

# Takata crisis essay samples

[Business](#), [Company](#)



## **Introduction**

Takata Corporation is a Japanese company that conducts production out of four continents. The company was founded in 1933 by Takezo Takada and started with the production of parachutes. In the 1950s, the company started production of seat belts. The company currently employs 35, 000 employees worldwide and 11, 000 in Europe. They current operate 46 plants in 17 countries around the world. They consider themselves to specialize in automotive safety. Today, their current production consists of: occupant classification sensors, side airbags, curtain airbags, child seats, vision sensors, pop-up hood devices, steering wheels, rear seat belts, and knee airbags ( Takata. com 2015).

## **Organizational Culture**

Takata is committed and dedicated to protecting human life. They started developing seat belts and then continued with airbags. They are dedicated to developing the newest and safest technology when it comes to consumer safety. Their company goal is to reduce the number of fatalities that are involved in traffic accidents. They want all car accidents to result in zero fatalities (Takata. com 2015).

## **Mission statement**

Takata’s mission statement is to develop and produce innovative products and to provide high quality products that result in customer satisfaction. Takata also sets out to respect diversity in the work place with employing different personality types and cultures. They consider themselves to be

active members of the community. Takata also seeks to contribute to society. Their mission is the safety of individuals (Takata. com 2015).

## **Problem**

In the past five years, Takata airbags have caused several issues due to the faultiness of the design. The Takata recall started back in 2013 when only six makes were announced that their airbags were faulty. However, Takata was not knowledgeable about how many used cars were affected by the faulty airbags. This has caused even more automakers to issue recalls this July. These recalls are in high-humidity areas, like Florida and Hawaii, and are being conducted to gather and remove parts to send for review to Takata. Most recently, Takata has found that the driver's side airbags of several models have the highest risk for injury (Atiyeh & Blackwell 2015).

Takata has recalled millions of vehicles in the United States due to defective inflators that may cause an improper deploy of airbags during a crash. According to reports, the airbags have too much force when they inflate, causing them to explode. This can cause metal fragments being deployed into the occupants of the vehicle. So far 34 million vehicles have been potentially affected by the Takata recall and over seven million have been recalled worldwide. To this day, car manufacturers keep adding more and more models to the recall. These owners are notified by mail (FedEx). This is considered the most complex recall in United States history. The National Highway Traffic Safety Administration composed a list of all the vehicles affected by this recall. This list includes more than 50 models of cars made between the years 2000-2011. These cars consist of Toyota, Honda, Chrysler, Ford and General Motors. However, Honda and Toyota seems to be

affected the worse. Also, cars in hot, humid areas seem to be affected more by the faulty airbags (Atiyeh & Blackwell 2015).

Currently, Takata has announced that there may be an issue with the replacement airbags inflators. Takata informed the public that approximately 10 percent of the replacement airbags may need to be replaced again. There has been over four million replacement airbags installed. They also stated that this number may be much greater than just 10 percent. They stated that the safety of approximately three million airbags that have been used to replace the faulty airbags is in question. The government is forcing regulations on Takata and individual car makers to prove to consumer that these airbags are safe for use (Atiyeh & Blackwell 2015).

## **Money**

This airbag crisis has and will continue to be financially draining to Takata. Takata faces \$14, 000 dollars a day in civil fines for their current refusal to cooperate with the government and their investigation into this matter (Atiyeh & Blackwell 2015).

Furthermore, Takata also has to pay for the production of the replacement airbags. This includes the labor, parts and the production. Also, Takata is having to pay legal fees and fines for all the lawsuits and legal issues they have had and will continue to deal with. Takata isn't the only company taking a financial hit because of these airbags. Honda reported that they took a \$363 million hit in 2014 due to the cost of replacing and repairing the vehicles because of the Takata recalls (Atiyeh & Blackwell 2015).

## **Harm**

The New York Times have reported that at least one hundred and thirty nine people have been injured due to the faulty airbags. Furthermore, there has been reports of at least two deaths due to the faulty airbags in Honda (Atiyeh & Blackwell 2015).

## **Consequences**

The government and other agencies have been encouraging drivers to take immediate action when it comes to their airbags. Especially if they live in hot and humid areas such as Texas, Mississippi and Hawaii. However, it isn't as easy to fix as one to think. With the number of recalls being in the millions, there are not that many airbags available to replace the faulty ones. Some consumers are having to wait a substantial amount of time to get their replacement airbags. This is leading to car manufactures to come up with temporary solutions. These temporary solutions consist of disabling the passenger side airbags until they can receive their replacement airbags. This would make car owners not be able to use their passenger seat. That may not be an option for some consumers. It is up to Takata to increase production so that consumers can have a safe, fully operational vehicle for their everyday needs.

## **News coverage**

There has been several news coverage about the faulty airbags. One in particular is that Takata knew that the airbags were faulty since 2004 but did not publically announce the problem until 2008. According to the New York Times, Takara had been conducting secret test to try to verify the problem

with the airbags. After they found what the problem was, they started researching and working towards a solution for the problem. However, they did not report the issue to federal safety regulators. Takata decided it would be best if they destroyed the data and files on the issue and completely get rid of all physical evidence. It wasn't until four years later that Takata acknowledged the airbag problem publicly. This information came to light in 2014 (Atiyeh & Blackwell 2015).

The government became involved after this information became public knowledge in 2014. Two United States Senators had the Department of Justice look into the matter and start a criminal investigation. The company took this very serious and stated they were going to cooperate and fully participate with the government investigation. However, there has been evidence that Takata has not been willing to cooperate with government officials (Atiyeh & Blackwell 2015).

Takata isn't the only company under scrutiny when it comes to the exploding airbags. Car manufactures have also been in the lime light when it comes to faulty airbags. Honda, for example, first noticed that there may be an issue with the airbags in 2004. Then they noticed more issues in 2007 when three more incidents came to their attention. They submitted all required forms when they became knowledgeable about the situation. However, some investigators believe that they did not go beyond the standard form to make sure that their airbags didn't pose any more risk to their consumers. Furthermore, the same investigation found that the federal regulators also did not go above the standard form to make sure there wasn't any more danger when it came to the faulty airbags (Atiyeh & Blackwell 2015).

Takata airbag recall is also on social media, especially blogs. Several individuals have written blogs and social media about their experiences with Takata airbags.

## **What Was Done**

How it was handled

Takata stated that they will be able to make 900, 000 replacement airbags every month. Assembly lines have already increased factories capacity per month (Atiyeh & Blackwell 2015). This is helping with the fact that there are not enough replacement airbags to replace all the faulty ones. Takata has also taken steps to try to figure out what went wrong. Takata has been working with automakers to try to find out what went wrong when it comes to the exploding airbags. They do believe that humidity may have something to do with the problem. They have also continued to make sure that the replacement airbags do not cause harm to the consumers.

## **Approach**

Takata has taken a deontological ethical approach when dealing with the faulty airbags. They took it upon themselves to do whatever they can to fix the problem. They did this because it is their duty and obligation to fix the faulty airbags so no other consumer gets hurt by them. Not only did they have a moral obligation, they also have a legal and contractual obligation to fix and replace the airbags. Since the airbags they produced were not up to government standard, they have a responsibility to make sure they are safe for all consumers to use.

## **Strategic ambiguity**

Takata did not use strategic ambiguity when it came to the faulty airbags. Takata was not deliberately vague on the issue surrounding the airbags. They announced the issue and released the information in a public manner for everyone to have access to. They did not hide information regarding the faulty airbags and made the recall public knowledge. Takata did a good job when it came to public awareness and limiting strategic ambiguity.

## **Legal issues**

There have been several legal issues regarding these faulty airbags, including several lawsuits. A 22-year-old woman was killed when her Honda Civic's airbag deployed. The airbag exploded and shot out metal fragments into the passenger. Her car ended up in a telephone pole. This accident happened just two days before she would have received her letter stating her car was recalled due to the airbags. Her death was contributed to the faulty airbags (Atiyeh & Blackwell 2015).

Not only has Takata faced individual liability when it comes to these airbags, there is also a class action suit against the company and anyone who has faced financial or health problems because of these airbags. Class action lawsuits can be devastating for a company. Several companies cannot financially sustain a class action lawsuit.

## **Outcome**

This issue is a continuous issue and has yet to be solved. However, Takata has been taking actions to solve the problem. Even though there were not enough airbags to replace all the faulty ones, Takata has taken steps to



solve this problem. They have increased production of replacement airbags so consumers can get their replacement faster. They have also continued research to figure out what exactly went wrong with the airbags that cause them to explode and be hazardous for passengers. Given the circumstances, they have done everything that any company could have done to fix the devastating problem. The problem has yet to be solved, however, Takata has been take actions on a daily basis to help solve the problem.

## **Conclusion**

Takata airbags have caused injuries and even death to consumers. Takata started the recall in 2013, however, they were unsure how many cars were truly affected by the faulty airbags. To this day, 34 million cars have been affected by this recall and this number is only growing. Today, more and more cars are being recalled due to these faulty airbags. There are millions of cars being recalled and not enough replacement airbags for all the vehicles. Takata has increased production in their production plants in order to help with this problem. However, it has been recently discovered that there might be more issues with the replacement airbags and those too will need to be replaced. This recall has affected millions and has caused injury and even death to a few. Given the circumstances, Takata has done its best to help resolve this issue. It is a continually growing issue, however, airbags will become safe with increased research and production.

## **References**

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