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Foxconnian culture: An operational crisis abetted suicides

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Abstract

After the publication of data in the media on suicide at Foxconn and direct incrimination of the organizational culture, created the need to respond to the company's management reports. The image of the company is irretrievably fact that the first time was not considered a threat to the company. The situation got worst and worse because at the new cases of suicides in the early 2011. It was the first time the company realized that the management staff seemed not to go well. Parameters such as leadership style job satisfaction, work environment, job burnout and the management of information from the media are first placed under the microscope of the management of Foxconn.

In all its communication company managers insisted that the treatment of employees was "world class" and no one can argue with that. The Foxconn, in response to international survey, insisted that "offers its employees a very healthy and productive work environment by ensuring the many benefits." Foxconn's management stated that it was not the style of leadership was to blame for the consecutive suicides, or working conditions or methods of rewarding employees. The company spokesman Edmund Ding said the incidents were due to "personal problems" of employees who have made suicide attempts. He stressed that all suicides were from the "class" of Nongmingong, which made them more vulnerable against high operational requirements.

The human resources department of the company in a statement to the media confirmed that the incidents of suicides due to immaturity and fragility of the character of those who have committed, stressing that those belonging to groups of new immigrants from the provinces, highlighting the reluctance of the administration to consider the factors occupational burnout probably exhausted mentally and physically employees.

The company's management insisted on the position that it bore no responsibility for suicide even when suicides receiving alarming society of Shenzhen. The CEO of Foxconn, Terry Gou, said the unanimous unwillingness of the company management to take measures to tackle the ever increasing suicides at Foxconn. At the same time Apple emphasized the wrong attitude of the administration towards handling Foxconn suicides. The problem of lack of communication over the local community of Shenzhen and society Foxconn, froze on degrading the urgent need to find solutions from the company's management.

For the Apple, Foxconn's main concern should be to ensure a healthy working environment for its employees and the opening of the company in academic research, in order to clarify the operational and social factors that drive employees to the job

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exhaustion. The event is supported by Daisey and Glass (2012), which suggest through their research on the grant of the responsibilities of HR to external managers-probably from Europe or America-from countries that have formed political management of workers with more favorable terms.

At this point, however, we should emphasize that the "Foxconnian Culture" places restrictions on research on issues that affect them and the management and dissemination of information out of it. This is in complete alignment with the national culture of China in accordance with the theory GLOBE ranks highly in countries favoring occultism and lack of communication problems.

This means that the culture of Foxconn would be difficult to put on a new foundation that would give priority to solving the problems rather than the communication itself or this ban.

Two years after the business crisis faced by successive Foxconn suicides of employees, we want to study in this article the changes requested to do to deal with the consequences. What changes have been invited to make the administration to meet the company to adverse comments in the media; What was the stimulus and what its response to this; The largest electronics manufacturer in the world, was invited in 2010 to deal with a large corporate crisis that brought the face of social disapproval. But it seems that he tried to change data concerning both the internal culture and its management to respond to the problem. In this article we study the transformations that had to do Foxconn to meet society's demands for a more human treatment of the problem of suicide in order to formulate effective measures and by making these important operational changes.

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Keywords: Foxconnian culture; suicide; media; operational crisis; occupational burnout

1. Introduction

The company Hon Hai Industry Co, Ltd. - Foxconn is nowadays the largest company in the world which manufacturing and assembling the high-tech electronics and which was founded in 1974 in Taipei by its current CEO, Terry Gou.

The company produces more than 50% of world production of technological products, the amount that seems to be growing steadily since 2010. Foxconn's headquarters which is in one of the most productive areas in the developed world, the district of Shenzhen in southern China. In plants of Foxconn employs over 2,450,000 workers to create more than one third of all technology products in the world for companies such as Apple, Dell, Nokia, Panasonic, Samsung, HP, Lenovo and Sony. The production capacity of the company has led to its contribution to the global economy of \$ 43 billion. Under the leadership of founder and CEO, the Foxconn appears to be the most reliable partner of the global economy electronics operating in external benefits to other companies (outsourcing).

The company faced at the beginning of 2010 a very important operational crisis due to the successive suicides of workers in this and their management on the part of the administration to the media. In a few months the company's management was faced 12 consecutive suicides and especially social outcry fact, both the local community of Shenzhen and the media rushed to cover news in fact suicides. For several days the administration department of Foxconn was confronted with disparaging news media as they broadcast that responsible for the suicides was the management of the news from the company itself and the rigorous style of leadership.

This article explains how the administration of Foxconn defended its reputation and how it chooses appropriate communication strategies to manage its communications crisis. We will study why these strategies failed and what operational changes had to be made by the administration to come if the crisis.

Our findings suggest that Foxconn has decided to pursue a joint response strategy, trying to counter the negative news media and the rumors of the local community. Initially refused to take responsibility for the suicides. The failure to manage the crisis communication of Foxconn in the early stages would say that due to the fact that relations between stakeholders (workers-government-media) were not close and failed to recognize the media as an important contributor to the operational image. The change of leadership style and direct communication with the media-managed to pose significant operational changes which led to Foxconn to decrease the negative impact of suicide on public image.

Nomenclature

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| A | Abstract |
| B | Introduction |
| C | Methodology |
| D | The case of Hon- Hai Industry Co, Ltd.- Foxconn |
| E | Conclusion |
| F | Acknowledgements |
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2. Methodology

This research is a case study based on the secondary research data relating to the management of a communication crisis experienced by Foxconn worker suicides because of its plants. This approach achieves the analysis of a particular case to secondary content rich and offers theoretical conclusions about how this company handled the crisis in which we are referring.

An attempt to clarify all relevant concepts, the study of measurement tools, new methods, organizational practices, statistics, research reports, of articles published in the media, in academic journals and websites of companies and relevant literature.

The conclusions we reach resulting from the critical analysis of the information gathered from the history of this case. This phenomenon is a special case of operational crisis that shook much of the Chinese population but surpassed the borders of China causing global attention of the media. Because of this great debate broke out about the causes and the management of the crisis by the management of Foxconn.

The case study of Foxconn is an attempt to approach this theory if we cannot have access to the primary research data from this organization. We tried to cover both management choices of Foxconn for its communication strategy and restore the image through the theories of Benoit (1995, 1997) and Coombs (1995,2007) and the results of its responsiveness to negative reports in the media information. We tried to explain the reasons for the failure of the management of crisis communication by the company management and how ultimately the same administration chose to correct its mistakes and restore its original corporate image.

3. The case of Hon Hai Industry Co, Ltd. - Foxconn

In early 2010, specifically on 09 February, the Foxconn was faced with the first case of suicide on its premises. It was a fact not taken seriously from the start of the company's management, although until then had received several negative comments from the media about working conditions prevailing in the premises. The Foxconn was accused several times for inhumane working conditions and enforce a fairly authoritarian leadership. By early 2011, within a year, suicides totaled 14 and followed the same year another 5. All suicides involving young workers in Foxconn age to 25 years, which drew an outcry of local and world opinion .

The administration of Foxconn with communications and media denied any involvement with the company event. Did not take any responsibility for the suicide and refused the recitations responsibility for the fault that the organizational culture of the successive suicides. The company's management insisted that the treatment of workers was "world class" and that it had all the necessary measures for safe work on premises. The management stated that it was the leadership style responsible for the ongoing suicides or working conditions or methods of rewarding employees, and insisted that the main goal of the company is innovation that emanates from the democratic leadership style and respect for public opinion . The Edmund Ding, public relations manager of the company, said the incidents were due to personal problems of employees and emphasized that all workers have committed suicide from the area (migrants from Chinese provinces-Nongmingong), which made them more vulnerable to high operational requirements of Foxconn. The human resources department of the company in a statement to the media confirmed that the incidents of suicides due to immaturity and fragility of the character of those who commit.

And while the media insisted on alarmingly increasing suicides happening in the facilities of Foxconn, the CEO of the company stated their unanimous unwillingness of the company management to take measures to address the growing suicide, believing that the administration had set the appropriate communication strategies and there was a risk of direct strategic changes. The problem of lack of communication over the local and international community froze the issue of suicide, decreasing thus the urgent need for solutions from the company's management. However, the company decided to make some non-substantive solutions to reduce suicides and not the results thereof.

By decision of the administration of Foxconn founded a business TV channel broadcasted through the company's facilities in order to deny the news about the suicides occurred in facilities. This TV channel was all that could be accessed by employees of Foxconn. Simultaneously denied access to the internet from the premises of the company and the holding mobile phone and media player or video recording of the facilities. Also banned access to social networking sites in order to prevent the dissemination of information workers probably were suicides or incidents of violent behavior. The company's CEO Terry Gou also tried to silence the other news agencies by threatening lawsuits and appeals that spreading defamatory news hurt production and climate within the company.

Working conditions have continued to be unbearable. Exhausting hours, lack of personal time, severity, violence, small wages, underage labor, strict supervision and sanctions, corporal punishment, verbal abuse, ban personal property on the premises of the company, data monitoring, invasion of privacy exemption to join a union links continued to characterize the organizational culture of Foxconn. Participation in decision making and the communication with the leadership was something that was forbidden by the leadership of the company. Decisions borne by the few who hold public mandate. The rest must perform against the decisions of a few. Features the CEO of the company said that "a leader must have the courage to be dictator for the common good." The audit for the company is more important than the reward.

This is according to Hofstede and GLOBE theory in societies where tradition plays a greater role than anything innovation. The Confucian societies to which it belongs and China, characterized by cultures quite closed to new ideas and extremely low inclusiveness. Specifically concerning interventionism of Foxconn in daily work activities of employees. The privacy circumvented in order to access the administration in absolute knowledge. The Foxconn enter the global business scene as a Panopticon where anyone can very easily be implicated for errors, omissions or even for acts they did not commit. In fact, according to a survey of Shi Xiumei and Wang Jinying (2012), China scored the highest in the Globe distance values leadership and the lower orientation in humans and orientation in the future, bearing out the intention of the administration reduced the administration of Foxconn for accountability and the definition of a positively conceived communication strategy with stakeholders of crisis.

These factors led the company's management to take some safety measures considered might reduce the risk of further suicides. The security measures were taken mainly in the installation media that would prevent suicides. Settled special railings and special nets in buildings Foxconn to prevent any attempts to drop workers from the windows of the company's facilities, also recruited more private security guards to protect workers, also the company's management decided to bring Buddhist monks to pray in specially designated areas within the premises with a view to strengthen the loyalty of employees to their strengths through faith in God. The company's management also decided to operate pilot a new telephone support service workers who feel emotionally exhausted.

3.1. Crisis Communication Strategies of Foxconn's administration

According to what has been mentioned above, the administration of Foxconn did not comment for 3.5 months, that is to say the period between the First and Sixth suicide. On 17 March 2010, the administration confirmed the Foxconn suicides, but gave no further explanations for the causes of suicide or responsibilities that the company had for these suicides. Unlike merely taking formal protection measures. Communication Management with the media was not the right way so that valuable time was lost etching appropriate communication strategy.

According to the theoretical approach of SCCT Coombs' (2007), a possible crisis in the negative perceptions that leak to change negative public image of the company. This was confirmed in the case of Foxconn, where the successive suicides led to defamation of the name of the company and to negative perceptions on the part of the public. The lack of immediate response to the bad press from the side of Foxconn encouraged negative comments in the media and destroy the image of the company. Foxconn's management failed to communicate with the media, and the silencing or merely misleading the public.

The Foxconn remained stable in denying any responsibility for choosing suicide as a coping strategy of this crisis the "denial" of the crisis, the second stage of the crisis communication strategy in accordance with the theory of SCCT Coombs' (2007). He denied any liability of the company for the event by choosing to observe silence and not to make any substantial strategic change. As mentioned, the company spokesman Edmund Ding claimed that suicides due to personal characteristics of individuals and that the continued military leadership that has the Foxconn was the leadership style that fits the profile of the company. The company chose not to take responsibility and maintain-until that moment - the organizational culture emphasizing that it bears no responsibility. The same approach was followed by Foxconn throughout the duration of the crisis of suicide to take the same dimensions of crisis communication.

After 11 suicide anymore management of Foxconn decided to admit that something was wrong with the leadership of the company and its communications strategy. This was the third phase of the crisis strategy for Foxconn. Essentially, he admitted that he was wrong and so indirectly minimize its responsibility, in accordance with the theory of SCCT Coombs' (2007). This mistake admit to the global audience himself CEO of the company, through an interview attended by more global broadcasters.

We note that according to the theory of communication in time of crisis (SCCT) evaluation of crisis communication from the company's management was not in a correct manner. Typically, seems not to be assessed by the management nor agent of stability but neither can control the cause that triggered the crisis communication (for example suicide). Would say that all these elements help to categorize the communication crisis Foxconn in class " preventable cluster ", as the company itself stated everyone involved at risk, violating ethical and legal norms, causing the company uncontrolled symptoms. We observe that the coping strategies of communication crisis was passive.

According to the theory SCCT management of Foxconn follow the following practices:

1. Attack against media
2. Denial of crisis
3. Justify for the crisis to minimize its responsibility
4. The victimization, arguing that the mercy of crisis communication
5. The full apology, admitting finally regrets the suicides and that mistakes have been made in the management of the crisis.

We observe that the management of Foxconn avoiding the stage of "ingratiation media and public opinion" and the status of "corrective actions" to restore its public image.

Corresponding data are derived from the theoretical approach of *image restoration* of Benoit (1995, 1997). Initially the administration of Foxconn denied the crisis involving suicides and correspondingly the crisis relating to information management event (denial of the crisis). The organization is in the process of avoiding responsibility and immediately after the third stage in the reduction of the intensity of the effects of the crisis. Avoid the fourth step of applying "corrective action" that it was not the same company responsible for the successive suicides, resorting to an indirect manner in the fifth stage of confronting the crisis communication, stage humiliation accepting the existence of bad practices on the part of Foxconn's management as to the communicative management of suicide. Here we consider important to emphasize the gravity of the choice of management to overtake the fourth stage of image restoration theory (Benoit, 1997). The fact is manifest denial of administration for choosing a better communication strategy. The refusal meant the difficulty of leadership to take responsibility for corrective action and assess correctly the stimulus of crisis communication. In fact advocated the exploitative autocratic leadership style (Likert Theory) as well as the objectives of management and decisions are determined only by the CEO, Terry Gou and controlled by the same stakeholders were particularly strict. The result of this form of leadership were the negative attitudes of the public, the suicides of company staff and of course the degradation of the image of the company to the community.

In theory sense-and-respond of Stephan H. Haeckel (1999) would say that Foxconn cannot be classified in this type of strategic leadership, in the case of the management of this crisis communication. We note that the company's management raises efficiency as a priority while designing and implementing new strategies is long and slow way. Essentially Foxconn has all the characteristics to be classified as a company make-and-sell. The operational changes

are predetermined and predictable over time and do not follow the requirements set by the environment in which it operates. We observe the adaptability of decisions is limited and the need for change exist. The Foxconn works aiming performance without considering the unpredictable environment arising threatening factors that while the administration does not seem to give special value to the information that can be gathered from the needs of society.

The management seems to not engage in the prediction and evaluation of risk factors with the result that may be made serious strategic changes always giving emphasis on competitive advantage and productivity. It appears from the result that the management of Foxconn shows small flexibilities so they do not respond effectively to environmental changes (Plummer & McCoy, 2006).

According to the theory of Plummer & McCoy (2006) The Foxconn was unable to ensure the flexibility of the basis of four key factors increasing operational flexibility. Specifically awareness is low as he failed to accurately assess the negative media coverage that it affected irreparably operational picture. Flexibility was also low because it did not respond to changes in its environment so that present and low adaptability to new conditions in the absence of alternative draft communication strategy. The productivity (within the meaning of Plummer & McCoy) was low also did not respond as effectively with substantial operational changes careful risk (Communicating crisis and the destruction of its operational image). The collective decisions were taken but only by the CEO of the company with authoritarianism and absolutism. What we would say is putting the last point to characterize the Foxconn as an organization make-and-sell rather than sense-and-respond.

4. Conclusion

Συμπερασματικά The case study of Foxconn as with the above theoretical approaches to address communication crisis brings to light important conclusions about the attitude of the management of the company. We saw that the company's management declined significantly stages recovery of corporate image resulting struggle to devise new strategies to prevent communication to react to changes in its environment. Foxconn's management failed to communicate with the media, and settled for silencing or mislead the public. The Foxconn remained stable in denying any responsibility for choosing suicide as a coping strategy of this crisis the "denial" of the crisis,

The evaluation of crisis communication from the management of the company was not in a correct manner. Typically, seems not to be assessed by the management nor agent of stability but neither can control the cause that triggered the crisis communication. The administration of Foxconn avoided the stage of "ingratiation media and public opinion" and the status of "corrective actions" to restore its public image. The refusal meant the difficulty of leadership to take responsibility for corrective action and assess correctly the stimulus of crisis communication. In fact advocated the exploitative autocratic leadership style (Likert Theory). We note that the administration decided efficiency as a priority while designing and implementing new strategies was long and slow way. Essentially Foxconn has all the characteristics to be classified as a company make-and-sell.

The management seems not to deal with the prediction and assessment of risk factors with the result that may be made serious strategic changes always giving emphasis on competitive advantage and productivity. It appears from the result that the management of Foxconn shows small flexibilities so they do not respond effectively to environmental changes (Plummer & McCoy, 2006). The flexibility was low for failing to respond to changes in its environment so that present and low adaptability to new conditions in the absence of alternative draft communication strategy.

At this point we consider important to mention that the company's management failed to implement effective communication strategies changes resulting not be able to switch the negative sentiment of public opinion. Instead we observe that insisted on formal changes-such as gagging the media and putting railings, ignoring the retrieval of previous good image. The management did not proceed to engraving new strategies that would be harmonized with the developments of its environment. This is indicative of authoritarian leadership. In fact advocates and the general Chinese culture that resembles the organizational culture of Foxconn.

Below we summarize the causes of failure of Foxconn in engraving new strategies to deal with this crisis:

- The company's management was not ready for a similar crisis
- The risk communication was not possible because the information is moved from top to bottom and thus lost valuable time to feel an urgent strategic change

- The leadership of the company being authoritarian failed to increase flexibility and to find effective solutions to address the crisis
- Not reached by the management of the risk assessment while the headquarters rushed to treat the stimuli as threat
- The leadership overestimated the dynamics of production ignoring the risk of external factors and possible severe crisis.

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