

# Toyota's culture and the "sticky pedal" case study examples

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The complaints about the faulty acceleration systems of the cars manufactured by the Toyota Company surfaced as early as March 3, 2004. However, the company took long to address this issue and ended up between a rock and a hard place. The cause for this prolonged delay in the assessing of these faults in their vehicles was due to the culture of organization within Toyota. Negative results and feedbacks within the company were sealed within the company instead of being addressed. This showed that the company was afraid of any shame or tainting of its public image; thus admitting to the fault would have gone against Toyota's policy. Furthermore, the leadership of the company does not get to receive negative information about the company on a timely basis or full scale. The policies of the company prevent them from doing so. The organization at Toyota is formal and hierarchal, thus insulating the leaders of the company from negative information.

Changing the culture of an organization from one that rewards secrecy to one that exalts transparency is strenuous. The workers, management and stakeholders will have to work hand in hand in order to achieve such a state of operation. The organization of a company that operates on secrecy might be due to the maintenance of respect for the senior officials in the company. The constant revelation of plans and failures might have deleterious effects on the relationships of the various leadership calibers in the company resulting to decreased production. Secrecy allows the company to withhold issues that might hurt its public reputation. Transparency calls for the unbiased revelation of faults (and successes as well) to the public. This can reduce a company's consumer-base and engender it to polish its tattered

reputation. On the other hand, secrecy allows time to solve any discrepancies before a scandal brews, thus solving faults without the loss of public trust. Therefore, it is hard to change the organization of a company from a culture of secrecy to one of transparency.

If I was the president of Toyota Motor Corporation I would have handled the “sticky pedal” issue differently. The ideology of perfect reports and zero faults from the personnel employed within the company would have been the first thing that I would have phased out. This would have allowed the information about the faulty accelerators to reach the management in time. This would have prevented the continuous production of vehicles by the company for six more years that would have been costly to repair. Putting the consumer’s opinion and feedback a key priority in the company would have enabled the March 4, 2004 complaints to be taken seriously avoiding the lawsuits that were based on the ignorance of such complaints. Maintaining ethical standards within the company and its policies will also improve the image of the company. The ignorance of complaints and inaccurate presentation of facts to company stakeholders is unethical behavior. As company president such behavior will not prevail as it hurts the public reputation of the company. This reduces the customer base of the company as well as costing the company hordes of cash in settling claims. The production of quality vehicles by the company for numerous years should be maintained, if not improved. The return of all those cars with the faulty acceleration systems for repair would be my first strategy. The correction of the faults in all other cars that were in the process of being manufactured will follow. A public apology is in order to calm down the customers who spent a lot in buying the

vehicles from my company. Finally, a compensatory scheme would be formulated to settle those that were adversely affected by the faulty acceleration systems.