

# Corporate Hegemony in Japanese Collaborative Management: A Case Study of Corporate Misconduct in Japan\*

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## **Abstract**

Japanese organizations have traditionally had strong relationships with their employees, which are recognized as a unique quality of Japanese organizational identities. In this article, I focus on corporate misconduct as related to organizational identity and corporate hegemony in Japanese collaborative management. An analysis of the cover-up scandal by the Japanese organization the Mitsubishi Motors Corporation (MMC) is presented to study this issue. Several important findings from this study are as follows: (1) discursive processes and knowledge formation created MMC employees who were disciplined in concertive control, (2) senior management did not directly commit the crime, but corporate hegemony led their employees to commit the misconduct via collaborative management, (3) the enhancement of collaboration commodifies the identity of the employees, and they begin to idolize the company, which is a byproduct of the capitalist system. I conclude that corporate misconduct is not an error of management, but it is a natural consequence of the current capitalistic management systems.

Key Words; Japanese management, Organizational Identity, Concertive Control, Discourse, Hegemony, Commodification

## Introduction

Business scandals and corporate misdeeds have remained prevalent in the Japanese media over the past ten years, with a recent example being the Toyota crisis, which occurred in 2010 (Kiyomiya, 2009; Kiyomiya, Mataka, & Matsunaga, 2006). It is curious that such similar phenomena have emerged across industrial nations (Ministry of Economy, Trade, and Industry, 2004), and many Western countries acknowledge that serious corporate misconduct does impact their industries (e.g. Enron and WorldCom in the US). These governments, as well as management associations, have intervened in the past by altering corporate governance systems and commercial laws. For instance, Nippon Keidanren (Japanese Business Federation) had revised the "Charter of Corporate Behavior" five times since 1991 (Nippon Keidanren, 9.14.2010). However, due to the fact that corporate scandals are still occurring, it could be argued that the reforms have not been effective. In this study, I will assume that these reform measures rarely affect the essential element of Japanese corporate misconduct, employee identity within an organization.

Japanese organizations traditionally have strong relationships with their employees, which is reliant on their employees possessing trust, faith, and loyalty. Japanese employees are generally satisfied with their work life when they believe that their organization recognizes their efforts, and when satisfied they will often make personal sacrifices for the benefit of the organization. This paper highlights how such psychological connections or mental commitments are created, recreated, and transformed in the complex context of a corporate crisis. In this paper, I assume that organizational identity is unconsciously distorted by Japanese collaborative management (Kiyomiya, forthcoming), and such distortions will be discussed in terms of hegemony and commodification under the context of Japanese corporate misconduct. A primary objective of this paper is to examine the collaborative aspects of Japanese corporate misconduct, and interpret the

discursive formation of organizational identity from critical perspectives, such as concertive control (Tompkins & Cheney, 1983, 1985; Papa, Auwal, & Arvind, 1997), discipline (Barker & Cheney, 1994), and hegemony (Mumby, 1997). The ultimate aim of this paper is to illustrate that corporate hegemony is a negative aspect of Japanese collaborative management. This argument may imply that corporate misconduct is neither an accident nor a dysfunction, but an unavoidable consequence of corporate hegemony, which is endemic in the current capitalistic system. I aim to demonstrate that the commodification of organizational identity is formed discursively through either reification or fetishism, under the context of capitalist organizations.

To this end, I will explore the case of the cover-up scandal perpetrated by the Mitsubishi Motors Corporation (MMC), the fourth largest automobile manufacturer in Japan, as this was a very serious business scandal and had a strong impact on Japanese industries. The MMC is part of the Mitsubishi Group, which is a former *Zaibatsu*. Although this scandal occurred in 2000, it remains quite meaningful as this case is typical of collaborative management among Japanese industries.

### **The Three Aspects of Deceptive Communication**

There have been a variety of business scandals occurring in Japan, including financial fraud, mislabeling scams, as well as other unethical business behaviors. I will define corporate misconduct as organizational deception which is collectively produced and reproduced by employees, as it is obvious that the misconduct is ultimately related to deceptive communication perpetrated by employees. I will define organizational deception as collaborative practices aimed at concealing and distorting information important to the stakeholders of an organization (Kiyomiya et al., 2006). In my previous study (Kiyomiya et al., 2006), I found that there were three aspects of deceptive communication related to corporate misconduct: (1) offensive organizational deception, which is characterized by a strong

motive to gain an economic advantage; (2) defensive organizational deception, which is characterized by a strong motive to protect oneself and avoid responsibilities in organizational politics; and (3) collaborative organizational deception, which is characterized by the use of passive motives to share the secrets and responsibilities of the misdeed (this is an indirect form of organizational deception as it does not initiate the misdeeds).

In particular, the third aspect shows a unique perspective of organizational identity among employees. Their tacit approval of deceptive communication is considered a form of misdeed. It is important to consider both how and why employees collaborate to utilize deception through either tacit approval or a substantial commitment, and decide not to report the misconduct. This paper will begin by considering both how and why employees do not reject collaborating in organizational deception. In order to examine this question, I will discuss relevant critical conceptualizations.

### **Perspectives of the negative Aspects of Japanese Collaborative Management**

Many management scholars have studied the positive aspects of organizational identity in such contexts as organization development, team-building, and socialization. Since organizational identity comprises those characteristics of an organization that its members believe are central, distinctive, and enduring (Albert & Whetten, 1985), from the conventional management perspective, identity and identification are both powerful terms, and central constructs in organizational phenomena (Albert, Ashforth, & Dutton, 2000).

However, in this paper I will focus on the negative effects of organizational identity, in regards to organizational misconduct. When the collaborative aspects of organizational deception are considered, it is assumed that they must be significantly related to the concept of organizational identity<sup>1</sup>. In regards to why employees do not refuse to cooperate with

deceptive communication, it is assumed that they are seeking to avoid taking risks, and that they possess strong loyalty towards, and dependence on, their employer (i.e., implicit or explicit objectives). The collaborative aspects of organizational deception are regarded as negative aspects of organizational identification. In particular, I define collaborative deception based on several important characteristics: concertive control, power, discipline, and hegemony, which lead to an interpretation of the negative effects of organizational identity as an unavoidable enactment endemic to the capitalistic system.

### **Concertive Control**

There are several perspectives from which to consider a collaborative aspect of organizational deception. Firstly, I pay attention to the force which makes employees to implicitly conform to keep secret and consent to commit scandals, so that it is considered as concertive control in the field of organizational communication studies. As Tompkins and Cheney (1983) linked organizational identity with decision-making, an individual may act to identify themselves with an organization, and they will be open to persuasive communication by the organization. Therefore, “an organization can communicate decisional premises with relative ease to an individual who seeks to identify with the organization” (Tompkins & Cheney, 1983, p. 127). Tompkins and Cheney (1985) discuss unobtrusive control as well as concertive control in organizational identity. In concertive organizations, employees are more likely to accept the organization’s premises and make decisions consistent with organizational objectives when employees identify with the organization: “the explicitly written rules and regulations are largely replaced by commonly understood values, objectives, and means of achievement, along with a deep appreciation for the organization’s mission” (Tompkins & Cheney 1985, p. 184). The locus of control shifts significantly from management to workers, who collaborate to create rules and norms

that will govern their behaviors (Papa, Auwal, & Arvind, 1997). The collaborative communication may thus be related with both positive and negative aspects in organizational issues.

### **Power and Discipline**

Barker and Cheney (1994) extended the concept of organizational identification to include the issue of power. According to Mumby (2001), Foucault (1976) stresses that “power is not imposed from above (p. 606)” and he opposes the notion of a sovereign view of power. He denies the dichotomy of simple power structures, such as the capitalist notions of domination over workers. Foucault’s concept is meant to capture the micro-techniques of power in use that rationalize not only individuals but also collective, organized bodies (Foucault, 1976, 1980). Barker and Cheney (1994) comment on Foucault’s concept of discipline, which refers to “the unobtrusive control of individuals and collectivities that allow organizations to function ‘normally’” (p. 29). A focal point of discipline is to control organizational members through knowledge construction of discursive practices. Namely, through daily discursive interactions, knowledge-power can be used to help organizational members control themselves. “Discourses are thus texts and communicative practices that function within certain ‘truth games’ (rules for what counts as true or false), defining the subject and submitting them to processes of normalization” (Mumby, 2001, p. 601). It is therefore crucial to observe symbolic processes of discourse and knowledge creation when organizational deception becomes normalized.

### **Ideology and Hegemony**

Finally, deceptive communication and identity formation must be considered in terms of ideology and hegemony. These terms are key concepts in neo-Marxist critiques of capitalism (Mumby, 2001). Ideology is defined as “taken for granted assumptions about reality that influence perceptions of situations and events” (Deetz & Kersten, 1983, p. 162), and

therefore it structures our thoughts and controls our interpretations of reality (Eisenberg & Goodall, 2001). The concept of hegemony, drawing upon Gramsci (1971), is defined as the ability of one class or group to link the interests and worldviews of other groups with its own, and is achieved through “the colonization of popular consciousness” (Mumby, 2001, p. 589). It is thus necessary to connect the concept of hegemony with organizational deception, considering the popular assumptions which organizational members produce and subsequently take for granted. This notion emphasizes “the process of struggle to determine whose meaning wins” (Hoffman & Ford, 2010, p.92). This appears as a complex phenomenon through the process of forming consent. My study considers that popular assumptions are related to collaborative aspects of organizational deception, and highlights how hegemony emerges in the collaborative communication through the process of forming consent in organizational deception. In so doing, power can be analyzed not only through disciplinary acts, but also through hegemonic processes in deception communication. Such organizational hegemony can be interpreted in the discursive interactions of business scandals.

Whereas conventional perspectives of management consider business scandals as accidents or management errors; i.e., a lack of business ethics and misjudgment in risk management (METI, 2004; Nippon Keidanren, 2010), I will attempt to demonstrate that corporate misconduct is neither an error nor misjudgment, but is inevitable and self-evident in corporate hegemony. Considering organizational deception in the Japanese MMC case, I would like to consider the following research questions:

- (1) How is organizational identity related to deceptive communication in an actual business scandal case?
- (2) How do the symbolic processes of discourse and knowledge creation occur in an actual business scandal case?

- (3) What are the popular assumptions and frameworks that organizational members produce and take for granted in an actual business scandal case?
- (4) How is organizational identity transformed and how are employees made blind in an actual business scandal case?

### Case Analysis

Since 1997, various types of business scandals and corporate misdeeds have proliferated in Japan (Kiyomiya, 2009), with one of the most serious corporate misdeeds being revealed in 2000, when the MMC systematically concealed customer complaints and manipulated reports regarding vehicle recalls. This incident had a significant impact on Japanese industry, as similar as the Enron scandal had in the US. The selection of this case for analysis is appropriate because it is quite effective and meaningful (Yin, 2003), because it is most representative and typical of many corporate scandals (Okumura, 2004; Ueno 2005). Also, this case is well suited to be used for the analysis of the relationship between organizational identity and business scandals in terms of hegemony. Data for this study was collected mainly from the *Yomiuri-Shinbun* newspaper (the most subscribed newspaper in Japan), and articles from business journals<sup>2</sup>. The number of newspaper articles regarding the MMC cover-up scandal was 930 from July 18, 2000 to October 3, 2005. The background and a summary of the case will follow.

#### Background Information of MMC

An important aspect of the complicated nature of the MMC is that it is a member of the Mitsubishi Group. The Mitsubishi Group was the strongest *Zaibatsu* before WWII, and was instrumental in shaping the formation of the *Keiretsu* after WWII. The former *Zaibatsu* companies still maintain strong power and authority in Japanese industry, and as such are respected by business people as the most traditional and central companies.



According to the MMC's website, the company was established in April 1970, and became independent when the automobile division was created from the Mitsubishi Heavy-Industries, producing cars, trucks, and buses for over thirty years. Its headquarters are located in Tokyo, it has seven manufacturing facilities operating in 6 different countries, and it has made sales in more than 160 countries. In the fiscal year 2009, the MMC's net sales were 14,456 million Japanese Yen, and it sold 960 thousand passenger cars (Mitsubishi Motor Corporation, 9.17.2010).

A second aspect of the complicated nature of the MMC is that even though the above data indicates that the MMC is a large company, its employees have shown mixed-feelings towards the company. While many report they are very proud to be a member of the Mitsubishi Group, they feel that the MMC is problematic. Each Mitsubishi Group company is required to be the top performing company in its industry, however, the MMC has never achieved this in the Japanese automobile industry. Since the MMC became independent from the parent company, it has been supported by other group companies.

In addition, the corporate climate of the MMC indicates a problematic history. Prior to the cover-up scandal which was revealed in 2000, a variety of misdeeds had emerged in the MMC, which is important background information when analyzing their current case. One of the more notable cases was the sexual harassment lawsuit filed on behalf of hundreds of female assembly line workers, secretaries, and clerical workers at the Mitsubishi's factory in Norman, Illinois in 1996. Another scandal, revealed in October 1997, was the illegal payoffs to *sokaiya* (corporate racketeers). The racketeers allegedly made threatening remarks at 10 Mitsubishi shareholders meetings of three Mitsubishi group companies, and sent an inquiry list to the MMC. Four officials and two racketeers were arrested. As a result, the Japanese public largely assumed that the MMC was again involved in a

cover-up scandal.

### **A Description of the MMC Case**

On July 18, 2000, officials of the Ministry for Transport (MOT) searched the headquarters of the MMC after they received a phone call indicating that the quality assurance (QA) department had covered up reports from the MOT ("Ministry suspects Mitsubishi Motors hid complaints", 2000). Ministry officials found a large number of reports concerning complaints from customers that were stored in the employees' locker-room in the MMC head office, confirming the accuracy of the whistle blower's claims. Customer complaints are normally used when deciding whether vehicles should be recalled. The ministry conducts regular yearly inspections of automobile makers to ascertain if customer complaints are being properly handled. However, this tip-off led to the MMC's public cover-up scandal.

The Japanese public later learned of what had occurred both on the day of the cover-up and of the events leading up to the cover-up. On July 17, they were informed that an MMC employee had leaked information about the hidden documents, and that officers from the MOT came to the MMC's headquarters to search for the documents. The QA department panicked, and the management decided to attempt to smuggle the hidden documents to another place before the inspectors from the MOT arrived. At the same time, they ordered their employees to doctor the documents related to serious defects while the MOT was making their inspection. However, the management and directors decided to admit that they were concealing defect documents, but only submitted a small portion of the customer complaints.

In the press conference of July 26, 2000, the then-president of the MMC, Mr. Kawazoe, insisted that there was neither manipulation nor an intention to hide the defect information in order to avoid recall, however, during the same press conference an MMC official confessed that the manipulation did occur, and that it was both systematical and intentional ("MMC reports faults

in models to ministry”, 2000). Moreover, other Mitsubishi officials claimed that the company had begun the practice of concealing customer complaints as early as 1992, however this was later found to be inaccurate. In fact, the MMC had been keeping two different sets of records, one to be submitted to the MOT and the other to be kept at the company, since the recall system was introduced in 1969. This meant that the MMC had kept two different records of customer complaints and had been deceiving the public for more than thirty years (“MMC 'hid customer complaints for 30 years'”, 2000). One set of documents bore the code letter 'H', standing for the first letter of the Japanese word '*himitsu*' or 'secret', and was handled differently from the other set of documents concerning cases which were to be submitted to the ministry. The documents with the code 'H' contained complaints of serious defects that would lead to either a recall or a complicated repair, while the documents submitted to the ministry mostly contained light problems.

The MMC and subsidiary companies did not take proper measures to deal with the discovery of defective parts which would require vehicle recalls in 2000. The MMC was enormously criticized in Japanese society, as further to these acts, it had concealed defect information which led to fatal car accidents in 2002 and 2004. The MMC found that the clutch housings were defective in August 1994. At that time, an employee in charge of quality control proposed that measures be taken to remedy the defect, however, an MMC manager rejected the proposal, saying the employee should not have bothered with such a minor problem. In addition, at a meeting to look into vehicle recalls in May 1996, the clutch housings were discussed again, but since 900,000 vehicles would have had to be recalled, and the costs would have amounted to 9 billion yen, the company decided to secretly repair the clutch housings, instead of instigating a nationwide recall.

Similarly, the concealment and covering up of a variety of defect information caused various car accidents ranging from minor injuries to

fatalities. As a result, one woman was killed and her two children injured when a wheel came off an MMC truck due to a faulty wheel hub in January 2002.

## **Interpretation**

### **Problems in the Communication Process**

Critical problems in the communication process were identified in the cover-up scandal of the MMC, as well as many problems related to organizational identity and the hegemonic process of the MMC. Firstly, I identify that information manipulation occurred throughout the organization, and the distortion or concealment of information was normal in communication between MMC employees. In addition to the doctoring of defect information, there are many other examples of information distortion in this case. For example, in one press conference, the then president of the MMC stated that the cover-up was not systematic or organization wide, and was simply an error. However, one of the MMC managers admitted that this was a lie, and stated that the MMC management had lied on their report of the crisis. When MMC technicians found serious defects on a vehicle, they distorted the facts. Moreover, when complaints came from customers, the MMC ignored them, stating that Mitsubishi's technology was not at fault.

Secondly, as the above example shows, many MMC employees are arrogant concerning Mitsubishi's abilities. They strongly believe that Mitsubishi's technology is supreme since Mitsubishi has created some of the best performing products in history, such as the Zero Fighter during WWII. They believe so much that the Mitsubishi Group is superior, that they respond inappropriately towards customer complaints and product defects. Mitsubishi employees often wear the three-diamond symbol of Mitsubishi, and are proud to be employees of Mitsubishi. As communication in the MMC is affected by this Mitsubishi culture, the employees often believe

that the customer or the defect information is wrong, and that Mitsubishi is always right (“MMC 'Hid Customer Complaints for 30 Years'”, 2000).

Thirdly, the MMC is very bureaucratic and organizational members are often concerned with domestic matters within the organization. For example, MMC employees are strongly motivated to engage in organizational politics, and are often concerned with personnel affairs, promotions, and transfers. I believe that in order to maintain appearances and status, MMC employees are not willing to report negative information, and seldom attempt to rectify problems. MMC employees are afraid of negative evaluations from their managers, so their central concern becomes the impressions of their management rather than their customers. MMC employees therefore tend not to raise issues, in order to avoid negative impressions.

Lastly, Mitsubishi management have over emphasized sales volumes as their top priority, and therefore other important issues are often neglected, such as safety and personnel matters. After the significant success of the Pajero model, the best-selling car in the entire MMC range, senior management attempted to gain more market share and take over the number two position in Japan. The MMC management then ordered production of a variety of cars while reducing the design and QA workforces. When the design and production periods were shortened, top management added pressure to have the cars ready by the deadline. Thus, pre-sales inspections were insufficient in terms of time and personnel. These factors may all lead to defective vehicles.

### **Deceptive Communication in the MMC Case**

When analyzing problems of information distortion and concealment conducted by organizational members, I would like to consider three types of deceptive communication, each identified in different cases (Kiyomiya et al., 2006). The first type, economic fraud, is a form of offensive deception. The term offensive in this context indicates that the deception is intentionally and

actively engaged in for the purpose of economic gain or as an offset to economic loss. In the MMC case, one of the motives for not recalling defective vehicles is related to the avoidance of economic loss. QA employees, for example, conspired to cover up and ignore customer safety to avoiding significant losses due to recall costs. Since the MMC overly emphasizes economic profit, it is forced to place sales as the top priority, with customer safety a lower priority. Due to this economic prioritizing, the distortion of social commitments becomes normal and commonsense.

The second type of organizational deception, defensive deception, includes self-protection or face-saving against product faults in order to avoid responsibility. This case heralds many examples of this type of deception. Through concealing and manipulating documents, MMC employees were attempting to protect the social reputation of the Mitsubishi brand. The MMC employees were relying excessively on the corporate brand of the MMC, and were attempting to ensure its survival. Their motives for defending the corporate brand seem to be normal and even rational among the MMC employees. The defensive aspect of this form of deception indicates that strong organizational identity leads to an organizational value of priority, with the Mitsubishi brand first, and customers and safety second. This became the popular assumption of the MMC employees.

The third type of organizational deception, passive deception, includes collaborative deception or the abuse of collaboration of MMC employees. This aspect is the most remarkable in this case, since many employees have collaborated in the misconduct either explicitly or through tacit approval. They may not believe that they engaged in wrongful behavior, as they believe that helping their company is not committing a crime but simply performing their job. I would like to highlight this subordinate employee perspective<sup>3</sup> in corporate misconduct, as opposed to management. An important point here is that for a long time the MMC employees could not

report the misconduct, and so they cooperated via their tacit approval. They might have had the ability to make the ethically right decision, but in their daily work life, their ethical decisions were controlled explicitly and implicitly by a strong organizational identity. For example, QA employees concealed the defective information for more than 30 years. Collaborative attitudes and organizational commitment towards the MMC seem to have been abused in this case.

In summary, the internal communication process was distorted in the MMC case, where it was normal for organizational members to collaborate in deception in the context of the MMC culture. The collaborative process of deceptive communication is thus generated and normalized, which works to both constrain employees from making the right ethical decisions and to enable them to cooperate with the deceptive communication. In addition, the notion of enactment and sensemaking (Weick, 1979, 1995) indicates that organizational members create the context which constrains such internal communication. Therefore the organizational members collectively create the hegemonic organizational context, in which the members conform to corporate misconduct, and it simultaneously dominates their communication process and gives a sense to the organizational deception.

## **Implications**

### **Organizational Identity and Corporate Brand**

In this final section I will discuss the implications of this case with regard to my research questions. Firstly, I will discuss the relationship between organizational identity and deceptive communication, as per question 1: how is organizational identity related to deceptive communication in an actual business scandal? In my interpretation of the MMC case, organizational identity had a strong influence on the unethical behavior of the employees, which led to the use of deceptive communication to conceal

organizational problems. It is obvious that their deceptive communication was significantly related to both their organizational identity and concertive control. MMC employees have strong loyalty and respect for the Mitsubishi brand, which is apparent in their attitudes and behaviors. I believe that their excessive organizational identity is abused for the sake of the organization's goals. I believe that a strong organizational identity among employees can be reified into the corporate brand, which then can govern their behaviors in their work-life. While the employees adored the Mitsubishi brand, they were unobtrusively controlled by their organization. Strong organizational identity led to sectionalism in a closed organization, because employees differentiated themselves from the employees of other companies, which accentuated their internal communication. Namely, the organization tends to be exclusive, and such strong ingroup communication is increased when the employees identify with the organization. Thus, in the MMC, organizational identity has been fostered and strengthened through ingroup communication, and the increase in the ingroup communication has led to sectionalism. Information manipulation and distortion in the QA department is recognized as a natural consequence of the strong cohesion and excessive identity of elevated ingroup communication, which other departments are not a part of. In summary, as an individual strengthens their identity with their organization, the organization can reify the corporate brand through ingroup communication.

### **Concertive Control and Discipline in Corporate Misconduct**

I will now discuss the implications of this case in relation to my second research question: how does the symbolic process of discourse and knowledge creation occur in concertive control? In regards to deceptive communication, in order to understand concertive control one must consider both the discourse and its knowledge formation in the identification process. Discursive formations are sets of power relations and rules which define the



correct mode of behavior when dealing with power and knowledge (Barker, 1999). Such ‘truth-games’ occur in every workplace, and discursive processes create meaning from the organizational truths, or what is rational and normal in the particular organization. This type of knowledge is not scientific knowledge, but commonsense based on shared experiences. In Japanese, this is called ‘*okite*’, or laws that the members must follow. If an individual does not follow the rule of *okite*, they will be implicitly and explicitly punished or ostracized by the members of their group. Such knowledge creation often emerges in business scandals, and discursive devices seem to be the ‘discipline’ that Foucault discusses. People are disciplined to the extent that they become objects of knowledge in various discourses. Thus, knowledge created and used in the workplace emerges as power for the organization, as Foucault discussed.

In the MMC case, symbolic processes and knowledge formation obviously emerged as the sharing of secrets, or *Himitsu*. The code letter ‘H’ symbolizes confidential knowledge that is only used and shared within the QA department. This made the QA employees exclusive in the MMC, and sharing the code letter H is somewhat of a privilege for the members. At the same time, they disciplined themselves through sensemaking under the Code H. Therefore, it is rational and normal (or commonsense) for the QA members to conceal and manipulate Code H documents. They collectively created a symbol of Code H, which governed their mutual interactions, and this symbol worked well as a discursive device of concertive control.

In Japanese organizations, concertive systems are traditionally robust because of a Confucianism influence, which emphasize the aesthetics of the mental connection between an organization and its members. The MMC is a typical Japanese organization, and concertive systems are very strong. MMC employees themselves created and subsequently enforced their own discipline. Thus, concertive control functions through the knowledge

formation of a discursive device.

### **Corporate Hegemony in Misconduct**

I will now discuss this case in relation to my third research question: what are the popular assumptions that organizational members produced and took for granted in the case? In regards to this, it is necessary to consider the dominant frameworks shared among the MMC employees. In other words, I will focus on the employee's sensemaking of the business scandal as communication in hegemony.

The primary assumption among the MMC workers is that their respect and maintenance of the Mitsubishi brand is the top priority, rather than respect for their customer's needs. As I mentioned earlier, the Mitsubishi Group is the industrial empire in which Mitsubishi employees significantly rely, and therefore the protection of the Mitsubishi brand was the dominant focus of Mitsubishi employees during the corporate crisis. The brand was thus a higher priority than any compliance with social responsibilities, and its protection became the law, or *okite*, in the Mitsubishi brand. This law is not a written or formal rule, but a dominant discourse of ideology, which most MMC employees both understand and follow. Negative information must be concealed and employees agree to cooperate in order to cover-up potential crisis situations. Their strong organizational identity is reified during discursive interactions in corporate branding, and the ideology of Mitsubishi was formed through such discursive interactions with regard to the code letter 'H'. This is why no one reported the misconduct of the QA department, and they were able to maintain the deception for such a long time. Although employees knew that they were hiding and manipulating significantly important information which may have led to the deaths of multiple customers, they could not have prevented this. Their thoughts and their communication processes were controlled by the ideology and discursive process of the Mitsubishi brand. The MMC has never forced

employees to engage in such misconduct, but ideology led to a distortion of communication, thus this structure of dominance is a form of corporate hegemony. The corporate hegemony was completed when the QA employees conform to keep secret and became blind to their own misconduct. In this regard, this case of misconduct did not clearly show the overt power struggle in a formal organizational structure. Rather, it was ambiguous who initiated the code letter 'H' and the concealment of documents, because the entire QA department was as a whole, maintaining secrets. I would like to emphasize that it was the discursive process of collaboration which made the organizational members commit the misconduct whereas senior management did not directly commit the misconduct. Thus, such corporate hegemony is not a simple error, but an unavoidable consequence of a modern organization under the current capitalistic system.

### **Commodification of Organizational Identity**

The final implication I will discuss regards my fourth research question: how is organizational identity transformed and how are employees made blind in an actual business scandal? To discuss this topic it is necessary to examine the mechanisms of blindness and tacit approval, which are other aspects of hegemony, and are linked to a notion of fetishism. This topic considers how the process of discursive practices can make employees blind to unethical situations. In the MMC case, I found that MMC workers adored Mitsubishi as an absolute symbol and brand, which tacitly controlled their communication. When MMC employees believe Mitsubishi to be invincible, Mitsubishi becomes the absolute object in which they focus. This confuses employees when they consider ethical values and prioritizations; hence the Mitsubishi brand becomes their top priority, above compliance and social responsibility. Thus, employee sensemaking was distorted by their fetishism.

This mechanism is reinterpreted as commodification [i.e., reification of

commodity relations (Marx, 1967; Lukacs, 1971)], which emerged in the identity formation of the MMC case. This implies that identity commodification and collaborative management are byproducts of the capitalist system. Collaboration in organizational deception is a discursive interaction, and can transform employee identification into a commodity. When employees cooperate in deception for the sake of the organization, their discursive interactions seek strong commitment, and so organizational identity is commodified in the context of capitalism. In other words, employees commodify their identity which is embedded in their discursive process of collaborative management in capitalism. Thus, identity commodification is a natural result of corporate hegemony in the context of collaborative organizational deception.

### **Summary and Future Studies**

Business scandals have been generally studied in terms of business ethics or risk management, but these approaches are superficial and rarely touch on the core issues of misconduct. Conventional solutions are short-term and nominal, so they never solve the fundamental aspects of corporate misconduct, which are related to organizational identity. In contrast, critical perspectives have several advantages; they are able to articulate how corporate misconduct is collectively and continuously constructed through discursive processes by organizational members. In addition, critical perspectives help to analyze the structural aspects as well as interactional processes in deceptive communication. In addition, they indicate that sensemaking in organizational deception is discursively enacted in a hegemonic context, and therefore identity commodification emerges. Thus, I conclude that corporate misconduct is neither errors nor mistakes, but a natural consequence of the current management systems. The core of corporate misconduct must be considered in collaborative interactions that lead to identity commodification. These critical perspectives highlight the

core elements of corporate misconduct that managerial approaches rarely touch on.

This study has possessed some limitations. Business scandals are embedded in the organizational context, and therefore it is more beneficial to obtain such data as reflects the local context. It is very difficult to obtain data from a company involved in a scandal. Data collection surrounding a business scandal must be considered carefully, and requires much improvement. In addition, the theory of commodification should be improved as a critical theory. It is often used among critical researchers, but they use it for describing the phenomena of capitalistic fetishism and blindness. However, this theory is not developed enough for its mechanism to be clear. I am currently developing this concept from a discourse point of view, but this is beyond the scope of this study. The theoretical development of commodification is required for future studies.

## Notes

- \* An earlier version of this article was presented at the Annual Convention of International Communication Association, Dresden, Germany, in 2006.
- <sup>1</sup> The term 'organizational identification' is considered equal to this term.
- <sup>2</sup> This does not include direct information from people involved in the MMC case as this type of information is highly sensitive and difficult to collect. I made an attempt to interview MMC employees, but found this to be impossible due to pending lawsuits. Therefore, the documented data I have collected is assumed to be the best available data source.
- <sup>3</sup> According to Palmer (2004), conventional approaches to business scandals focus on unethical decisions of senior management, however, senior management lack the perspective of their subordinates.

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