

Analysis of Snow Brand Milk Products' Crisis Events

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Abstract

The quality of Japanese Snow Brand Milk Products is famous in the world, but once three crisis events happened in its history. Supervision negligence on the product quality caused the outbreak of the two poisoning. A lack of integrity given rise to diddle subsidies events. The things affect greatly the reputation and brand image of Snow Brand Milk Products. This paper through the analysis found that the CSR (Corporate Social Responsibility) and moral of the corporation were missing. Therefore, the corporation should practice CSR fully, set up the integrity management system and expand business reasonably, etc. They should try their best to put an end to the occurrence of crisis event and restore the brand image.

Key words: Snow Brand milk products; Corporate social responsibility; Integrity management system; Crisis events

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INTRODUCTION

Snow Brand Milk Products is a Japanese company about manufacture and the sale of dairy Products. It was established in 1925. It became one of Japan's biggest dairy companies. The butter, cheese, milk was the main products in the past, the corporation was the great food group by annual turnover of 1 million yen. There was a big market share in Japan (Snow Brand Milk Products, 2013).

However, the crisis events appeared three times in its management history, all had a very big effect on its image. That is what people call "snow scandal". Snow was Japan's Snow White, almost every Japanese people talking about the name of Snow Brand Milk Products was beaming with pride, even the factory of Snow Brand Milk Products was printed in tourism magazine that introduce scenic attractions (snow scandal, 2002). The presence of snow scandal let consumers lose confidence, even the government and other aspects have condemned the snow immoral behavior. Snow Brand Milk Products was queried by public. The goods couldn't sell out and the stock market fell. There was greatly influence on the corporation.

1. THEORY CONCEPT

Some concepts were used in this paper. Now list it and give explanations (Smith & Alexander, 2013).

- *CSR*: namely the Corporate Social Responsibility, Corporate Social Responsibility is that the enterprise should be responsible for the shareholders and create profits, it also undertake the responsibility to workers, consumers, environment, community and other stakeholders at the same time. Its core is to protect the legitimate rights and interests, including nondiscrimination, do not use child labor, do not use forced labor, safety and health working environment and system, etc. (CSR, 2013).

- *Ethics*: Ethics pertain to situations, activities, and decisions in which moral issues of right and wrong are addressed. While CSR addresses tangible business practices, business ethics involves the values driving the decisions (Crane and Matten, 2010).

- *Integrity management system*: The integrity management system is a part of the construction of social credit system, it is also a part of the food industry enterprise management system. It involves the food industry enterprise organization, the good faith system

planning, responsibilities, practices, procedures, processes and resources. (Integrity management system, 2013)

- *Labor rights and interests*: Labor rights and interests refer that as the owner of the human resources, the labor shall enjoy the rights and interests of objective existence in the labor relations (Labor rights and interests, 2013).

- *Social public welfare*: Social and public interests is defined as the general citizens can enjoy the interests (Social public welfare, 2013).

- *Emergency system*: It is an organic system to effectively prevent and respond to emergencies, avoid and reduce the damage and slow down the incident, eliminate its negative impact on the society.

2. EXPOUND THE EVENTS

What caused the crisis? Then the author will expound the three events.

2.1 The Eight Cloud Factory of Snow Skim Milk Poisoning Incident

The incident took place in 1995. This year there was a serious snow dairy food poisoning incidents. After drinking the skimmed milk powder production of snow dairy group, 1936 pupils appeared different degree of diarrhea, it was known as “snow eight cloud factory skim milk poisoning incident”. This is mainly due to continuous power outages and machine failures in the snow affiliate factory (Hokkaido Eight Eloud factory) in the production process, that lead to the raw milk in abnormal state for a long time and caused hemolytic staphylococci (Shen & Lou, 2012).

2.2 Collective Poisoning Incident of Snow Brand Milk Products

The incident happened in June 2000. On June 27, the corporate received the first report of poisoning. On June 26, a customer called snow dairy and said that his child had an obvious symptom of poisoning after drinking snow dairy production of low-fat milk. On June 28, the government staff carried out the investigation of Osaka production line immediately. Until the third day at eight o'clock in the morning, things became more serious, the corporate executives finally decided to recall the problem of milk (Shen & Lou, 2012). The incident caused 1.40000 people showing signs of poisoning after drinking the production of low fat milk of snow dairy group. Investigating its reasons, it was a purely man-made accident that the affiliate factory of Snow Brand Milk Products---Osaka factory neglected the health management and resulted in low fat milk with a large number of pathogenic staphylococcus aureus. It was the largest number of food poisoning events in Japan and it was the largest endangering public security events after Japan's war in recent years (Chen, 2010).

2.3 Disguise Domestic Beef Diddle Subsidies Event

The incident took place in 2001. When the Japanese government given compensation to buy domestic beef, the subsidiary company of snow dairy group—meat center imported 13.8 tons of beef from Australia privately, labeled this beef “domestic beef”, tampered the warehouse records and applied subsidies from the Japanese government and the relevant industry alliance. The corporate extracted high subsidies—14.6 million yen and 9 million yen became the income of snow food company. And, when the authorities raided it, its principal let workers repackage imported cattle meat by using prepared domestic beef box and threaten the workers don't leak (Chen, 2010).

3. THE ANALYSIS OF REASONS

Snow Brand Milk Products was the Snow White in the public from 1925. Its brand image fell and it lost the trust of the consumers. Why did Snow Brand Milk Products occur these negative events? There are wide influence and many victims, it is rare in the enterprise management in the Japanese companies even the world. The reason of these negative events occurred mainly have the following five aspects:

3.1 Corporate Social Responsibility Lack of Practice

For an enterprise, except putting profit as the management goal, it also should emphasize the attention of people's value in the process of production, emphasize the contribution to the consumers, the society and the environment. Only in this way the enterprise can grow. The business enterprise growth thanks to social development. Snow Brand Milk Products concept is “to give back to society, for the masses to provide a more healthy, more happy life”. Social responsibility concept is perfect in theory, but there were some problems in the process of practice what didn't into the enterprise management. After the “collective poisoning incident” occurred in 2000, the manager of Snow Brand Milk Products also acknowledged that the distance was visible exist between the enterprise management idea and social. The crisis event of Snow Brand Milk Products was occurred, because the enterprise overlooked the penetration and implement of business philosophy and the social responsibility, also ignore the truth that the enterprise economic benefit playing a role to achieve the goal of enterprise management is just as important as social benefit (Chen, 2010).

3.2 The Overemphasis on the Profit of Enterprise Management

With the development of market economy, competition is increasingly fierce. There was the pursuit of cheap

rather than quality because of the sluggish market. The cost reduction and artificial cost reduction were also the reasons of moral reduction. Such as the "collective poisoning event" in 2000, the accident was the result of that the Osaka plant milk didn't clean the pipeline valve residual material and bred staphylococcus aureus. The factory also admitted that "three weeks without washing". (Chen, 2010). Thus, a big reason for the disaster is man-made factors that didn't accord to production process operation. Excessive emphasis on profits and ignoring management and supervision to employees and first-line managers made events happen.

3.3 The Blind Expansion of the Enterprise

By 2000, Snow Brand Milk industry has more than 100 enterprises, the annual sales reached 1.2877 trillion yen. So large a production group naturally involved production in the many areas, including cheese, butter, yogurt, beverage, ice cream, and traditional products such as margarine, frozen food, medicines, take-out food, flowers, and other business departments (Chen, 2010).

Enterprise expanding areas can reduce the risk, but also increase the management difficulty. Most of problems occurred in subsidiaries in the Snow Brand Milk Products events. There wasn't good communication because of the lack of information sharing. Even after the business expansion, management wasn't so perfect that safety accidents and other problems appeared, it affects its own brand instead.

3.4 Lack of Good Integrity in Enterprise Management Mechanism

In food poisoning, the worker put the inferior products as a raw material that used again, expiration date was being changed daily. The company should taken appropriate measures to make the inferior products exit the market, rather than as qualified products to enter the market. The inferior products named qualified products sold to consumers, it is a behavior of cheating consumers. Safety incidents is the result of enterprises lacking of sincerity.

3.5 Enterprise Emergency System Is not Perfect

Why did it develop into the largest food poisoning event? There are three reasons. First, the initial reaction was slow. Independent recovery and the intelligence was slow. The second cause, finding the reason slowly. Manufacturing records management was not perfect, there was too confident of their products when surveyed it. Finally, the hidden system. Independent survey didn't find out the reason. The enterprise was not handled in time after the event occurring. They should have a correct attitude but deliberately hide and slow response (Hengchuan, 2007). It made things more seriously and caused the consumer dislike and distrust.

4. RECOMMENDATIONS

4.1 Practice Corporate Social Responsibility Roundly

The main contents of corporate social responsibility include: The quality of products and safety responsibility to consumer, the safeguard and increase of worker rights, the conservation and utilization of environmental resources, the participation in social public welfare. All of this needs to practice, one cannot be absence (Li, 2007).

4.1.1 The Quality of Products and Safety Responsibility to Consumer

Consumers are the buyers of the enterprise and they are the most important stakeholders. Enterprises must handle the relationship between the enterprise and the consumer to get profit. Consumer pursue safe and comfortable products. The enterprise must guarantee the product quality and safety. In the event of "Collective poisoning incident of Snow Brand Milk Products", the enterprises provided a product of toxic substances to consumers. It was not only meet the needs of consumers but also caused many people poisoning to endanger the safety of consumers. Enterprise should put the CSR theory into practice, each production link of products should be regulated strictly and the operators should receive knowledge training to ensure the safety of the product.

4.1.2 The Safeguard and Increase of Worker Rights

Laborer is the enterprise internal stakeholders, their behavior and will directly affect the quality of the product that affect the reputation and image of the enterprise. To guarantee the quality of the product, at first the enterprise must maintenance and improve laborer rights and interests to let employees have a positive passion to work and keep the moral standards in the process of work. In order to seek too much profit, the snow corporate reduced cost. There was a substantial reduction in labor and human. The employees' work passion faded and the level of the laborer's moral was lower. No learning motivation and the lack of knowledge of food poisoning can describe them. There were some things that effect the quality, such as tampering the quality guarantee period, reusing the returned products and outdoor working, etc. In order to guarantee the safety of the products, the enterprises should maintain and improve the laborers' rights and interests.

4.1.3 The Protection and Utilization of Environmental Resources

Nowadays human and nature should get along with harmonious in the society. When develop the economy, the enterprise should notice the protection and utilization of environmental resources. Snow Brand Milk Products has not problems about the protection of the resources and environment. In 1996, kobe factory signed an agreement on the protection of environment with kobe, and in order

to have a better development, it should also continue to pay attention to this problem.

4.1.4 The Participation in Social Public Welfare

Corporate profits are derived from the public, return to the public is a very important aspect of corporate social responsibility. Snow Brand Milk Products issued a public report in social activities, including give appropriation to Japan world conservation fund committee (such as natural Protection agency funding in 1999), set up campus edible packaging recycling mechanism etc. (Xin, 2011).

At the same time, the four factors are necessary. Although the corporate took participate in social public welfare and resource protection, but there was no product quality for guaranteed, so it still lost the consumers. So corporate social responsibility should be fully implemented.

4.2 Reasonable Business Expansion

Enterprise can expand when it has a scale development. But it should expand step by step, according to the strength of the steadfast manner. Snow's expansion of business scope was too broad, including cheese, butter, yogurt, beverage, ice cream, and traditional products such as margarine, frozen food, medicines, take-out food, flowers, and other business departments. Management became so large that many subsidiaries had poor management. Most crisis events occurred in the subsidiary. So the enterprise can't blindly pursue bigger in the process of development. The enterprise will receive a reasonable expansion of business management on the basis of the management capacity.

4.3 Establish Credit Management System

For an enterprise, the good faith is an important factor to establish the credibility. It is easy to win the trust of customers for integrity enterprise, on the contrary, bad faith will lose the heart of the public. "Collective poisoning incident of Snow Brand Milk Products", the expired food labeling was used to cheat consumers. The enterprise took the misrepresentation of the truth in the process of investigating. In the "Disguise domestic beef diddle subsidies event", the corporate deceived the Japanese government and relevant industry associations. Let the Japanese public lose the trust of the snow. In the eyes of the Japanese public, Snow have a "liar" label. Snow lose customers and the stock market has continuously declined. This is the consequences of the lack of good faith. So Snow Brand Milk Products should establish credit management mechanism in a timely manner. The whole system should implement integrity management mechanism from top to bottom to make all the personnel install a sense of integrity.

4.4 Consummate Emergency System

Each enterprise is likely to be encountered crisis events in the process of development. Therefore, it should set up the system of emergency in advance, in order to deal with the

crisis event better. The improper handling in Snow Brand Milk Products' poisoning event caused that the event developed into the largest poisoning and it had a greater impact. Snow Brand Milk Products should perfect its own emergency system, in order to prevent such problems, timely treat and reduce the loss.

CONCLUSION

For an enterprise, except the pursuit of economic interests and profit, the enterprise should pay attention on corporate social responsibility. The pursuit of economic target and social responsibility is the dual goal of an enterprise. If an enterprise just pursue economic goals but ignore the social responsibility goal, it must lose customers and it will be difficult for the enterprise to keep a foothold in the market.

Snow Brand Milk Products has a long history, but the public lose reliance in it because it blindly pursued economic interests and ignored the social responsibility in a period of time. For many years it is difficult to set up the image of the original, it have the shadow in the heart of consumers. In the crisis event, Snow Brand Milk Products' implementation of corporate social responsibility has been questioned, it should establish emergency response mechanism to deal with the crisis event timely. But what more should do is to prevent the occurrence of crisis event, have full implementation of corporate social responsibility without a loophole and establish credit management mechanism.

The creation of wealth and the pursuit of economic goals are very important for enterprises. But at the same time the enterprises should undertake the social responsibility for higher requirements, in order to achieve the expectations of society and more fully to obtain its own value.

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