Week 3 paper

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The American media usually report on different products such as automobiles, toys and food. Product recalls are getting common and result in product-harm crises. This result in major financial and human costs. Even the larger companies face the challenges of these crises such as Toyota. The company has dealt with a high product recall. The leadership has done major efforts to overcome the consequences and performed recall efforts. Although, leadership try hard to eliminate the negative consequences of product-harm but recently they are more focused to analyze the stock market reactions in case of crises. Many researchers have evaluated the reactions of companies in response to the crises and how it has shaped their future strategies.

# Product-Harm Crisis

Product-harm crises refer to a "well-publicized distinct occurrence in the company where the products are found to be dangerous or detective". They possess greater harm to the company's image as well as decrease the interest in that particular product. A product-harm crisis usually results in product recall, where the companies are removed from the market place until the issue gets resolves. This results in a maximum financial loss for the company to make their product worthy, gain the support of customers and regain their lost image and market place. This study highlights the product recall of Toyota Company due to their concerns of pedal and break. Due to this product recall, the company's sales were reduced and the finances got wasted that were made to manufacturing in the product (Andrews, Simon, Tian, & Zhao, 2011). However, other impacts included severe damage to the company's image and its reputation. The key challenges to the company were thus to restore the image among their customers. Despite Toyota greater market share and customer's trust, the recall caused great damage to the image and maintain their competitiveness. Over 6 million vehicles of the company were recalled for detects, thus requiring Toyota to adopt safety measures and strategies to regain their share in the automobile industry. Also, it required the leaders to avoid the destruction of investments and customers loyalty in their products.

# Identification of the Problems

The Toyota recall draws massive media attention that it was necessary for the government to intervene in the issue. The crises have raised many issues related to the company's image and its openness to the public. The issues kept the company's management in the spotlight and they were required to effectively respond to the situation. The issue was further maximized due to the increasing influence of social media, and the company was unable to control the threat. There were two options either to accept the growing involvement of media and handle it effectively or either suffer the negativity when it is out of the proportion. The first challenge thus to the leaders of Toyota was to overcome the recall and manage the social media effectively. It was a necessary step to maintain the image of top-quality automaker globally. Toyota was the top US automobile industry for almost half a century, it provided low-cost automobile manufacturers and was about to get the position of the market leader (Heller & Darling, 2012). It was also identified that the company had to lose the customers trust. A more the company has a high position, they are more prone to losing form these severe recalls.

# Successful and Unsuccessful Organizational Changes

The successful changes were that the company responded to the crises and focused the manufacturing of these vehicles. During the recall in 2010, 2.3 million vehicles were initially placed to check its manufacturing. Eight models were suspended due to reports of sticking accelerator pedal, thus the leaders order to suspend the sales of these models. They also planned to maintain a balance of inventory; thus, several factories were closed. However, the company has lost trust in Japanese manufacturing and they endeavoured to create an American image by designing cares in the American heartland. They also provided direct employment to 35000 Americans in the manufacturing process while 115,000 were indirect employment. The company has invested up to $17 billion in the US. They also greatly promoted the strengthening of communities and societal enrichment. Toyotas immediate response to social media by creating a social media team has helped them to manage the tapping of SNS and all sort of news publishing agencies (Hsu & Lawrence, 2016).

The unsuccessful changes were that the leadership didn’t make sufficient remarks considering the crises that increase the curiosity among the public that Toyota is not loyal towards its customers (Piotrowski & Guyette Jr, 2010). The public trust has high impacts on the sales of automobiles. Also, due to the increase in computerized methods to control the performance and optimizing of vehicles that can exploit the SNS and other software. Their quality was also not consistent over time and they have much focused on their market position. However, if your vehicles perform as electronic gadgets, there are a lot of software issues related which poses a threat to such companies.

# Recommendations

The company needed to perform voluntary recalls in a timely manner to avoid destructive situations as well as could have developed customers' trust. Toyota also needs to provide a defect-free database that can timely report the issue. As people are rapidly moving towards electronic sources, the companies need to pay much attention to the internet and social media in case of customers priorities. The social media should not be only monitored for publishing reports but should also be analyzed in case of customers loyalty. During the crises, the company just increased its Facebook followers but had not observed its own performance on SNS. The company needs to watch its competitors keenly such as the Hyundai otherwise it will cost it the same loses that were done to Sony. Thus, it really requires to focus on its software issues.

**References**

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