The Impact of Japanese Corporate and Country Culture on Crisis Communications:

A Case Study Examining Tokyo Electric Power Company

A thesis submitted to the College of Communication and Information of Kent State University in partial fulfillment of the requirements for the degree of Master of Arts

by

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I.

Introduction

The Fukushima Daiichi nuclear accident of March 11, 2011 resulted from the massive Tohoku earthquake (magnitude 9.0 on the Richter scale, one of the largest ever recorded in Japan) and the ensuing tsunami that came ashore on the country’s Pacific coastline.

The earthquake’s epicenter was situated 150 km northeast of two Fukushima nuclear power plants (Daiichi and Daini) operated by the Tokyo Electric Power Company (TEPCO).

The Onagawa nuclear power plant (operated by the Tohoku Electric Power Company) was the closest to the epicenter, at approximately 80 km. (Figure 1, insert). In total, 11 operating reactors affected by the earthquake shut down immediately.

Of the six reactor units at the Fukushima Daiichi site, three were operating at the time: units 1, 2 and 3. These units did shut down safely following the earthquake, but the earthquake caused the electric grid to collapse and offsite power supplies were lost. The onsite emergency diesel generators (EDGs) started and provided electrical power to emergency systems that began operating almost immediately after the earthquake.

However, about one hour after the earthquake, a tsunami estimated at 14-15 m struck the site. The height of the tsunami was approximately ten meters higher than estimated in the plant’s design. This caused wide-scale flooding of the site and the subsequent failure of all EDGs (with the exception of one air-cooled EDG at unit 6) as well as the pumps that provided cooling water.
On March 16, 2011, during one of a series of press conferences at TEPCO’s headquarters in Tokyo, Japan, company executives took questions regarding what quickly became the world’s second-worst nuclear power plant disaster at the Fukushima Daiichi nuclear power plant (Figure 1).

When the executives reported at the 4:00 a.m. press conference that a fire had broken out at the plant’s No. 4 reactor, a reporter naturally asked how the fire had begun, given that just the day before the company had reported putting out a fire at the same reactor. The executive answered: “We’ll check. We don’t have information here.”

Two hours later the executive team offered a response that seemed tardy and vague, causing a reporter to erupt, “You guys have been saying something different each time!” Another shouted, “Don’t tell us things from your impression or thoughts, just tell us what is going on. Your unclear answers are really confusing!” (Wall Street Journal, 2011).

This occurred days after TEPCO’s chief executive officer, Masataka Shimizu, tried to appease mounting criticism by issuing a public apology, repeated in a corporate press release two days later. A reporter grilled executives at their next briefing.

“Are you apologizing because things have crossed a critical line?” the reporter asked.

“We simply realized that our apology was not enough and wanted to express the company’s deep regrets,” the TEPCO official replied.
“I’m not asking you how you feel,” the reporter snapped back. He demanded that the company stick to disclosing additional facts and to take action.

However, during that briefing, TEPCO officials lacked basic information, such as how many workers at the plant were being evacuated because of the explosion and fire (Mie, 2011).

The inability of the utility to communicate to its audiences fractured trust and unleashed a torrent of anger. Public complaints were flowing into the company’s offices at the rate of 40,000 per day. Shimizu was hospitalized at the end of March due to “fatigue and stress.” Scores of Tokyo police officers were assigned to guard the utility’s downtown headquarters. A poll conducted by the Kyodo News Agency in late March found 47 percent of Japanese residents wanted all nuclear power plants shut down. Company officials saw their salaries – and home addresses – spread across the Internet (CNN, 2011).

In glaring contrast in the public’s eye were the heroic efforts of the workers risking their lives to keep the Fukushima Daiichi nuclear power plant from completely melting down. Media accounts describe the workers as putting themselves in grave danger out of a sense of honor for their nation and deep concern for their countrymen.

TEPCO’s practices seem to be rooted in days gone by. Larkin (2008) explained:

Business should by now understand that successful companies are those which are outward-facing and which understand not only who their audiences are, but also what they think and what they want. So why are
companies so often surprised by controversy? Probably because they are used to rational decision making based on technical and scientific data. They fail to understand that an issue can be viewed in many different ways and that emotion is a powerful change-maker (p. 29).

TEPCO is the subject of this case study, but instances of Japanese corporations struggling with crisis communications situations are not rare. For example, a year earlier, Toyota President and CEO Akio Toyoda announced a recall of 437,000 Prius and other hybrid vehicles worldwide to fix a brake problem, the latest in a string of embarrassing safety lapses at the world’s largest automaker. Once seen as a trailblazer whose management techniques were models for others, the company fell on hard times. A Time magazine writer noted: “It's something more pernicious: the vapor lock that seems to have seized Toyota's mythologized corporate culture and turned one of the most admired companies in the world into a bunch of flailing gearheads.” (Saporito, 2010)

Amid its technical woes emerged a persistent problem found in many Japanese companies. Toyota was caught, as Time described, “flat-footed by the spiraling public relations disaster as its global recall crisis worsened. Its chief waited weeks before giving his first full press conference” (Saporito, 2010).

Not until October 2012, 19 months after the tsunami hit, did TEPCO publicly announce its lack of preparations contributed to the Fukushima Daiichi disaster. In a statement TEPCO said that it had known safety improvements were needed before the 2011 tsunami triggered three meltdowns, but it had feared the political, economic and legal consequences of implementing them.
“When looking back on the accident, the problem was that preparations were not made in advance,” TEPCO’s internal reform task force, led by company President Naomi Hirose, said in the statement. "Could necessary measures have been taken with previous tsunami evaluations? It was possible to take action" by adopting more extensive safety measures, the task force said. (Yamaguchi, 2012)

The task force noted TEPCO had feared efforts to better protect nuclear facilities from severe accidents such as tsunamis would trigger anti-nuclear sentiment, interfere with operations or increase litigation risks.” TEPCO could have mitigated the impact of the accident if it had diversified power and cooling systems by paying closer attention to international standards and recommendations, the statement said (Yamaguchi, 2012).

While TEPCO offered numerous apologies and admits responsibility, the Japanese public has far from forgiven the utility. In July 2012, CNN reported: Demonstrations against atomic energy have become a regular part of Japanese public life since the devastating earthquake and tsunami in March 2011 set off the nuclear disaster at the Fukushima plant. And the protests appear to be gaining momentum. Each Friday, anti-nuclear demonstrators gather outside the Japanese prime minister's office. That protest has been getting bigger and bigger every week, especially since the Japanese government announced the reactivation of the first nuclear reactor since the Fukushima crisis. (Ogura & Mullen, 2012, CNN online)
Trust in the utility is low due to its history of incidents and cover-ups. TEPCO has a long, documented series of serious safety breaches, systemic cover-ups of potentially fatal disasters, persecution of whistleblowers, suppression of popular opposition and use of its economic and advertising clout to silence criticism. Among the company’s record of more than 200 proven falsifications of safety inspection reports are several relating to the stricken Fukushima Daiichi facility itself (Head, 2011). The following table highlights incidents involving TEPCO nuclear facilities.

Table 1.

<table>
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<th>Year</th>
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<td>1997</td>
<td>At least 37 workers were exposed to low doses of radiation at a fire and explosion at a nuclear reprocessing plant operated in Tokaimura, northeast of Tokyo. The operator, Donen, later acknowledged it had initially suppressed information about the fire.</td>
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<tr>
<td>1999</td>
<td>In 1999, fuel-reprocessing workers were reported to be using stainless steel buckets to hand-mix uranium in flagrant violation of safety standards at the Tokaimura plant. Two workers later died in what was the deadliest accident in the Japanese industry’s history.</td>
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<td>1999</td>
<td>Hundreds of people were exposed to radiation and thousands evacuated in a 1999 Tokaimura accident involving JCO Co. The government assigned the accident a level 4 rating on the International Nuclear Event Scale ranging from 1 to 7, with 7 being most serious.</td>
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<td>2002</td>
<td>TEPCO admitted to falsifying reports about cracks that had been detected in core shrouds as far back as 1993</td>
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<tr>
<td>2006</td>
<td>In 2006, TEPCO reported a negligible amount of radioactive steam seeped from the Fukushima plant — and blew beyond the compound.</td>
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A powerful earthquake ripped into Japan's northwest coast, killing at least eight people and causing malfunctions at the Kashiwazaki Kariwa nuclear power plant, including radioactive water spills, burst pipes, and fires.

Radiation did not leak from the facility.

TEPCO's October 2012 statement on the independent task force's findings stood in sharp contrast to the company's own findings that were announced in June 2012. At that time, the company claimed in its probe that the tsunami could not be anticipated and that the company did the best it could to bring the critically damaged plant under control, although there were shortfalls that they had to review. TEPCO bitterly criticized what it said was excessive interference from the government and the prime minister's office (Yamaguchi, 2012).

To this day, communication from the company regarding the full extent of the damage is in question. On December 16, 2011, Prime Minster Kan's successor, Yoshihiko Noda, announced that the stricken reactors at the Fukushima Daiichi nuclear power station had reached "a state of cold shutdown." Japan's worst-ever nuclear accident, the Prime Minister said, had finally been brought under control. According to Fortune,

The moment was meant to be a calming milestone, psychological balm for a wounded country in the process of trying to heal. The only problem with it, as workers today at the nuclear power plant will tell you, is this: it wasn't true then, and it's still not true today. "The coolant water is keeping the reactor temperatures at a certain level, but that's not even near the goal [of a cold shut down,]" says an engineer working inside the plant.
"The fact is, we still don't know what's going on inside the reactors”
(Powell & Takayama, 2012).

The tsunami caused massive loss of life (an estimated 15,000). The Fukushima Daiichi disaster resulted in the evacuation of 88,000 and sheltering of 62,000 (OECD/NEA press kit, n.d.) and posed a potential threat to other countries (Figure 2).

The stress on TEPCO and the government, exacerbated by the urgency with which the media and the public required information, brought to light issues long embedded in Japanese country and corporate culture.

Through the 1980s and early 1990s the image of Japanese management as a pinnacle in business leadership was commonly accepted in business literature, albeit overly simplified. It was not until the Japanese economy began to collapse in 1991 that this image weakened.

The Fukushima Daiichi disaster further shattered this image, as Japanese corporate culture became a focus of attention.

While one company does not represent the entire Japanese corporate community, it does demonstrate how an unchecked corporate culture with a history of tolerating less-than-optimal performance in business execution, lax accountability, and that does not empower middle managers and line employees, can literally lead to disaster.

It also casts a shadow on the rest of the Japanese corporate community, whether deserved or not.
Japanese corporate culture is a paradox. From one view, it seems to offer a caring and employee-focused environment. From another, it can be impractical and prejudicial.

For instance, the lifetime employment benefit that was once lauded as a desirable business practice ultimately proved impractical and is largely a thing of the past. Japanese collectivism in management practices, as well as opportunities for benefits and promotion, vary greatly depending on one’s gender. Decision-by-consensus suggests a participatory management style, but is actually a process that allows for tight control over information sharing and the face-saving protection.

Aided by a country culture that yields remarkable tolerance for corporate ineptness and stoic patience for information, its corporate culture enable behaviors that seem at times run counter to the basic needs of many stakeholders. In Japan, corporate culture is changing for the better, though as these incidents serve witness, the change is coming slowly and often within the public spotlight.

The public relations profession offers little to buffer this situation. The Japanese professional public relations community is miniscule in proportion compared to the United States. Its professional association’s 2011 roster lists 525 members (Public Relations Society of Japan, n.d.), bringing into question its ability to advocate for greater transparency and a freer flow of information. The prospect for meaningful change in the practice of the profession, especially in long-established corporations, does not appear bright.
Significant opportunity exists for scholars to study the confluence of corporate and country culture in Japan, as well as in many other countries, to better understand how cultural factors impact the planning and execution of public relations policies and programs.

A number of practitioner-led global public relations efforts are underway that are bringing some level of standardization and shared learning to the profession. Perhaps such efforts will be a springboard to more research on the impact of corporate and country cultural on public relations.

In the meantime, we are left to wonder how it is possible that both a major free-market utility operating nuclear power plants and the world’s largest automobile company were so poorly prepared to communicate during a crisis where information is critical to allay fears and enlighten decisions. The premise of this thesis is that the answer is found in country and corporate culture.

**Research Question**

This thesis seeks to answer the question: Did Japanese country and corporate culture directly affect the corporation’s crisis communications response during and after the Fukushima Daiichi nuclear power plant disaster?

**Assumptions**

To address this question, this thesis focuses specifically on culture within the context of Japanese society. Applying culture universally would overlook the fine distinctions that are inherent in Japanese culture.
Culture can be analyzed at the micro or macro level. As Schein (2009) states:

Culture as a concept in organizational life has come to be accepted, but there is still a strong divide between (1) those who want very abstract universal dimensions of culture that can be measured with surveys and questionnaires and (2) those who want to study the nuances, details, and dynamics of particular cultures by observation, interview, and intervention. The first approach looks for general traits; the second approach looks for general cultural processes. (p. ix)

The latter approach is more suitable for a micro view of a culture’s impact. An analysis that focuses on a specific culture within a defined geographic area allows the researcher to control for variables that would add complexity to the analysis and require resources beyond those available to the author.

**Isolating one company, one country**

For that reason, the focus of this thesis is the TEPCO incident because it is based in the same country in which its market is located. By isolating one company within one country, the affects of corporate and country culture can be more easily established.

Global corporations, while driven largely by the culture of their headquarters, are influenced by the cultures of many if not all of the countries in which they operate, thus making it more difficult to research.

This approach allows for the examination of how corporate leaders, line workers, government officials, the media, and the resident public are affected by
a single country culture and, in turn, how a corporate culture encourages or inhibits the free flow of information in a crisis.

II. Literature

Review

In order to better understand the events that took place before, during and after the Fukushima Daiichi disaster and its public relations implications, one must have a working knowledge of Japanese corporate culture. This culture impacts nearly every aspect of a Japanese corporation’s operations, including governance, strategy, management, human resource practices, ethics, corporate responsibility, and even gender and diversity.

How a company prepares for and responds to a crisis situation, and whether or not it alters its practices and policies as a result of a crisis experience, is influenced by the culture in which it is grounded.

There is vast literature on corporate and organizational culture, and a significant amount on topics involving country culture. This review limits the content to either Japanese corporate culture or topics associated with the management and operations of a Japanese corporation that are applicable to the Fukushima Daiichi disaster.

It also considers how country and corporate culture impact the practice of public relations in Japan within corporations and as an industry itself.

Finally, it examines what little, in comparison to the U.S., has been written about crisis communications in Japan.
**Corporate Culture, Japan**

Much has been written by scholars and commentators about how organizational culture is an influential force in the effectiveness and performance of corporations (Ashkanasy, Wilderom & Peterson, 2000; Tomalin, 2007). Hofstede’s (1980) theory is often cited, since it describes the effects of a society’s culture on the values of its members, and how these values relate to behavior using a structure derived from factor analysis. His work examines:

- Individualism versus collectivism: the degree of preference for acting as individuals rather than as group members
- Power distance: the degree of inequity among people considered as normal
- Uncertainty avoidance: the degree of preference for structured over unstructured situations
- Masculinity versus femininity: the relative prevalence of values such as assertiveness, performance, success, and competition versus values such as quality of life, warm personal relations, service, care for the weak, and solidarity

This framework provides a tool to better understand the Fukushima Daiichi disaster response, so it will be utilized.

In Japan, corporate culture is often described in familial terms, characterized by long-term orientation to employment and business strategy; close ties between business and government ministries that regulate and determine national policy; self-sacrifice; and consensus decision making.
Japanese corporate culture and management systems were considered to be natural outgrowths of Japanese societal culture (Ouchi, 1981; Pascale & Athos, 1981).

In the late 1970s and early 1980s, Japanese corporate culture was of particular interest as the country’s economic success was perceived to be tied to Japanese management techniques (Keys & Miller, 1984). Books published at that time included *The Art of Japanese Management* (Pascale & Athos, 1981), *Theory Z* (Ouchi, 1981), and *Japan as Number One* (Vogel, 1979).

As Japan’s economy faltered in the 1980s and 1990s, however, the literature reflected the decline. The corporate culture of Japanese companies, embedded with unsustainable employee benefits such as lifetime employment (Kanabayshi, 1977), and practices like decision-making by consensus (Sethi, Namiki & Swanson, 1984), were cast in a negative light (Sethi & Namiki, 1984; Dearlove, 2011). Vaszkun and Tsutsui (2012) state:

...Japanese management systems (were) designed and developed in an era where “catching up,” “protecting domestic markets,” and “high productivity” were the keywords in economic policymaking. Yet circumstances have changed, and Japan is now struggling to remain a leader in a global economy based on ever-freer flows of capital, labor, and information, intense competition between nations, and rapidly changing business practices. Many of the time-honored mindsets and methods that have served Japanese managers so well, for so long, may now be obsolete. (p.381)
Many Japanese companies have been slow to make changes that run counter to this culture; a factor that will come into play in the Fukushima Daiichi disaster.

**Country Culture, Japan**

A major consideration in this case study is the effect of Japanese country culture on the behavior of TEPCO’s management and its decision-making. Also impacted by this culture are the employees, Japanese government, media, and its public relations industry.

Every culture in the world is distinctive. Japan’s uniqueness lies in its specific traits, observable nowhere else in the world. These traits include cooperation and harmony, a vertical social structure, an emphasis on non-verbal communication and an inherent desire to put the public in front of the private. Societal and communal interests take precedence over the needs of individual members. In the West, infringement of private rights for the public good requires the support of law that specifies the extent of the infringement on constitutional and legal grounds. In traditional Japan, public good comes first. Japan’s post-WWII constitution places a higher priority on personal rights, but traditional attitudes prevail in many sectors of social life (Befu, 1984).

A 1991 study examined how many Asian cultures have distinct conceptions of individuality that insist on the fundamental relatedness of individuals to each other:

The emphasis is on attending to others, fitting in, and harmonious interdependence with them. American culture neither assumes nor values
such an overt connectedness among individuals. In contrast, individuals seek to maintain their independence from others by attending to the self and by discovering and expressing their unique inner attributes. (Markus & Kitayama, 1991)

Ethics and Corporate Responsibility

Codes of ethics and compliance are commonly in place in free-market corporations, though the extents to which those codes are practiced depend largely on the culture of a corporation. Literature on codes of ethics frequently note that communication and practice are key elements in successful implementation and enforcement efforts.

Shakeel, Khan and Kahn (20110) explain, “In order for a code of ethics to be meaningful, it must clearly state its basic principles and expectations; it must realistically focus on the potential ethical dilemmas which may be faced by employees; it must be communicated to all employees; and it must be enforced” (p. 68).

While capitalism has a global presence, ethics and morality are functions of a country’s culture and norms. As one study noted, “...we do not find any evidence here that the globalization of capitalism has also been accompanied by a globalization of a corporate morality – as represented in the contents of their codes of conduct. Nor do our findings suggest that American tort law is creating a globalization of standards” (Reich, 2005, p. 526).

A 1997 study of how Japanese and Korean managers treated business principles and moral sentiments found that while corporations in these countries
had made progress in institutionalizing business ethics over the last decade, the attitudes of Japanese and Korean managers have not changed significantly in the same period (Choi & Nakano, 2008). The study sheds light on issues that would seem to be persistent in Japanese management style. Many companies in Japan now enforce wide-ranging ethics policies governing the behavior of their employees and some have established social responsibility departments, but damage has been done (Choi & Nakano, 2008). While Japan has a tradition of trust in its family-centric business structure (Sen, 1997), “the public’s repeated exposure to apologetic senior leadership of scandal ridden companies might reinforce the poor perception of ethical behavior within its business institutions” (Ardichvili, Jondle & Kowske, 2010, p.8).

TEPCO has a history of well-publicized scandals (*The Economist*, 2002; Head, 2011; *Public Intelligence*, 2011). Its past is frequently cited in accounts of the Fukushima Daiichi disaster.

Unfortunately, the utility seemed to be a poor student of its own history. For example, in September 2002, the company announced a Corporate Ethics and Compliance Policy with four key elements that as of this writing remain on TEPCO’s website (See Appendix for the full text of the document cited). It posted this introduction to the policy:

TEPCO implemented countermeasures to guard against a reoccurrence of incidents with regard to inspection and maintenance operations at our nuclear power stations. At the same time, the Company announced four commitments in the interest of creating a "Corporate system and climate of individual responsibility and initiative." The actualization of the four
commitments has been adopted as our social mission, and the entire Company is deeply involved in the effort...

1. Promoting disclosure of information and ensuring transparency of nuclear operations
2. Creating a work environment where proper operations can be carried out
3. Strengthening internal surveillance and reforming our corporate culture

It is clear from the events surrounding the Fukushima Daiichi disaster that this compliance policy was more about optics than practice. Later in this thesis an example of a corporate culture change policy will be reviewed that, like the compliance statement, was also arguably a response to public pressure than an authentic desire to change from within.

**Japanese Management Style**

The post-WII success of Japanese corporations attracted the attention of management experts and academics who studied the country's management style. In 1971, Peter Drucker praised the country’s managers in a *Harvard Business Review* article for the deliberate manner in which they puzzled through decisions. He lauded their commitment to continuous working training, and found lessons in the way they mentored younger employees (Wartzman, 2009).
Consequently, as the Japanese economy declined in the 1990s, its occurrence launched a significant amount of research contrasting that country’s management style with other countries.

A comparison of Japanese and Anglo-American middle managers found the Japanese were losing the role of managers in a traditional sense. McCann, Hassard and Morris (2004) found, “They are becoming ‘player-managers’ and their job titles often bear little resemblance to their actual work tasks. Their workload is heavy. Experienced middle managers in the case studies faced the prospect of effectively enforced early retirement, but tended not to face compulsory redundancy” (p. 39).

Work hours remain roughly stable, which by American standards is extremely high. Sixty hours of work per week for Japanese middle managers is not uncommon, despite government programs designed to reduce work hours. A 2003 study found Japanese organizational cultures are consensual and are not considered entrepreneurial (Deshpande, Farley & Bowman, 2003).

A study by Numagami, Karube and Kato (2010) of Japanese middle management found that, “many Japanese companies have...been afflicted with deterioration of their internal organization, once admired for its flexibility and in knowledge creation through middle-up-down management” (p.35). It found excessive emphasis on internal consensus, scarcity of “strategic connoisseurs,” and abundance of “free riders and rent seekers” (p. 35). The study states management systems share part of the responsibility, citing specifically decentralized structures versus mechanistic systems. Japanese companies seeking to stimulate innovation and allay stagnant performance may place too
much emphasis on decentralization, especially those in mature markets. However, overemphasis on this approach without counterbalance of mechanistic structures can lead to “organizational deadweight, stifling of the strategic initiatives of middle managers” (p. 36).

Regardless of Japan’s recent economic difficulties, its overall culture has always played an underlying role in the performance of its corporations. A 2011 study of 225 manufacturing enterprises in Japan examined the interrelationships among top management leadership, organizational culture, and human resource practices, and their associative effects on organizational performance. Among other things, the study considered if leadership creates organizational culture (Quick, 1992; Simms, 1997) or leadership is molded by organizational culture (Schein, 1992; Bass and Avolio, 1993). The analysis supported a learning model where a greater organizational performance can be achieved when top management leadership is supported by the organizational culture. According to the concept, leaders in an organization will have their values and beliefs embedded in the organization at an early stage of its formation, while the culture will influence the actions and styles of leaders at later stages (Jung & Takeuchi, 2010). Using this lens, TEPCO, established in 1951, is easily in the later stages of its formation.

A discussion of Japanese management style is not complete without noting issues of gender. Historically, women have not participated in the Japanese management ranks. Only in the last half of the twentieth century did female inclusion in the labor force increase significantly. Yet, unlike their male counterparts, most women did not enjoy benefits such as lifetime employment,
seniority promotions, and even on-the-job training. This disparity is primarily due to gender bias inherent in Japanese work organizations, including the lack of objectivity in assessment, the continued reliance on in-house training, the lack of female role models, and an entrenched male-dominated culture. There are signs that change is occurring both from government and from managers seeking to move to a more diverse workforce (Benson, Yuasa & Debroux, 2007), but there is much ground to make up. In all fields in Japan, not just public relations, women hold 1.2 percent of the top jobs (Irish Times, 2010).

**Corporate Governance**

Some of the literature on corporate governance in Japan addresses its shortcomings. *The Economist* reported in 2011:

Corporate governance is a problem in Japan. The country ranks 33rd among 38 countries for corporate governance, according to GMI, a firm that measures such things, making it worse than Russia, Brazil and China. CLSA, a broker, complains that Japanese firms ‘express hostility to reforms.’ Regulators are mediocre. There is no requirement for independent directors. Few foreigners serve on Japanese boards and the proportion of women, at 1%, is less than in Kuwait. (*The Economist*, Oct. 2011)

The nation’s corporate governance model has also been cited as a reason for its decade-long economic struggles. “Japan’s prolonged economic problems are due to more than faulty macroeconomic policies. We do not deny the importance of bungled macro-economic policy, but argue that deeper maladies in
Japanese corporate governance made that country increasingly vulnerable to such problems” (Morck & Nakamura, 1999, p. 2).

There is a foundation upon which to grow more effective governance. As noted earlier, Japanese corporations are less likely than their Western counterparts to sacrifice long-term success for short-term profits, a practice that requires board support. In addition, as Allen and Zoho state, corporate governance in Japan is “concerned with ensuring that firms are run in such a way that society’s resources are used efficiently by taking into account a range of stakeholders such as employees, suppliers, and customers, in addition to shareholders” (2007, p. 2).

Change is coming. Japanese corporate law is in transition, triggered by the Commercial Code and the Audit Special Exception Code that took effect in 2003. The reforms offer options for governance models for large corporations. Some question whether these changes will result only in a shift in optics, as opposed to real transformation. It may be that the ultimate governance model takes the best elements of Eastern and Western styles. Such a model would allow Japanese corporations to compete internationally while retaining those elements of corporate community that have long been considered a primary objective of the social and economic life of Japan (Sarra & Nakahigashi, 2002; Allen, 2007; Morck, 1999).

Public Relations Practice in Japan

Japan’s advertising industry is proportionally about one-third the size of its U.S. counterpart; however, its public relations industry is less than one-tenth
the size of that industry in the United States’. It appears to be a laggard considering the industry was introduced to Japan after World War II by the U.S. Occupation Administration (Kelly, Masumoto, & Gibson, 2002, p. 137). A paper published in *Journal of Public Relations Research* notes that more than a decade ago, Japan’s Ministry of International Trade and Industry had already deemed the minuscule public relations presence as a critical situation because it has “far too few [agencies] for an economic superpower.” Even in-house, public relations departments at most Japanese companies are merely collecting points for policies written in other departments (Cooper-Chen & Tanaka, 2008, p. 95).

There are case studies (such as Haruta & Hallahan, 2002; Wrigley, Ota & Kikuchi, 2006; Batyko, 2012) on the public relations industry in Japan, but most of the research on the industry the author discovered consisted of quantitative studies, such as Sriramesh and Takashi (1999), Yamamura and Shimizu (2009), and Muk (2011). Opportunities exist for scholars to employ qualitative research to explore the practice of public relations in Japan and broaden the field’s body of knowledge. Recent events, such as the Toyota brake recall crisis in 2010 and the Fukushima Daiichi disaster in 2011, as well as greater globalization of more Japanese industries, provide case studies for researchers to analyze and contribute to the body of literature.

**Crisis Communications, Japan**

A topic widely researched in the U.S., academic literature on crisis communications in Japan is sparse.
A 2003 study of cultural issues in airline crisis communications evaluated U.S. and Japanese responses. It found that exposing cultural differences in airline crisis communications demonstrates the importance of culture in management communications.

For example, comparing a commercial aircraft crash involving Delta Air Lines, and one of a Japanese airline, JAL, the response of the respective airline leaders was illuminating.

The study found the use of apology revealed the greatest contrast. The JAL president repeatedly made public apologies, while neither the CEO nor president of Delta made an apology. In Japan, an apology was expected. In contrast, while the leadership of Delta may have been apologetic and sympathetic for the loss of life, making a public apology is not desirable in the U.S. because of litigation concerns, nor does the public expect it.

The study reinforced that, “As the world becomes more and more interdependent in many ways, the use of culture as a key consideration in management communication planning is inevitable” (Haruta & Hallahan, 2003, p. 145).

It’s no surprise, then, that TEPCO’s report issued after a year-long study of the Fukushima Daiichi incident begins:

First of all, we deeply apologize to all residents of Fukushima Prefecture as well as broader society for the concern and anxiety that has arisen on account of the accident at Fukushima Daiichi Nuclear Power Station (NPS) due to the March 11, 2011 Tohoku - Pacific Ocean Earthquake. (TEPCO, 2012)
In a study applying Situational Crisis Communications Theory to the Fukushima Daiichi disaster to better understand the public’s response and media coverage, Chung (2012) found the Japanese government wanted to prevent panic, which meant that the Japanese sources tended to shy away from controversial topics.

Still, Chung notes TEPCO could have handled the issue differently by being more open with information released to the public. This thesis will shed light on why TEPCO acted as it did.

III.
Methodology

Case Study

A case study approach is employed in this thesis to identify the relationship between country and corporate culture and its consequences for Japanese businesses.

Examining the Fukushima Daiichi crisis from a case study perspective enables the researcher to focus on communication events in their real-life context.

According to Daymon and Hollaway, this methodology provides a holistic view of the issue, while also focusing on relationships and connections. In addition, the case study approach enables one to explore the full complexity of these crises, while simultaneously providing a broad context for understanding how culture influences organizational operations (Daymon & Holloway, 2002; Braun & Clark, 2006).
Given the global attention the TEPCO crises garnered, these case studies enable the researcher to analyze the corporate responses, ranging from press materials to comments made by company representatives. As a result, the primary sampling data is drawn from media sources and then analyzed to determine how corporate culture influenced decision-making.

Chen and Pearce (1995) explain the power in this approach, saying, “If communication is understood as historically and situationally contingent, case studies are the central feature of research, not an ancillary or means to something else” (p. 141). In other words, case studies, “explicate the richness and particularity” of a topic, and should be viewed “as the study in and of itself” (italics in original, p. 141).

Mickey (1995, 2003) demonstrated that sociodrama, a symbol-based theory derived from symbolic interactionism, could be used by public relations researchers to better understand how language enables publics to relate to an organization and to identify with the organization in a common drama.

Mickey explains, “We interact with one another through symbol. It is the symbol, mostly language, to which we give meaning. In the process we become part of a social order greater than ourselves (a family, a community, an organization)” (p. 9). Sociodrama, then, provides a means to deconstruct and analyze the ideas within the communications messages of TEPCO.
Thematic Network Methodology

Thematic analysis is a research approach that aims to facilitate the structuring and depiction of themes into networks. The networks systemize the extraction of:

(i) the lowest-order premises evident in the text (Basic Themes);
(ii) categories of basic themes grouped together to summarize more abstract principles (Organizing Themes); and
(iii) super-ordinate themes encapsulating the principles metaphors in the text as a whole (Global Themes). These are then represented in web-like maps depicting the salient themes at each of the three levels, and illustrating the relationships between them (Attride-Stirling, 2001).

The Global Theme for this thesis is the impact of corporate and country cultures on crisis communications.

The Organizing Themes are corporate culture, country culture, public relations in-country (Japan), and crisis communication in Japan. For each Organizing Theme there are Basic Themes. Once a collection of Basic Themes has been derived, they are then classified according to the underlying story they are telling and these become the Organizing themes.

The Organizing Themes are brought together to illustrate a single conclusion that becomes the Global Theme. This technique allows the researcher to visibly display the associations between themes.

Table 2 shows the associations of Organizing and Basic themes central to the Fukushima Daiichi disaster. Note the themes range from case study-specific
events to the country and cultural underpinnings that directly affected the related communications and public relations activities.

Table 2.

<table>
<thead>
<tr>
<th>Organizing Themes</th>
<th>Basic Themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Culture</td>
<td>Management, Ethics, Governance, Talent</td>
</tr>
<tr>
<td>Country Culture</td>
<td>Masculinity, Long-term orientation, Power distance index, Individualism, Uncertainty avoidance</td>
</tr>
<tr>
<td>Public Relations</td>
<td>Public relations function in corporations, Public relations industry, Crisis, culture change communications</td>
</tr>
<tr>
<td>Crisis Communications</td>
<td>TEPCO historic crisis response, TEPCO policies not internally embraced, Media interdependence</td>
</tr>
</tbody>
</table>

Once the Organizing and Basic themes are linked, the next step is to illustrate how those themes are connected to the Global Theme, as illustrated in Graph 1.

This simple illustration demonstrates how the themes link and provides a visual representation of how the researcher addressed the initial proposition.

Since this is a technique applied to qualitative research, the conclusion the researcher makes are open for debate. By its nature, the process is not objective. The linkages drawn in Graph 1 may not be made, or at least made for the same reasons, by another researcher. This is inherent in the process.
It is important to understand the selection of themes is based on the events and activities that directly affected communications and public relations activities before, during and after the Fukushima Daiichi disaster. Focusing on another aspect of the disaster would likely require the selection of other themes.

Graph 1.

Attride-Stirling (2001) explains that “the analysis of qualitative material is a necessarily subjective process capitalizing on the researcher’s appreciation of the enormity, contingency and fragility of signification.” As such, the notion of objectivity is omitted from the equation in qualitative research. The standards for assessing the merits of a piece of qualitative research must rely on other criteria (p. 402-403).
The thematic network methodology is valuable for this case study analysis because it allows the researcher to connect disparate facts, events and activities and drive to a credible conclusion.

IV. Japanese Culture

Culture is infusive: It is not an abstract concept to the individual, it is reality. It is as involuntary as breathing. Schein describes its impact in these terms:

What really drives daily behavior are the learned, shared, tacit assumptions on which people base their view of reality — as it is and as it should be. It results in what is popularly thought of as ‘the way we do things around here,’ but even the employees in the organization cannot, without help, reconstruct the underlying assumptions on which their daily behavior rests. They know only that this is the way, and they count on it. Life becomes predictable and meaningful. (Schein, 2009)

To better quantify Japanese culture, it is useful to employ a model that will not only identify key traits, but also provide context by comparing those traits to those of other countries.

A number of studies have been conducted on the impact of culture on the performance of an organization (such as Nelson, 2003; House, et.al., 2004; Trompenaars, F. & Hampden-Turner, 200). For the purposes of this thesis, the author found Hofstede’s work most applicable.
In the mid 1970s, the Dutch academic, Geert Hofstede, developed a model consisting of four dimensions of culture based on an extensive survey at IBM in which he investigated the influence of national culture. The study covered more than 40 countries.

**Hofstede’s Cultural Index**

Hofstede’s methodology was both unique in size as well in structure. He defined organizational culture as an idea system that is largely shared between organizational members. By filtering out IBM's dominant corporate culture from his data on IBM's national subsidiaries, Hofstede statistically distinguished cultural differences between countries.

While he initially identified four distinct cultural dimensions that served to classify one culture from another, he later added a fifth dimension.

Here is Hofstede’s description of the dimensions and an explanation of each:

1. **Masculinity index**: This indicates the degree to which a culture is dominated by men.

2. **Uncertainty Avoidance Index**: To what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, different from usual. Uncertainty avoiding cultures try to minimize the possibility of such situations by strict laws and rules.
3. Long-term orientation index: Values associated with Long Term Orientation are thrift and perseverance; values associated with Short Term Orientation are respect for tradition, fulfilling social obligations, and protecting one's face.

4. Power Distance index: The extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally. This represents inequality (more versus less), but defined from below, not from above. It suggests that leaders and followers endorse a society’s level of inequality.

5. Individualism index: The degree to which individuals are integrated into groups. On the individualist side, one finds societies in which the ties between individuals are loose: everyone is expected to look after him/herself and his/her immediate family (Hofstede, 1980).

Applying his model to Japan, Hofstede found these characteristics within that country’s culture. He scored each country using a scale of roughly 0 to 100 for each dimension. The higher the score, the more that dimension is exhibited in society.

1. Masculinity index: Japan is one of the most masculine societies in the world. However, in combination with their mild collectivism, one does not observe assertive and competitive individual behaviors which are often associated with masculine cultures. Japan ranks highest in this index (95 on a 100 scale).
2. Uncertainty Avoidance Index: At 92 on the Hofstede index, Japan is one of the most uncertainty avoiding countries on earth. This is often attributed to the fact that Japan is constantly threatened by natural disasters from earthquakes, tsunamis and typhoons to volcano eruptions.

3. Long-term orientation index: Japan scores 80, making this quality its third highest in rank. In corporate Japan, one observes long-term orientation in the constantly high rate of investment in R&D even in economically difficult times, higher own capital rate, priority to steady growth of market share rather than to a quarterly profit, and so on. The qualities serve the durability of the companies.

4. Power Distance index: Scoring 54, Japan only ranks lower in the Individualism Index. In Japan, all decisions must be confirmed by each hierarchical layer and finally by the top management in Tokyo. Paradoxically, their slow decision-making process shows that in Japanese society there is no one top person who can make a decision like in more hierarchical societies.

5. Individualism index: At 46, Japan’s lowest ranking is in this index. Japanese society shows many of the characteristics of a collectivistic society; including such as putting harmony of group above the expression of individual opinions and having a strong sense of shame for losing face. (Hofstede, 1980)
Japan’s high uncertainty avoidance and low individualism findings suggests that business leaders there are more likely to be intolerant of any deviations from the norms than their North American counterparts. Since deviants are not tolerated, membership in most organized groups in Japan is expected to be composed mostly of non-deviants in comparison to the United States (Vitell, Nwachukwu, & Barnes, 1993).

V.

Japanese Corporate Culture

Corporate public relations and communication is a business practice that is supported by strategy and implemented by individuals. Unfortunately for many Japanese companies, neither strategy nor individualism is engrained in corporate culture. Writing in the mid-1990s, Michael Porter contended that Japanese companies rarely have strategies. Instead, he argued, Japanese companies found success through operational effectiveness (e.g., enhanced total quality control and continuous improvement). The lack of strategy in these firms is due in part to cultural barriers. He noted, “Japan is notoriously consensus oriented, and companies have a strong tendency to mediate differences among individuals rather than accentuate them. Strategy, on the other hand, requires hard choices” (The Economist, Feb. 2011).

Perhaps that is why the overall performance of Japanese businesses is remarkably poor. Around two-thirds of all Japanese firms do not earn a profit (at least for tax purposes). More than a quarter of the companies on the Tokyo Stock Exchange had operating margins below 2 percent over the past decade. Aiding
and abetting this performance is a Japanese financial system that offers near-zero interest rates that even the governor of the Bank of Japan, Masaaki Shirakawa, acknowledges is undermining corporate performance (Regester & Larkin, 2008).

But is business performance linked to corporate culture in a mature company like TEPCO? There is a powerful argument to be made that it is. Schein notes that:

The connection between culture and leadership is clearest in organizational cultures and microcultures. What we end up calling culture in such systems is usually the result of the embedding of what a founder or leader has imposed on a group...In this sense, culture is ultimately created, embedded, evolved, and ultimately manipulated by leaders. At the same time, with group maturity, culture comes to constrain, stabilize, and provide structure and meaning to the group members event to the point of ultimately specifying what kind of leadership will be acceptable in the future. If elements of a given culture become dysfunctional leaders have to surmount their own culture and speed up the normal evolution process with forces managed culture change programs. (Schein, 2009, p. 3)

A deeper dive into Japanese corporate practices finds the underlying norms and practices inherent in the culture work against companies like TEPCO in situations that require prompt and meaningful communications. Here are a few examples:
Management

Japanese corporate management has faced pressure to transform. Vaskun and Tsutsui (2012) provide insights into why this is occurring:

Since the early 1990s, Japanese companies and management have faced strong pressures for transformation. The reasons are manifold: the traditional business system of a developing country seemed increasingly ill-suited to the demands and level of development of a top-rank economy; sustaining growth has been a challenge since the bursting of Japan’s “bubble economy”; national debt has risen steadily, along with a growing unemployment rate and a shrinking foreign trade surplus. Moreover, foreign investors have pushed corporations for enhanced transparency and a more heterogeneous management style. Social tensions may be on the rise with the rapid aging of Japanese society. (p. 368)

To better understand the roots of this change, and its impact on the Fukushima Daiichi disaster, it is worth reviewing several attributes of Japanese management style: lifetime employment, hierarchy and information sharing, governance and talent.

Lifetime Employment

To many workers, the offer of lifetime employment with one company may sound like a good idea. It also made sense to corporate Japan and was even validated during the country’s economic growth through the early 1990s. (It should be noted that workers at that time faced a mandatory retirement age of 55,
making “lifetime” a misnomer.) Lifetime employment combined with a seniority reward system was believed to:

- enhance the development of long-term strategic planning,
- build employee loyalty,
- develop an internal labor market,
- promote stable supplier-buyer relations, and
- encourage a sharing of knowledge and skills among employees (Mickey, 2003).

In 1971, Peter Drucker praised the country’s managers in a Harvard Business Review article for the deliberate manner in which they puzzled through decisions, lauded their commitment to continuous working training, and found lessons in the way they mentored younger employees (Wartzman, 2009).

But the system isn’t just about strengthening the workforce; it also sustains it when business declines.

By law, employers can cut workers’ hours but must pay at least 60 percent of their hourly wages during that time. In 2009, the government budgeted 60 billion yen, or about $624 million, to reimburse companies for half of those payments. In March 2009, about 48,000 companies sought subsidies for 2.38 million employees, according to government figures.

That’s why when Osaka, Japan-based High Metal company saw its sheet metal orders cut in half in October 2008, it never occurred to its executives to lay off workers. Because of government subsidies, workers closed the year installing rows of parsley, watercress and other plants. When sales at machinery maker
Shinano Kogyo in central Japan plunged some 70 percent late that same year, the company started dispatching idle employees to sweep streets and pick up trash in the community, while remaining on the payroll (Tabuchi, 2009).

Still, today’s global economy requires more flexibility in hiring people and in letting them go than the traditional system allowed.

When the economy goes into decline, the lifetime workforce appears to work against the Japanese economy, becoming a force against organizational effectiveness, imposing too much coordinated effort on middle managers behind the scenes, clouding strategy and creating free-riders (Makino & Roehl, 2010).

Indeed, this culture of lifetime employment and government subsidies masks the country’s unemployment rate. When the Japanese economy suffered its worst contraction since 1955 in the first quarter of 2009, declining 15.2 percent on an annualized basis, a far smaller portion of its workers were laid off than in either the United States or the European Union. (Japan’s unemployment rated in April 2009 was 4.8 percent, compared with 8.9 percent in the United States and Europe.) Experts say that without government subsidies, Japan’s unemployment rate would be as much as 2 percentage points higher (Tabuchi, 2009).

Japanese corporate culture is being forced to change -- to an extent. When Japan Airlines (JAL) slid into bankruptcy in early 2010, it got permission from the Labor Ministry to slash pension benefits by up to 50 percent for its 24,000 current and former employees. A week later, Mitsubishi Heavy Industries said it wanted its workers and retirees to accept cuts to ease pressure on its pension plan, underfunded by 259 billion yen ($2.8 billion). Japan’s top 278 companies
were a combined 21.5 trillion yen ($230 billion) behind on pension funding in fiscal 2009, a 50 percent increase from the previous year (Clenfield, 2010).

Five years ago, PBS characterized the change in this manner: “The way Japanese people gain employment, spend their careers, invest their money and plan for retirement is changing. The consensus of opinion among experts is that although change in the corporate culture of Japan will be slow, it is already taking place and it is necessary in light of the economic difficulties facing the government, companies and individuals alike” (Nightly Business Report, 2006).

The employees see the impact on their work culture. “What’s worse is the simple fact that companies are saying, ‘we’re not going to keep our promises,’” says Motohio Morishima, a professor of human resource management at Hitotsubashi University in Tokyo. That erosion of trust, Morishima says, could damage the competitiveness of Japanese companies, which tend to rely on shop floor employees to police themselves and refine work processes. You’ve got to keep people on the front lines committed or the system is too risky,” says Morishima. “There could be big problems” (Clenfield, 2010).

Lifetime employment may be a diminishing component of Japanese corporate culture, but its management structure, which in part shields executives from the public, still seems firmly in place, as the TEPCO and Toyota incidents demonstrate. The lack of transparency is no accident; Japanese executives willingly guard information at the expense of the corporation’s reputation.
Hierarchy and Information Sharing

Bloomberg News columnist William Pesek describes Japanese corporate culture and its personification in the public eye when he states:

Japan is a terrific place to live. It’s an efficient, clean, prosperous, well-educated and reasonably crime-free nation. Yet it is run by a generation of insular and barely accountable politicians, bureaucrats and executives with a poor sense of just how rapidly the world around them is evolving. (Pesek, 2011)

These traits are characteristic of corporate cultures that Jerome Want categorizes Bureaucratic. In this culture, where Want classifies power generation companies like TEPCO, among other industries, common traits are:

- Gridlock and denial
- Obsolete missions and strategies
- Leadership that is authoritarian, not authoritative, and must be the source of all decision making
- Executive management that works with blinders on, negating the value of frontline management as well as rank-and-file workers

(Want, 2006, p. 108)

In considering the Fukushima Daiichi disaster, writing for Vikalpa, Pillai focused on TEPCO’s bureaucracy and noted:

The question that arises is whether the culture of an organization helps or hinders individual managers to make judgments at times of crisis or
impending disaster. Should the site manager at Fukushima Daiichi...have had to wait for higher authority as (he) did or should the organizational culture have permitted (him) to bypass the chain of command? (Pillai, 2011, p. 107).

In this environment, decision-making suffers from paralysis as the chain of command is slow and executives are more concerned with face-saving than information sharing. In the case of the TEPCO’s Fukushima Daiichi disaster, the Japanese Prime Minister Naoto Kan learned first about particular explosions at Fukushima Daiichi not from company officials, but from watching television (Daily Telegraph, 2011).

The Fukushima Daiichi disaster provides an example of just how strong the hierarchy is in Japan’s corporate structure. As workers tried to prevent the plant from experiencing a meltdown, plant manager Masao Yoshida knew the spraying of seawater was a necessary step to help cool the reactors. Thus he was stunned, according to the Funabashi Commission report, when on a conference call with TEPCO President Masataka Shimizu and the company's chief liaison with the government, Ichiro Takekuro, Yoshida was told to delay the spraying of seawater onto the exposed reactors. This, in Yoshida's view, was exactly the wrong thing to do at that moment. According to Fortune:

So during the call, Yoshida motioned another employee over and whispered to him that even though he would now order a halt to the seawater injections—so the officials in Tokyo could hear him doing so on the phone—he wanted everyone at the site to understand that they should
disregard that order. Seawater needed to be sprayed onto the site—or they were going to be in worse trouble than they were already.

In any chain of command situation anywhere, it was nothing less than insubordination. In a Japanese context, what Yoshida did is practically unthinkable. Hierarchy is everything in Japan. (Powell & Takayama, 2012)

Ironically, it’s the cozy relationship between the Japanese government and companies like TEPCO that allow this culture to thrive. It serves as a microcosm of what ails Japan as it embodies the incestuous ties between government and industry and an antiquated economic model. The Prime Minister’s failure to nationalize TEPCO reinforced the company’s traditional business practices. Now, seemingly each day brings new disclosures about how TEPCO doctored safety reports and underestimated risks all without holding responsible the company directors (Pesek, 2011).

Japanese corporate culture reflects community values in which perseverance, patience, and self-control are emphasized, says Yoshio Sugimoto, an emeritus Professor of Sociology at La Trobe University. At schools, shops and stations, for instance, it is routine for most Japanese to stand in queues in an orderly way, a practice that has been evident throughout the disaster areas. Such moral principles give priority to the collective and organizational interests of government ministries and leading corporations (Sugimoto, 2011).

Sugimoto explains that closely knit and tightly structured, the ministry-industry complex is based on employees’ quiet loyalty and devotion and consistent with the values of individual self-restraint and endurance. Virtually no
voices of concern or dissent have been openly articulated from within this structure.

The information industry also falls in line. Though Japan’s mainstream media organizations are independent and frequently critical of the Japanese government, they are in interdependent relationships in one important respect.

Japanese major media companies establish so-called ‘reporters’ clubs’ based in government offices and industrial organizations at various levels, which excluded freelance journalists, online reporters, and until recently foreign correspondents. These exclusive clubs are the sites of official press conferences, government announcements and data dissemination, to which the newsmen and newswomen who do not work for major corporations are denied direct access (Cooper-Chen & Tanka, 2008, p. 100).

As a kind of information cartel, reporters’ clubs around the country receive financial support from government offices and often develop cozy relationships with them.

Far from open and competitive, Sugimoto states this structure has remained intact even during this disaster and has prevented foreign journalists, for example, from attending and raising questions at important news conferences. The Japanese public, as well as the international community, have been receiving information about the nuclear disaster in the context of this framework (Sugimoto, 2011).
Governance

Whether or not the crisis events that damaged the reputations of TEPCO and Toyota will have any impact on Japanese corporate culture is anyone’s guess. However, as this thesis notes, there appears to be a willingness to make concessions to tradition, adopt legislation requiring greater transparency, and make corporate culture changes within organizations. It can be presumed that if any change is to occur, it will be driven in part, if not entirely, by the board room. Japanese corporate law is in transition, triggered by the Commercial Code and the Audit Special Exception Code that took effect in 2003. The reforms offer options for governance models for large corporations.

While this may ultimately lead some companies to converge towards Anglo-American corporate governance structure and norms, it remains to be seen if this will result in wholesale adoption of these norms. Some question if these changes are simply cosmetic.

It may be that the ultimate governance model takes the best elements of Western and Japanese styles. Such a model would allow Japanese corporations to compete internationally while retaining those elements of corporate community that have long been considered a primary objective of the social and economic life of Japan (Sarra & Nakahigashi, 2002).

Talent Development and Attraction

If corporate governance doesn’t drive change in Japanese corporate culture to make it more transparent, responsive and open to outside interests, perhaps the global demand for talent will have an impact.
Japanese firms seeking to globalize their operations need to develop leaders who can achieve their missions in a diverse business environment across national borders, experts on human resources development told a March 11, 2011 symposium in Tokyo.

“Japan is a career breaker, not a career maker” is a phrase that has been used among Western business professionals for some time, but is now heard more frequently, said Reiji Otaki, a professor of the Graduate School of Commerce at Waseda University. “People think being involved in Japan does not add much to their career... In a 2008 survey, no Japanese companies were among the top 50 firms at which students in China would want to get jobs,” noted Otaki (Kitazume, 2011).

Sakie Tachibana-Fukushima Daiichi, president of G&S Global Advisors Inc. and formerly regional managing director for Japan of Korn/Ferry International, the world’s leading executive search firm, said it was only in the past few years that Japanese companies started to seriously consider developing leaders who can perform in a global environment (Kitazume, 2011).

For these reasons and others, Japanese management style and corporate oversight are in transition. Systems designed decades if not generations ago are not conducive for a present-day economic power.

A key question is how well traditional management practices will be able to adapt to such sweeping changes. It is clear by the events following the March 11, 2011 earthquake and tsunami that led to the Fukushima Daiichi disaster that the transformation is far from complete, at least at TEPCO.
VI.

Public Relations Industry in Japan

Japan’s Gross Domestic Product (GDP) is about one-third of the United States’ $15 trillion GDP. Japan’s advertising industry is proportionally about one-third the size of its U.S. counterpart; however, its public relations industry is less than one-tenth the size of United States’.

Unlike Western culture, where stable public relations departments exist and practitioners work to earn a spot in the dominant coalition, the Japanese traditional lifetime employment system means employees rotate in and out of the public relations functions as they rise in a company.

While that process suggests that executives would have experience in this field of public relations and therefore value the function, public relations departments at most Japanese companies are merely collecting points for policies written in other departments. When a negative event happens, a press conference occurs where the chief executive bows deeply and takes the blame for the incident, often after a period of too long a silence (Cooper-Chen & Tanaka, 2008). In the cases of TEPCO and Toyota noted here, apologies weren’t enough.

The Public Relations Society of Japan (PRSJ) was chartered in 1988 after a merger with the PR Work Japan Society in 1980. Its website states:

The society engages in a wide variety of practical activities, such as expanding PR knowledge, sharing PR methods and educating PR professionals. Its members strive to become better professionals by sharing their knowledge and understanding of PR philosophies, issues, problem-solving, skills and training. The PRSJ nurtures PR professionals
by conducting regular seminars led by noted opinion leaders, publishing
PR industry news, and offering PR certification tests.

According to the site, the PRSJ has 525 members (as of December, 2011)
engaged in the fields of public relations, manufacturing and services, as well as
trade associations and academic and public institutions. The organization’s
Tokyo headquarters and Kansai regional office in Osaka administer eight
committees (organizational, international, education, PR, publication,
recognition, certification and IT) and three groups (corporate, PR business and
Kansai) (PRSJ website, n.d.).

In contrast, the leading public relations professional association in the
United States, Public Relations Society of America, has 21,000 professional
members (PRSA website, n.d.). A simple ratio of country populations and their
respective memberships in the PR professional association’ ranks finds one PR
practitioner in Japan for every 243,000 people whereas the U.S. has one
practitioner for every 14,000 residents, based on 2012 population figures.

On the counselor side, Japan’s public relations agency sector has evolved
from the one focused on an extension of the sales and marketing function in the
1960s and 1970s to one that had to address pollution and oil crisis issues in the
1970s and 1980s. As a result, social responsibility became a component of the PR
function. In the 1980s, Japanese business expansion brought 15 foreign public
relations firms to the country physically or in the form of joint ventures to
provide services primarily to foreign firms doing business in Japan (Cooper-Chen
& Tanaka, 2008, p. 97).
Agencies in Japan remain outliers when compared to the corporate public relations sector, serving special needs, such as helping foreign firms to enter the Japanese marketing place (Cooper-Chen & Tanaka, 2008, p. 108).

The recession of the 1990s brought greater attention to the public relations function as institutional investors began to pull money out of Japanese companies requiring those companies to turn to individual investors to fill the gap.

Today, two public relations firms have a major presence in-country. They are:

Kyodo Public Relations Company

According to the firm’s website, http://www.kyodopr.co.uk/, Kyodo PR is the fastest-growing, and now largest independent listed public relations counseling firm in Japan. Established in 1964, Kyodo PR is engaged in all aspects of public relations, including overall counseling, media relations and promotional support for marketing and consumer sales. It is staffed with over 300 employees, over 70% of them being thoroughly trained specialists in all phases of communications programming.

Dentsu Public Relations

According to the firm’s LinkedIn site, http://www.linkedin.com/company/dentsu-public-relations-inc,

...Japan’s largest public relations agency since its inauguration in 1961. A pioneer in the field in Japan, the company with its 91 PRSJ certified PR planners has been helping Japanese and foreign clients communicate with
their critical stakeholders – namely consumers, governments, investors, employees and communities – for the past 50 years. Providing a comprehensive range of communication services, Dentsu PR is a wholly owned subsidiary of Dentsu Inc.

Most government offices in Japan also have public relations offices, dating back to the end of the U.S. occupation in 1952 (Cooper-Chen & Tanaka, 2008, p. 96). The government of Japan has an office of Public Relations, as well, though as of this writing it is most visible through a one-way asymmetrical website that pushes out information from government activities to communications vehicles like *Highlighting Japan* magazine and government internet TV videos. The office is officially titled the Cabinet Public Relations Office and is overseen by a cabinet secretariat. Even with this presence, the practice of public relations in Japan is “extremely weak” in two-way communications (Inoue, 2004, p. 69).

The primary focus of public relations in Japan has traditionally been media relations (Sriramesh & Takasaki, 1999, p. 343, and Kelly et al., 2002, p. 277). The country’s five main daily newspapers serve more than 100 million citizens. The *Yomiuri Shimbun* newspaper has an estimated circulation of 10 million people. Similarly, television broadcasts are dominated by five private networks with a great deal of reach.

As noted earlier in this thesis, Japanese major media companies establish reporters clubs based in government offices and industrial organizations at various levels, which exclude freelance journalists, online reporters and, until recently, foreign correspondents. These exclusive clubs are the sites of official press conferences, government announcements and data dissemination, to which
the newsmen and newswomen who do not work for major corporations are denied direct access.

Given that the Japanese public relations industry is proportionately smaller than its U.S. counterpart, and its counselor component is more rooted in advertising than in public relations, is the industry less capable of handling a major crisis communication event on behalf of its client or employer?

The indications to the public relations practitioner are that this is a culture not well-adapted to unstructured situations, such as crisis. Power is held closely at the top of the hierarchy and response times are slow. Individualism is not valued, so it would be difficult to voice opinions that run counter to the chief executive. Female practitioners would find it most difficult to advance in this culture.

As this disaster demonstrates, a clear role for public relations professionals is to have a presence and an understanding of the audience all along this spectrum, providing input into the change strategy and developing communications programs that will effectively deliver the message credibly, honestly, and personally. It is the only corporate function that is equipped to do so. As Bowen points out:

Public relations can add the greatest value in an organization when it provides an independent viewpoint in counseling the dominant coalition or in strategic planning and decisions making. The ability to provide an independent viewpoint is taken away when public relations is subsumed by marketing, legal, human resources, or other organizational functions.

(Bowen, 2008)
While Japan has been slow to develop public relations talent and to employ professional communicators, the demand for change is palpable. Salem states, “The process (culture change) is inherently interpersonal. Hiring people with basic communications skills and training people in these skills not only improves the chances for sustaining a vibrant organization, but it also assists people in the rest of their lives” (Salem, 2008, p. 345).

Practitioners in Japan are not ignoring the issue of crisis communications response. For example, a 2009 study conducted by the Japan Institute of Social and Economic Affairs on the practice of public relations in that country, PR professionals responded that crisis management is the most important skill in public relations, though media relations was ranked as the most important activity (Yamaura & Shimizu, 2009). The profession is also focusing attention on this issue. For instance, the 15th Symposium of the Japan Society for Corporate Communication Studies, taking place on November 12, 2012, carries the theme, "Towards the establishment of the role of public relations - public relations professionalism in the event of an emergency" (Japan Society for Corporate Communications Studies website, n.d.).

VII.

Crisis/Change Communications in Japan

As noted, little scholarly work has been done on the subject of crisis communications in Japan. Most of the insight into crisis communications in Japan is provided by the media covering incidents. The well-documented practice
of corporations in Japan withholding information is arguably the biggest barrier
to stronger crisis communications management.

**Guarding Information**

A common trait of among Japanese corporations dealing with a crisis is to
guard information. A *Los Angeles Times* article cites Masaru Tamamoto, a
professor of Asian and Middle Eastern studies at the University of Cambridge in
Britain. Commenting on the TEPCO incident, he states the handling of the crisis
by Japanese government and corporate authorities is consistent with a culture
that carefully guards information from the public and leaves decisions in the
hands of anonymous bureaucrats (Vartabedian, 2011).

Focusing on a TEPCO scandal in 2002, *The Economist* found “a secretive
corporate culture and a bureaucratic aversion to inconvenience – in other words,
standard Japanese business practices – are among the chief culprits” (*The

The lack of transparency that has been the hallmark of the TEPCO and
Toyota crises is not unusual in Japan’s corporate practice, a characteristic of
Want’s Bureaucratic culture.

Such cultures are inwardly focused; they are prevented from responding
quickly and effectively to crisis or changes in the external competitive
environment. Corporate leadership is wrapped in a cocoon of bureaucracy to put
more distance between itself and the company’s stakeholders. In fact, thousands
of companies hold their shareholder meetings on the same day in a ploy that
limits the risk of probing questions from the floor (Pesek, 2011).
Masaru Tamamoto, a professor of Asian and Middle Eastern studies at the University of Cambridge in Britain, commenting on the TEPCO incident, states the handling of the crisis by Japanese government and corporate authorities is consistent with a culture that carefully guards information from the public and leaves decisions in the hands of anonymous bureaucrats. The public lives this way every day, and that’s the way things are,” Tamamoto explains. “Even if you demanded the information, nobody has the information. Even the prime minister blurted out at one point that he didn’t have the information” (Vartabedian, 2011, p. 8).

Attempts were made by the Japanese government to communicate regularly immediately after the crisis. In the wake of the 2011 earthquake and tsunami, government spokesperson Yukio Edano had a constant presence on live TV coverage, sometimes giving briefings several times an hour, at all hours of the day. Edano became the government’s face and voice of the crisis. The Wall Street Journal reported:

The image of his stocky figure, covered in the light blue one piece emergency suit, bent over the microphone, his two hands gripping the sides of the podium, has been burnt into the country’s psyche, earning him plaudits for his steadfastness. (Koh, 2011)

His efforts evoked sympathy from the public, as Twitter users concerned with his health were prompted to post messages asking him to get some sleep. The Twitter hashtag "#edano_nero" became popular, from the imperative word for sleep! (寝ろ nero) in Japanese.
Still, many criticized Edano’s press conferences, particularly after one on March 12, 2011, as providing no useful information and even hiding the truth. The public was less sympathetic to Prime Minister Naoto Kan. A Twitter trend in conjunction with the one hailing the prime minister’s right-hand man is another called #kan_okiro. “Okiro” means to wake up in Japanese (Sasaki, 2011).

In September 2011, Edano was called on again to help the Japanese government with a different, but related, crisis associated with the Fukushima Daiichi disaster. He was appointed to head the trade ministry, which is also in charge of Japan’s energy portfolio, after his predecessor Yoshio Hachiro submitted his resignation after reports that he joked with a reporter about radiation from the tsunami-crippled Fukushima nuclear plant (Reuters, 2011).

TEPCO implemented a communications program that now provides regular updates via a website (http://www.tepco.co.jp/en/index-e.html) on the situation at Fukushima Daiichi, including streaming video of the scene reminiscent of the BP oil spill in the Gulf of Mexico in 2010. The site provides updates, responses to media reports that the company deems inaccurate, information concerning victim compensation and content intended to influence residents to trust the company to be able to continue to operate nuclear power plants.

**Culture Change and Communications**

Six years prior to the Fukushima Daiichi disaster, TEPCO launched a change communications program titled Management Vision 20/20. It
acknowledges past failings as the result of another natural disaster and committed to being better prepared for future instances. It stated:

Six years have passed since we formulated Management Vision 2010, outlining the TEPCO Group’s medium-term management policies... also during this time, we confronted a crisis situation never before encountered in the history of our company. The devastating Niigata-Chuetsu-Oki Earthquake of July 16, 2007 caused all units at the Kashiwazaki-Kariwa Nuclear Power Station to be shut down, and left us with a mountain of challenges in maintaining stable supply of electricity, making ends meets, and addressing environmental impacts. We devoted our efforts to overcoming the crisis and creating a tougher business foundation by taking measures so that our nuclear power plants can withstand disasters, strengthening our relationship with local communities and residents to retain their confidence, and enforcing strict policies for business improvement. The knowledge and wisdom we acquired through this long and difficult path toward recovery are valuable resources, which will help us improve future management. (TEPCO website, March 27, 2011)

The Vision 20/20 document is reminiscent of many corporate change undertakings that are more about positioning than about true transformation..

Judith Bardwick, in her book *Danger in the Comfort Zone*, offers an analogy that helps explain the impact of change as it descends from the executive suite to rank-and-file employees. “The people at the top of the pyramid have to remember that an organization is like a pendulum. They’re at the top of the
pendulum, and the blue- and pink-collar employees are at the bottom,” she explains. “As the pendulum swings, the top remains fixed while the bottom swings at its widest arc. Thus, people nearer the bottom are far more likely than people closer to the top to feel jerked around by things that are out of their control. Trust, therefore, is harder to create and sustain among that group.” (Bardwick, 1995, p. 215)

Whether change is driven from inside or outside of corporate Japan remains to be seen. Absent some adjustment in Japanese corporate culture, the public at large and, in particular those in the practice of public relations, will see the results of the status quo whenever incidents like TEPCO’s and Toyota’s transpire. As one practitioner put it:

“Here in Japan companies have for some time had problems because communications have been the last thing they think of,” said Deborah Hayden, a crisis management expert at public relations consultancy Kreab Gavin Anderson in Japan. “This..is a wake-up call for Japanese companies to actually consider planning and the strategic impact of communications” (Lim, 2010).

Even in post-disaster company and external reports on TEPCO’s handling of the incident, criticism is leveled at the flow of information from the corporation, but a deeper assessment of its corporate communications and public relations practices does not appear to be cited as a contributing factor.
VIII.

Conclusion and Limitations

Using a thematic network, this thesis demonstrates the linkages between TEPCO’s corporate culture and Japanese country culture appear to contribute to its poor crisis communications response.

Certain qualities inherent in TEPCO’s corporate culture run counter to those required in crisis communications situations. The practice of guarding information, a protective bureaucratic corporate structure enabled by a poor governance model and lax government oversight, are the most apparent causes. Japan’s high uncertainty avoidance and low individualism rankings suggest that business leaders there are more likely to be intolerant of any deviations from the norms. The culture is now self-perpetuating.

This culture did not form in isolation. Japanese country culture helped to shape it as witnessed in Hofstede’s cultural assessment model. Behaviors prevalent in Japanese society are emulated within TEPCO’s own culture.

Also impacted by both country and corporate culture is the public relations industry in Japan. The industry was slow to form and not viewed as a strategic partner in many corporate operations. The industry’s professional association is small by comparison to Western PR practice, limiting its ability to advocate forcefully for greater transparency and responsiveness. For that reason, crisis communications response in the case study examined here was slow, guarded, often purposely misleading, and taking place in an environment where press clubs control access to information.
Taking these factors into consideration, the linkages between corporate and country culture and TEPCO’s poor crisis response are clear.

This qualitative work augments quantitative studies of public relations practice and culture in Japan, noted in the literature review. A qualitative approach allows the research to take a broader view of the topic than the quantitative work provides. The method employed, a thematic network, is a tool in analysis providing an organizing model and a literal illustration that is open to the interpretation of the researcher and the reader.

From this work, deductions are made and relevant theory applied to answer the original proposition, which in this case was that Japanese country and corporate culture directly affected the corporation’s crisis communications response.

To address that proposition, this thesis employed a case study and qualitative research using thematic networks to show linkages between country and corporate on public relations crisis response.

Tokyo Electric Power’s Company’s handling of the Fukushima Daiichi nuclear power plant disaster in 2011 provided the Basic, Organizing and Global themes to illustrate that a company’s policies and practices are influenced by its corporate culture.

In turn, corporate culture is a byproduct of the culture in which the company operates. Both cultures will have an effect on the structure and performance of its public relations function. All of those factors will come into play during a crisis situation that attracts public attention and scrutiny.
Hofstede’s Cultural Index was employed to provide a comparative analysis of Japanese country culture and those of dozens of other countries. While not all researchers agree with Hofstede’s approach, it is widely cited and has been employed by many to address the numerous variables involved in the examination of country culture.

In this instance, Hofstede’s Cultural Index extracted the characteristics of Japanese country culture that can be clearly observed within the threads of TEPCO’s corporate culture.

These cultures, when viewed through a thematic network, can be seen at work in the public relations function in TEPCO and arguably in many other Japanese corporations.

Although the author did not have access to internal TEPCO documentation, the corporation’s public response bore witness to the limited role those in public relations practice played during and in the months that followed the Fukushima Daiichi disaster.

**Limitations**

Analysis of quantitative material is a subjective process. Methodological rigor was employed to derive the analysis, in the form of the thematic network model. This interpretive tool provided a method, guidelines and techniques to conduct the analysis. Complete objectivity is not possible in a subjective process; as such, the analysis is open to interpretation. The examples the author uses allow appraisal of the fit between the data and the authors’ understanding of
them; they also allow readers to conceptualize possible alternative meanings and understandings (Elliot, Fischer & Rennei, 1999).

The author acknowledges his bias toward transparency in corporate operations, ethical conduct in business practices and the free-flow of timely information to stakeholders and other affected in a crisis situation.

Unquestionably his values, interests and assumptions play a role in the interpretation of the findings. This disclosure of his values and assumptions is intended to assist in explaining the author’s interpretation of the data and understanding of them, and allow the reader to consider possible alternatives.

Not all researchers apply the thematic network tool nor credit the technique; with one acknowledging that thematic networks are “poorly demarcated, rarely-acknowledged, yet widely-used qualitative analytic method within psychology” (Braun & Clark, 2006, p. 77).

This thesis provides thematic description of the entire data set, so that the reader gets a sense of the predominant or important themes. In this case, the themes identified, coded, and analyzed are an accurate reflection of the content of the entire data set. While some depth and complexity is necessarily lost, a rich overall description is maintained. This is a particularly useful method when investigating an under-researched area (Braun & Clark, 2006).

The thematic analysis contained in this thesis is driven by the author’s analytic interest in the area, and is thus more explicitly analyst-driven. This form of thematic analysis tends to provide less a description of the data overall, and more a detailed analysis of some aspect of the data (Braun & Clark, 2006).
The author did not have access to internal TEPCO documentation nor were interviews conducted among TEPCO employees involved in the incident; however, the purpose of this work is to view the Fukushima Daiichi disaster through the lens of the public and from that perspective to interpret the actions the corporation took or did not take and the potential rationale for its behavior.

As noted in the abstract, this thesis isolated one country culture and one company in order to examine a case study with limited variables. More research is needed to analyze corporations operating in several countries and managing a crisis situation to assess how numerous cultures may impact crisis communications response.

IX.

Discussion

This thesis focused on the impact of corporate and country culture in a crisis communications event. The findings indicate that in this instance the linkages between the corporation’s behavior and the respective corporate and country culture are strong. Yet, it would be too simplistic to say these are the only factors that contributed to the crisis communications response detailed in this thesis.

The practice of corporate public relations is heavily influenced by culture, both those of the corporation and of the country in which that corporation operates. Beyond cultural influences, the practice is affected by the competency of the public relations professional, which is largely a measure of the quality of
the education and continuing professional development available to the individual.

The challenge for the profession is to establish standards of education, practice, research, and measurement on a global scale allowing practitioners in any country to assess their strategic and tactical executions against the best practices of the collective.

Efforts toward this end are underway through a number of global public relations organizations and collaborative initiatives among professional associations around the world.

Even if these efforts succeed, corporate and country culture will remain either an enabler or a barrier to the practice of public relations depending on the openness and norms of a given society. The TEPCO case study is a reminder for corporate leaders to consider how corporate culture, particularly in mature companies, must not be ignored.

The public relations practitioner has a role to play in determining if a corporate culture is debilitating to a corporation’s public face and its relationships to key stakeholders. The signs of dysfunction are visible to a practitioner attuned to the corporation’s perceived value to employees and external stakeholders.

As Harura pointed out, an interdependent world requires communicators to make culture as a key consideration in management communication planning (Haruta & Hallahan, 2003).

While this thesis cited reasons why Japanese corporate and country culture, as well as its nascent PR industry, affected TEPCO’s crisis response, it
must be noted that change is taking place and that the PR industry in Japan is contributing to efforts to drive greater transparency and responsiveness.

And, there are many Japanese companies, particularly those operating in the global marketplace, that have adopted practices more like those of their Western counterparts. The global PR community has a role to play in continuing this trend toward more open communication and corporate responsibility.

Albeit a loftier proposition, there may well be a role for public relations practitioners to play in shifting closed societies toward more openness and transparency. As witnessed in events like the Arab Spring in 2011-12, where the application of social media tools helped to drive government reforms if not wholesale changes, one can imagine the impact an organized profession could have on influencing behavior within cultures that limit openness. The fundamentals of the practice of public relations require such an environment; why should it not help to create it?
Appendix

Figure 1.

Location of Fukushima, Japan Source: Spiegel Online International
http://www.spiegel.de/international/world/bild-751109-191155.html
Figure 2.

Contamination area.

Source: Spiegel Online International

http://www.spiegel.de/international/world/bild-751109-191828.html
TECPO Corporate Ethics and Compliance Policy

1. Promoting disclosure of information and ensuring transparency of nuclear operations

Through conducting thorough information disclosure, TEPCO has established a system of independent inspections, and is highly transparent in the operation of its power generation plants.

- Disclose information on the management and operation of our nuclear power stations, so the public is able to confirm that our plants are being operated safely
- Established a scheme to check nuclear safety and quality control by a third party.

2. Creating a work environment where proper operations can be carried out

We will strengthen functions that contribute to proper performance of job-related duties by our employees and organizations.

- Set up an office to address ethical concerns.
- Established a Discrepancy Resolution Committee, a cross-organizational committee, which handles discrepancies in each plant.
- Reviewing all rules and manuals of the company.

3. Strengthening internal surveillance and reforming our corporate culture

TEPCO is re-establishing the existing corporate culture of the Nuclear Power Division, and is building a corporate climate which produces cooperative atmosphere.

- Establish a quality assurance system in the Nuclear Power Division.
- Energize internal communications to share an awareness of issues through every stratum and division of the Company.
- Encourage exchange of views between the Nuclear Power Division and other divisions.

4. Promoting observance of corporate ethics

We will promote observance of corporate ethics in our operations through:
- Creating systems to ensure the observance of ethics
- Offering education and training
- Conducting internal and independent audits to keep a high degree of compliance
Figure 3.


Public Intelligence. (2011, March 17). “Japan and TEPCO’s history of nuclear accidents and cover-ups.” Retrieved from

Public Intelligence. (2011, March 17). “Japan and TEPCO’s history of nuclear accidents and cover-ups.” Retrieved from

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