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Corporate Wrongdoing and Reputational Risk: A Genealogical Analysis of Toyota's Recall Crisis in 2010

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12.1 Introduction

Ideally, managers should fully grasp the idea of corporate social responsibility (CSR) and the vital role that it plays in strategically implementing business policies and activities and the long-term success of commercial enterprise in the twenty-first century. However, major Japanese corporations, such as Kobelco, Mitsubishi Materials, Mitsubishi Motors, Nissan Motors, Olympus, Subaru, Tokyo Electric Power Company, Toray, Toshiba, Toyota, and others, fail to fulfill their social responsibilities as corporate citizens, and have committed a series of actions which have brought these companies into disrepute. It is true that these companies have engaged in a wide range of negligent activities, wrongdoings, and crimes, with various impacts and victims. However, it seems that two related features are common in the behavior of companies discussed here: (1) inadequate CSR practices before the

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F. Farache et al. (eds.), *Responsible People*, Palgrave Studies in Governance, Leadership and Responsibility, https://doi.org/10.1007/978-3-030-10740-6_12

exposures of their wrongdoings and (2) poor responses to public criticism up to, and in some cases beyond, the point when the company is dragged into corporate crises. Although these two features have usually been studied as separate categories, either public relations (PR) or CSR, the two features are, I suggest, intricately intertwined. The managers of Japanese corporations that were accused of their wrongdoings may have defined CSR on their own term, created particular views on CSR, and engaged in CSR-related activities years before the “significant” events which led to their corporate crisis. Because of their particular views of CSR, they may also have an inadequate response to public criticisms upon the disclosure of their corporate wrongdoings, and the corporations are subsequently dragged into these crises.

Some practitioners conceive CSR activities as tools to protect organizations against criticism and to influence the external environment (Cornelissen 2011). To do so, they try to intervene into the external environments (or civic societies) and even emasculate the powers of the public who potentially become stakeholders in criticizing the corporations in the spotlight in advance. Consequently, the managers of these corporations may have believed that even though the corporations were involved in wrongdoings, they would not be dragged into the crises; as few stakeholders, especially the media and politicians, offer strong and sustained criticism of corporations in Japanese society.

Toyota’s recall crisis in 2010 offers us an opportunity to discuss the validity of this CSR reasoning (Chikudate 2011) and activities related to CSR by carefully examining consequent results. This study does not assume that this CSR reasoning “causes” corporate wrongdoings. However, the managers in Toyota worsened the situations by inappropriately behaving and speaking in public before and upon the exposures of wrongdoings. Such behaviors and speeches may have been informed by their own views on CSR. In this chapter, I conduct an analysis regarding Toyota’s history where its particular views and practices relating to CSR and a similar wrongdoing have already been reported years before its recall crisis in 2010.

12.2 Theoretical Frameworks

12.2.1 Corporate Crisis as a Legitimacy Crisis

A corporate crisis can be categorized as specific, unexpected, and non-routine event, or series of events (Ulmer et al. 2011). Furthermore, regardless of the intentionality, if the wrongdoings that are conducted by corporations are observed, it is likely for those corporations to be criticized. Then, they often face social legitimacy crises. During such crises, as public animosity toward a corporation intensifies, it may become the target of *social sanctions*. Such social sanctions are likely to arise in conditions where the general public feels compelled to gather information from events and participate in a rhetorical group to say something to the others or participate in a public debate (e.g., Taylor 2009). Such public debates may not only be held in the traditional media but also using social media, such as Twitter, Facebook, and blogs (e.g., Schultz et al. 2011). Social sanctions may take various forms, such as rejection by opinion leaders, boycotting, and damaging the products/services of focal corporations, hundreds of telephone calls/faxes/emails, among other things.

In these critical situations, the corporations may choose different responses to mitigate criticisms, such as denial, attacking accusers, admitting guilt, and apologizing for misconduct (Benoit 1995). Although many other circumstances intervene, previous stakeholder relations influence the mindsets of some practitioners when choosing responses to the criticisms. In some corporations, PR or crisis management teams are trained and are strategically and proactively prepared for crises. PR practitioners try to establish and maintain a dialogue with the stakeholders about important issues, although this can be a time-consuming process (Cornelissen 2011). In other words, some corporations strategically build a *buffer* against criticism before any crisis arises, and CSR activities play significant roles.

12.2.2 CSR

There is little consensus on definitions and views of CSR (Windsor 2006), but some scholars and practitioners consider CSR activities as a “buffer” against public criticism during corporate crises. Among these perspectives, there are at least two contrastive foundations for reasoning, with respect to CSR: (1) normative or (2) instrumental reasoning. Scholars and practitioners who use normative reasoning tend to consider that *a reservoir of goodwill* that is accumulated through previous CSR activities helps corporations to survive during a crisis (Bhattacharya and Sen 2004). With this reasoning, prior *corporate reputations* and past CSR activities with goodwill have an influence on public attitudes during ongoing corporate crises (Vanhamme and Grobhen 2009). Corporate reputation refers to an evaluation of a corporation and its ability to deliver particular goods a perceptual assessment of the corporation, which can be intangible assets for the corporations (Gardberg and Fombrun 2006). The normative reasoning in CSR activities tends to portray corporations creating a public image as honored and responsible citizens in civic societies (Windsor 2006).

On the other hand, practitioners who rely on instrumental reasoning in CSR tend to favor the managing or controlling of interactions with particular stakeholders, rather than including all members of the society. Here, stakeholder refers to “any group or individual who can affect or is affected by the achievement of an organization’s purpose” (Freeman 2010, p. 53). As postulated by Friedman (1970), instrumental CSR reasoning justifies socially responsible behaviors solely on economic grounds and puts the priority of profit maximization above anything.

One notable characteristic of instrumental reasoning is that corporations try to prevent the stakeholders’ interference with internal operations (Cornelissen 2011) by building buffers against their claims and interests (Freeman 2010). The rationale is that some stakeholders may have an “illegitimate” objective to interfere with the smooth operations of business. Extending this thinking to a corporate crisis, as long as the focal corporations make their critical stakeholder groups inactive, the corporations can be protected from being attacked or criticized.

Especially large corporations receiving increased media coverage who are more likely to have their legitimacy challenged (Deephouse 1996). Such coverage may be biased and filtered (Freeman 2010). That is why Freeman (2010, p. 22) labeled the media as stakeholders, saying, “Little stirs the anger in an executive more than an ‘unfair’ story in the press.” Thus, some executives identify salient stakeholders who actually possess power and have influence on the legitimacy of the focal corporations (Mitchell et al. 1997).

To buffer the claims and interests of these stakeholders, some corporations may focus on strategic maneuvering by attempting to influence the stakeholders’ attitudes and opinions (Cornelissen 2011) even before a corporate crisis. With this approach, along with a persuasion strategy, a corporation tries to either insulate itself from external interference or to actively influence stakeholders in its environment through such means as contributions to political action committees, lobbying, advocacy advertising (Cornelissen 2011), and advertising fees for private media in the name of CSR.

It would be true that some managers may mix both normative and instrumental reasoning with regard to CSR in practice. As a result, it may be difficult to discern which CSR reasoning they used. However, if corporations are considered as “anthropomorphized” entities, it may not be so difficult for outsiders of the corporations to discern whether managers of corporations tend to use either normative or instrumental reasoning in relation to CSR activities.

12.2.3 Anthropomorphized Corporations as Citizens

Although corporations exist as legal entities, some legal theorists justify attributing “corporate moral personhood” to corporations (e.g., Ripken 2009) by observing arising incidents of corporate wrongdoings especially since the global financial crises in 2008. According to this view, corporations should be conceived as “moral agents” (Maclagan 2008). Here, it is assumed that a corporation can be personified as a living, mature adult in a highly civilized society (Chikudate 2010). The mature adult in a highly civilized society is referred to as a *citizen*, and

thus, some business ethics scholars regard corporations as citizens (e.g., Waddock 2002). This notion of “corporate personhood” has been reinforced to some extent, in the United States at least, by the Supreme Court in *Citizens United vs. FEC* (Avi-Yonah 2010) which granted corporations many of the same free speech rights as citizens.

Along these lines, corporations are increasingly expected to fulfill the duties of responsible citizens (Waddock 2002), the same way humans are. As for CSR, philanthropic activities to build a reservoir of goodwill are expected for corporations to become honored corporate citizens (Windsor 2006). Thus, if a corporation is honored as a good citizen, its positive reputation would grow in the society. On the other hand, even though the burden of legal responsibility would be obscure (Schultz 1996), the corporations “who” do something wrong could also be held criminally liable for their misdemeanors (Donaldson and Werhane 1988).

As moral agents of corporate citizens, it is ideal for corporations to possess virtue and integrity in their characteristics just like some “human beings” that have the same characteristics. Corporations should also maintain and harness such good characteristics as responsible corporate citizens, and this view is closely intertwined with a normative view of CSR. Being normative in this case means that corporations should *behave as collectively expected* (Habermas 1992) within the given civic societies. Furthermore, corporations should “speak” as collectively expected, which is as responsible citizens in the public sphere, especially when their practices are being questioned by the general public. In this view, a corporation is considered as an agent who actually “behaves and speaks” properly in public (Chikudate 2010; Schultz 1996). In other words, the corporation is “anthropomorphized,” or imagined as a singular human entity. The assumption in this idea is that the general public tends to consider any activities of corporate communications, including issued public statements, public behaviors and speeches of corporate executives, press conferences, and others as if “a single human being” behaves or speaks especially when wrongdoings of corporations are exposed (Chikudate 2010). It would be also possible for the outsiders to observe the corporation’s own views and definitions of CSR because anthropomorphized corporations actually “spoke” such views/definitions and behaved accordingly.

12.3 Methods

In this study, I use the Foucaultian method for archival records, also called genealogy. In genealogy, it is assumed that the usage of history is “to help us see that the present is just as strange as the past” (Kendall and Wickham 1999, p. 4). In other words, the researchers use history as a way of diagnosing problems in the present (Kendall and Wickham 1999). Using this approach, the present problem to be discussed in this study is the recall crisis of Toyota.

I do not intend to chronologically detail the events regarding the recall crisis of Toyota in 2010 but instead draw on searches for historical facts regarding Toyota’s previous behaviors and speeches as an anthropomorphized corporation, which are publicly available records and archival documents, including Toyota’s prior CSR activities behind the scenes. Then, I critically analyze the meanings of several significant events to reveal the latent structure of Toyota’s recall crisis in 2010.

12.4 A Genealogical Analysis

12.4.1 Overview of Toyota’s Recall Crisis

In 2010, Toyota dearly wanted to end the severest crisis defined by its president, Akio Toyoda, since it was founded (Hōdō Station 2010). Although there had been issues concerning Toyota cars since 2007, Toyota’s recall crisis started in the United States in 2009. Toyota received negative media coverage in spring 2010, involving such issues as sticking pedals, sudden acceleration, steering problems, and problems with the electronic control systems of various models (e.g., Saporito 2010). The U.S. media also repeatedly played footage of a horrific crash involving a California highway patrolman, reportedly caused by loose floor mats. Toyota issued recalls on various models on a global scale. As a result, Jim Wiseman, the group vice president for corporate communications at Toyota Motor of America said, “When you’re getting three or four hundred [media] inquiries a day, you’re just doing your best to keep up with them. I don’t think any of us were really prepared

in the early stages for how big the onslaught could be” (Liker and Ogden 2011, p. 129). On February 3, 2010, Ray Lahood, the chief of the National Highway Traffic Safety Administration (NHTSA) announced that Toyota cars should not be driven (ABC News 2010b). Thus, Toyota received severe social sanctions.

On February 18, 2010, the U.S. Congress issued an invitation to Toyota to testify at a public hearing. On February 23, 2010, James E. Lentz III (Jim Lentz), President of Toyota Motor Sales U.S.A., testified at the hearing. On February 24, 2010, Akio Toyoda and Yoshimi Inaba (the chief executive of Toyota’s United States operations) also testified. Finally, Ray Lahood announced on February 8, 2011, “[...] we feel that Toyota vehicles are safe to drive” (CBS News 2011).

12.4.2 Toyota’s Recognition of the Crisis

Jim Lentz testified during the public hearing that Americans were not empowered to authorize any recall decisions in the United States; the authorization had to come from Japan (e.g., News 9 2010b). Many parts of the organization, especially the most senior leadership in Japan, simply did not appreciate the depth of the crisis that Toyota was facing in the United States (Liker and Ogden 2011). In fact, Akio Toyoda retrospectively identified the gap in understanding local conditions and the urgency between regions and headquarters as a major contributor to the evolution of the crisis:

There was a gap between the time that our U.S. colleagues realized that there was an urgent situation and the time that we realized here in Japan that there was an urgent situation happening in the United States. It took 3 months for us to recognize that this had turned into a crisis. In Japan, unfortunately, until the middle of January, we did not think that this was really a crisis. (Liker and Ogden 2011, p. 28)

Then, the question to be asked is, “Did Toyota really not prepare for the crisis and/or did they do something through their CSR activities?” As for CSR activities in the United States, some of the U.S. media disclosed

Toyota's political donations (e.g., CBS News 2010) aside from paying a lot of taxes, hiring U.S. workers, and philanthropic activities. In fact, Toyota's CSR activities seem to be based on their own views and definitions of CSR.

12.4.3 Toyota and CSR: The Public and Private Face of Corporate Policy CSR

Anthropomorphized Toyota defined CSR years before the crisis. It is true that Toyota boasted on its homepage about its CSR policy of being an ecologically and environmentally friendly company by producing energy-efficient cars (Toyota Motor Corporation 2008). Toyota also stated, "Honor the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world" (Toyota Motor Corporation 2018) as one of its guiding principles. The company (2008) also announced that their code of ethics and CSR principles were in accordance with Keidanren (Japan Business Federation) (2017), which have institutionalized practices among 1350 representative companies in Japan. Keidanren represents the club for elite Japanese companies, and Toyota was proud of having its former president being now Keidanren's president. This means that Toyota tried to identify itself as the face or leader of elite Japanese corporations. In the official version of Keidanren's code of ethics and CSR principles, ethics, being moral, green, sustainable, and such, were the common terms stated (Keidanren 2011). On October 26, 2010, Hiromasa Yonekura, former chairperson of Keidanren and former president of Sumitomo Chemical, however, disclosed his definition of CSR, "For individuals and corporations, political donation is one aspect of CSR. As long as [politicians] receive it, we are very happy to offer them to our advantage" (*Nihon Keizai Shimbun Morning Issue* 2010, p. 3). This view of CSR was, in fact, consistent with the statement of Hiroshi Okuda, Toyota's former CEO and president. On May 27, 2003, Hiroshi Okuda announced "We are willing to give political donations by evaluating the policies of each political party" (*Asahi Shimbun Morning Issue* 2003, p. 8). Hiroshi Okuda was also the

chairman of Keidanren before Hiromasa Yonekura. Here, it would be inferred that the managers of Toyota may have incorrectly defined political donations as an aspect of CSR, however Toyota's managers did not perceive the definition as incorrectly. In fact, Toyota's political donations in the United States reflected this view.

Besides political donations, the tracing of historical facts of anthropomorphized Toyota's speeches in public years before its recall crisis in 2010 indicates that Toyota's CSR activities include the following: (1) doing some of the groundwork to charm the salient stakeholders who exerted their influence on Toyota, (2) sidelining stakeholders who are critical about Toyota, and (3) self-justifying Toyota's operations while disregarding the law in the process.

12.4.4 Charming the Salient Stakeholders

Anthropomorphized Toyota often disclosed its instrumental CSR orientation in its support for salient stakeholders who were potentially useful to the company. Former CEOs and presidents of Toyota, including Fujio Cho and Katsuaki Watanabe, who represented Toyota in the public eye openly supported the candidates belonging to Liberal Democratic Party (LDP) during the national election in 2005; they mobilized the managers of Toyota and its suppliers in the Toyota Kingdom located in Aichi prefecture where many local residents were affiliated with Toyota (Yokota and Sataka 2006). Thus, Toyota identified LDP as one of the salient stakeholders who could be strong supporters for Toyota, and Toyota did have an influence on Japan's politics and tried to shape Japan's public policies via its relationship with the LDP.

12.4.5 Japanese Private Media That Were Sidelined by Toyota

Toyota also tried to manage and control the Japanese media (stakeholders) that were potentially critical about Toyota for their own purposes. On November 12, 2008, at a meeting in the Prime Minister's Office,

Hiroshi Okuda, who served as the chair for the Informal Assembly for Planning Public Health and Labour Policy, said:

I am personally angry. Partly with the newspapers, but largely with the private TV stations, where a few guys show up in programs from morning to night to criticize the Ministry of Public Health, Labour, Welfare, Insurance and Pensions...Shall I retaliate?...To be honest, the big corporations would not let them appear on TV. It is obvious that the sponsors of such TV programs are not big corporations (such as Toyota) but small pachinko parlors [semi-gambling places], saunas or udon noodle [fast food] shops in the provinces [of peripheries in Japan]. (*Asahi Shimbun Morning Issue* 2008, p. 38; *Nihon Keizai Shimbun Morning Issue* 2008, p. 5)

Asahi Shimbun Morning Issue (2008, 38) provided further details, as follows. One of the attendees at the meeting criticized Hiroshi Okuda, “Would you stop sponsoring the media if they criticized you? That’s overkill!” Worse, Hiroshi Okuda, who was furious, countered, “In reality, it is already happening” in front of the media. Therefore, because of the shortage of advertising fees in the Japanese private media after the financial crisis in 2008 (e.g., *Shukan Diamond* 2011), such a rhetorical performance created a certain image of Toyota; an arrogant, large corporation to whom other members of society have to bow.

In fact, because of this rhetorical performance of the former CEO and president of Toyota in public and Toyota’s advertising fees to private media in Japan, some Japanese journalists may have constructed a certain reality. Soichiro Tahara, a pundit and journalist in Japan, let something slip when he introduced Seiji Maehara, Minister of Land, Infrastructure and Transportation, on his live show covering Toyota recall crisis in 2010; “In Japan, nobody [especially LDP politicians who have benefitted through Toyota’s donations and the private media in Japan] has anything negative to say about Toyota except you, Sir, Mr. Maehara [belonging to Democratic Party of Japan]” (Sunday Project 2010).

Indeed, Japanese *private* media rarely reported the incidents in the United States. The media organization that scooped the Toyota crisis was in fact NHK, the public media in Japan. NHK camera crews interviewed

Akio Toyoda during the Davos conference of the World Economic Forum. Then, the same interview was aired by ABC News (2010a) in the United States on January 29, 2010, because ABC is an affiliate of NHK. Under these circumstances, Japanese executives in Toyota headquarters may have miscalculated that their belief of sustaining the buffer from the accusations from private media in Japan could be also applied to the public media even in Japan and U.S. media whose legitimacy and journalistic ethics were not influenced by advertising fees.

12.4.6 Toyota's Self-Justifying Attitudes

Because of instrumental CSR activities, Japanese executives in the Toyota headquarters may have been confident in maintaining the company's legitimacy in the early stages of its crisis before 2010. Their version of reality about the situation was as follows; *the nature of the problems was merely a technical matter of floor mats, and the majority of accidents were attributed to the mishandling of the drivers*. For example, when a delegation of the NHTSA visited Toyota headquarters in Japan, the executives in charge of product quality tried to justify their position. During the press conference on February 9, 2010, Shinichi Sasaki (vice president in charge of quality control) confessed, "Regarding the floor mats [that caused the pedals to stick], our univocal explanation [to the delegation of the NHTSA in December 2009] was that American customers simply did not use the mats appropriately. Then we received severe criticism and were asked, 'Does Toyota still think that way?'" (A to Z 2010). Toyota was reluctant to issue the recalls. From this moment, Toyota, whose top quality control officer never questioned Toyota's legitimacy, had to go through the battle with NHTSA, the U.S. authority for regulation.

Toyota behaved in a similar way before as battling with NHTSA in 2009 and was already charged in Japan due to similar recall problems. Archival records showed that before the public accusations against Toyota from 2010 to 2011, three Toyota managers were sent the papers pertaining to a criminal case to the public prosecutor's office in 2006 because of its mishandling recalls of Hilux, station wagons (*Asahi*

Shimbun Morning Issue 2006). A driver who drove a Hilux was killed because of its deficient steering relay rod, and there were at least 11 claims about the same deficiency. However, Toyota hid this for 12 years. Toyota submitted an investigation report to Ministry of Land, Infrastructure and Tourism (MLIT), the supervising agency, although Toyota justified its position of quality control (*Asahi Shimbun Evening Issue 2006*). In other words, something may have already been wrong inside Toyota before 2010. It is true that Toyota's recall crisis in 2010 occurred in the United States and not in Japan, and that the Toyota Japanese executives in charge may have been different from those in charge of the recall case of 2006 in Japan. However, from these historical records, it becomes obvious that anthropomorphized Toyota's self-justifying attitudes may have led the corporation to disobey the laws and regulations in given societies because it was consistent and did not change from 2006 to 2009 to 2010.

12.4.7 Toyota's Human-Like Attitudes and Rhetorical Performances

Such self-justifying attitudes manifested in the very crucial moments of speaking to the public because the attitudes of anthropomorphized Toyota were consistent. On February 3, 2010, talking about the loss of function or delaying of brake action in the Prius, Shinichi Sakaki said, "[There is no mechanical problem with the Prius], it is a matter of [the driver's] feeling...Since Toyota's customers get used to the feeling of Toyota, they may feel something wrong once something different happens" (*Asahi Shimbun Morning Issue 2010*). A public comment made by another Toyota executive had the same connotation. During the press conference on February 4, 2010, concerning the Prius anti-lock braking system (ABS), Hiroyuki Yokoyama (managing director) said, "There may be incompatibility between the drivers' senses and the movements of the car. If drivers have not experienced such phenomena before, they may feel anxious" (News 9 2010a). Because Toyota executives rarely needed to communicate with stakeholders whose influence was not controllable (Linstead 2001), it is obvious that these executives revealed that they were suffering from a condition of collective myopia,

defined as “the situation in which members of certain communities or organizations are able to make sense and give sense in each context in which they live but are not able to monitor the emerging order or patterns as a whole created by themselves” (Chikudate 2002, p. 294). In collective myopia, the way they make sense of and explain issues which do not include customers in their limited contexts within their Toyota castle. That is why they spoke as representing Toyota to the public in their attitudes of anthropomorphized company without any hesitation. Furthermore, the displayed attitudes were consistent. Jim Lentz reflected, “As I look at where we were in the past, what had become... with our success...as a company, we had a little bit of an attitude. Arrogance is probably the best explanation” (Liker and Ogden 2011, p. 177). Thus, anthropomorphized Toyota held arrogant characteristics, resulting in the company’s behavior and speeches that were no longer like that of a responsible corporate citizen, even though they have also engaged in some philanthropic activities, such as CSR practices.

12.4.8 Unanticipated Enemies

With their previous instrumental CSR practices and stakeholder management, Toyota’s Japanese executives may have held false beliefs that Toyota was able to control accusations through the Japanese politicians. However, the speeches of anthropomorphized Toyota that were embodied by its two executives brought the anger of Seiji Maehara upon themselves. On the evening of February 5, 2010, Seiji Maehara held a press conference and overtly criticized Toyota for failing to consider the perspective of its customers (MLIT 2010). During the TV program, *Sunday Project*, he said, “It was wrong for the company to hide the recalls. It is necessary to create social systems that impose *social sanctions* on a company that hides recalls and that stimulate the willingness of companies to recall” (Sunday Project 2010). Toyota’s Japanese executives would have hardly anticipated this accusation of the Japanese minister.

The accusation against Toyota by an authoritative figure in Japan resulted not only from inappropriate public comments by Toyota’s

executives but also from Toyota's prior political involvements as part of its CSR activities. Toyota's former CEOs and presidents openly supported LDP candidates during elections, and Hiroshi Okuda publicly expressed his support for LDP (*Nihon Keizai Shimbun Morning Issue* 2003). However, there was a real power shift from LDP to the Democratic Party of Japan in the national election in 2009. Thus, Toyota bred the grounds potentially harming the company in the future with their own views of CSR and behaviors/speeches of anthropomorphized Toyota that were embodied by the company's three former CEOs and presidents. As a result, Akio Toyoda, the successor of these three CEOs and presidents, confessed during the interview that no matter how Toyota explained in logical and engineering manners, Toyota will always be criticized by the public (Kinoshita 2010). Then, the only rescue for Toyota was to play the role of a responsible corporate citizen, showing emotive and moral characteristics by switching its responses to public criticism to *corporate apologia*, a strategic crisis communication through apology (Hearit 1995). Finally, Toyota agreed to pay a record fine to the U.S. government for its irresponsible behavior to end its crisis in 2010.

12.5 Conclusion

In this chapter, I have shown the results of a genealogical analysis on Toyota's own definition of CSR and CSR-related activities before its recall crisis in 2010. There is no doubt that Toyota evolved into a global corporation of technological innovation and contributed to the economy of each society, for instance, by hiring many workers, purchasing from local suppliers, paying corporate taxes, and engaging in philanthropic activities. Besides these activities, Toyota prepared for the crisis by building buffers against the accusations of key stakeholders. However, these preparations did not work as expected both in the United States and Japan. The overconfidence of having a buffer led Toyota executives in Japan to make inadequate judgments on the ongoing situations in the United States and Japan. The overconfidence also led Toyota's Japanese executives to be arrogant, and anthropomorphized Toyota displayed

arrogance through its behavior and speeches. Finally, rhetorical performances of Japanese executives have put Toyota into a position where the only strategic response for the corporation was *apologia*.

It would be easy for managers of large corporations to practice CSR by connecting the conception of strategic management with the mentalities of warlords who tend to attribute anything with either “win or lose” or the hegemony/power. Then, Toyota lost the battle. Therefore, the biggest lesson to be learned from Toyota’s recall crisis in 2010 is that doing groundworks of silencing “voices” by instrumental activities is not as effective as how the managers of large corporations have assumed.

A further interesting observation is that Toyota’s recall crisis in 2010 was a mere beginning of exposing the wrongdoings by major auto manufacturers in the global market, including General Motors, Volkswagens, and Daimler-Benz. Perhaps a similar pathology of Toyota, collective myopia, may also have resided as a *resident pathogen* (Reason 1990) that is potentially harmful to an entire system in the systems of global car manufacturers even in the western societies (Chikudate 2015). Thus, the managers in multinational corporations should appreciate humanist knowledge, such as ethics, rhetoric, and communication, besides global strategy/marketing, innovation, and other subjects if they still wish to fully grasp the concept of corporate citizens whose activities should conform to normative CSR reasoning.

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