodobému úspechu ázijských konglomerátov. Zdôrazňuje potrebu rozvoja lídrov, ktorí dokážu viesť organizácie aj v čase krízy a zároveň sú v súlade s kultúrnymi hodnotami a strategickým smerovaním, ako je to napríklad v spoločnostiach Toyota a Samsung. Tieto spoločnosti ilustrujú, ako efektívne prekonávajú výzvy tým, že podporujú kolektívnu zodpovednosť, kladú dôraz na tímovú spoluprácu a zabezpečujú, aby rozhodnutia boli v súlade so základnými zásadami a dlhodobými cieľmi spoločností, medzi ktoré patria neustále inovácie a vytváranie lepšieho sveta pre ľudí. Tieto zistenia môžu byť cenné pre budúcich lídrov, ktorí hľadajú účinné štýly medzi-kultúrneho vedenia, pre nadnárodné spoločnosti, ktoré sú zamerané na kultúrne povedomie a adaptabilitu, ako aj pre výskumníkov v oblasti medzinárodného podnikania a organizačných štúdií. V praktickej rovine ponúkajú cenné poznatky, ktoré môžu usmerniť vývoj účinných programov odbornej prípravy vedúcich pracovníkov o tom, ako zvýšiť odolnosť organizácie a podporiť udržateľný rast v kultúrne rôznorodom prostredí.

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