



INNOVATIVE THINKING OF FOOD SAFETY MANAGEMENT FOR
TRADITIONAL BAKING INDUSTRY IN TAIWAN -
YU JAN SHIN THE BUTTER SHORTBREAD

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Abstract

Yu Jan Shin, a pastry baking business in Taiwan, has been operated for a half century and proud of the products with high production quality. Nonetheless, it unprecedentedly dropped into the food safety issue in 2014. The 1% miss of fried shallot spice incident has the enterprise immediately became the topic of public discussion in the media report. After the 10 - day return storm and the crisis of financial bankruptcy, Chen Yu - Hsien, the second - generation manager and the chairman & general manager, led the family management team to rapidly recover the normal business operation of retail sales. How do they grow together and face the food safety issue together, turn peril into safety to present the magnificence of butter shortbread in Dajia, and round off the incident by going through the food safety issue without doing “face losing” things? This study contributes to provide several models, which are worth learning for the financial management, quality management, customer relationship management, family business management, and corporate social responsibility in the crisis management, of the case company, in spite that it is a small family business.

Key words: baking industry, family business, food safety management, crisis management, enterprise value

Research Background

In such an era, when various information industries of information, network, computer, video, and electronic media are advanced, global disasters or major events are immediately delivered to the world. Such crisis incidents test the response and management abilities of local governments, enterprise organizations, or institutions. In face of technology replacing tradition and machinery substituting labor in baking industry, it is necessary to invest in time and efforts for continuously maintaining the competitiveness. The engagement of industries in the baking market results in the fierce competition. The factors of increasing raw material costs, inadequate labor force, increasing wages, and prosperity fluctuation have food - related businesses encounter great difficulties. High business costs and low product price are not common phenomena. Increasing store rental and indirect costs are also the operation dilemma for businesses. The emergence lifestyles of e - generation enhance the changes of consumer habits. Furthermore, the enhancing consumer awareness of environmental protection and health has the request for products constantly improving from production process to innovative technology R&D and broadening to those strict regulations and rules that need to be followed. In the changeable and complicated global business environment, crisis management has become the essential management skill for enterprises and professional managers as well as the professional knowledge for public relation practitioners. Especial-

ly, an enterprise in Taiwan, where consumer rights and corporate image are emphasized, faces various possible crises, which are closely related to sustainable management. In this case, under the internal and external environmental pressure, a corporate manager has to present the idea of crisis management. Enterprises have established public relation practitioners and crisis management team in past years to face crises and cope with crisis issues in order to predict and prevent crises in possible ranges and rapidly propose coping strategies and regularly simulate various crises to train internal employees' coping capacity.

In consideration of consumers' concern of food safety resulted from the requirement for self - health awareness and the lifestyle to eat healthily, consumers' crisis awareness is constantly enhanced and the request for food safety sanitation and the sources become a concerned issue of the public. Relative to consumers selecting food for personal preference and health considerations, food safety is also emphasized. Accordingly, this study intends to discuss the food safety management in traditional baking industry in Taiwan.

Literature Review

Definition of Crisis

Karl (1982) proposed four characteristics for crises, covering the inclusion of an important turning point to result in different incident development, making certain decisions, at least a major value being threatened, and

being determined under time pressure (Chu, 2002). Ler - binger (1997) pointed out crises as the potential threats to the future profitability, growth, and even survival of a company, with the characteristics of a manager being aware of threats and believing that such threats would hinder the development of the company, an organization being aware that the situation would get worse and be irreparable when no action is adopted, and the sudden encounter of an organization (Chu, 2002). Fearn - Banks (1996) defined that crises were the major event which could result in potential negative effects on an organization or an industry; such an incident could influence the organization's publicity, product, service, or reputation to impact the normal operation and even threaten the survival (Coombs, 1999). Huang et al. (2009) considered that crises presented the properties of stage, threat, uncertainty, and urgency. Liu (2004) divided the characteristics of crises into incident suddenness, time management urgency, institutional threats, management chance, and universality.

Crisis Management

Crisis management, referring to the management of crises and the reduction of damage, aims to avoid or reduce the negative results of crises and protect institutions, personnel, or enterprises from being damaged. Fink (1986) defined crisis management as the continuous and dynamic management process, which focused on proactive management and discontinuous learning mechanism. Fink (1986) indicated that effective crisis management

should contain prediction of crises, establishment of crisis responses, early discovery of crises, keeping away from crises, face of crises, and good interaction with media. Huang (2004) divided crisis management into the detection of crisis message, preparation and prevention of crises, control and management of crisis damage, recovery from crisis, and afterward review and learning. Wu (2002) regarded crisis management as a critical issue for an organization after the occurrence of crises, and an enterprise's crisis management ability as the test of the sustainable management. The factors in frequent crisis incidents and the expanding influence on an organization contain 1.the report of mass media accelerating the spread and impact of crises (Cohn, 2000), 2.the advance of technology hastening increasing crises and risks (including human operating losses and technology risks) in an organization (Covello, 1992), 3.globalization resulting in organizational changes, including the risks of business expansion, merge, restructuring, lay - off, and even close - down (Augustine, 2000), 4.increasing requirements and monitoring of the public for the government, political figures, and various organizations reducing personal mental and moral acceptance of risks (Ogrizek & Guillery, 1999), 5.promoting public rights to strive for personal equity and express dissatisfaction to governmental departments or enterprises through lawyers and legislators for the deserved welfare, and 6.the advance of Internet allowing crisis incidents instantly spreading to the world and causing challenges in crisis communication and

management (DiFonzo & Bordia, 2000).

Food Safety

Food safety refers to food for human health (Chang, 2011). Chen (2011) defined it as to guarantee the safety of food, without poisonous or harmful materials, ensure food being produced, processed, stored, and sold in proper environments, and reduce pollution at different stages so as to guarantee consumers' physical health. Grunert (2005) regarded food safety as a primary consideration in food policies to affect consumers' choice of food. Food policies could be combined with other factors, such as the safety of microorganism and animal diseases (Mad Cow Disease and Foot - and - mouth Disease). The use of food additives, chemical pesticide, chemical, preservative, and hormone in vegetables, fruits, and processed food in the agricultural intensification process was the major food safety issue (De Jonge, Van Trijp, Goddard & Frewer, 2008; Mergenthaler, Weinberger & Qaim, 2009). In addition to freshness, flavor, and nutrition, sanitation and safety were also the factors in food quality (Wu, 2010). In either media or academic circles, food safety has attracted more concerns, and the risk of food pollution has become globalized. Meanwhile, consumers pay more attention to the sources of food materials, safety, and authenticity. Such potential risks in food safety or food sanitation problems have food - related value and choice become complex.

Research Methodology

With Case Study, a special enterprise was selected as the subject for collecting data and analyzing problems according to the antecedents. Yin (1994) regarded Case Study as an empirical survey applied to unobvious limits between research phenomenon and real environments. The characteristics covered to deal with specific issues or variables and relied on multiple data sources to explain the research phenomenon. The studied subject about food safety issues in traditional baking industry in Taiwan is a specific phenomenon in baking industry. Research on such a phenomenon is rare currently. The content, to some degree, is the pioneering. The collected data through Case Study could present the causal relation and critical factors in details. According to the key incident, the food manufacturer and the employees of Yu Jan Shin are proceeded the pre - designed structural interview in order to present the participants' responses to the same question.

Case Description

When the food safety issue of Ting Hsin oil emerged, the highlighted media reports in Mainland China, and even European and American countries resisted to food safety in Taiwan, Dajia Yu Jan Shin, famous of butter shortbread, actively and rapidly started the strict "quality safety mechanism" for self - examination on September 5th. The continuous incident of cooking oil made of cooked waste resulted in media reports boiling in the entire island. To reduce consumers' doubts, 8 lard - oil made products were automatically taken off shelves for the prevention on

September 13th; the product materials were publicly explained on September 14th, including (1) egg and milk vegetarian products (about 98.7% sales volume): natural butter (Anchor butter imported from New Zealand) +flour +sugar+others, (2) "fried shallot" products, and (3) non - vegetarian with fried shallot products (about 1.3% sales volume): lard oil (Cheng - Yi pure lard oil, non - lard oil)+fried shallot (Cheng Agricultural Product Store) - Fangfu (pure lard oil+green onion)+other materials; it automatically reported to Health Bureau of Taichung City Government on the same day that the used Cheng's fried shallot seemed to have cross infection during production. Health Bureau immediately went for the investigation. The owner explained on the media that total six lard - oil - used products "seemed" to be polluted, while the famous product "butter shortbread" was not influenced as it used butter. Since food safety is a key factor in the industry, it is the most important product quality for the business management of Yu Jan Shin. The annual food sanitation education intends to build correct food sanitation concepts of the personnel. What is more, the constant examination and communication to continuously improve problems reduce the damage caused by bad sanitation down to the lowest.

Apple Daily real - time reported on September 15th that Chang Guann Co. recycled cooling oil made of cooked waste to produce bad - quality lard oil and was suspected to import animal feed oil from Hong Kong to produce edible oil. It resulted in the

second food safety crisis. Food and Drug Administration further announced several problematic products with the list up to 183 items after the investigation; Yu Jan Shin was also influenced. Several media further reported the latest list of products using Fangfu lard oil and Chang Guann oil; Cheng's fried shallot also appeared in the list. Chen, the chairman of Yu Jan Shin, stated that Cheng's oil was confidential in the past 20 - year cooperation and was surprised with the cross pollution. After receiving Cheng's information, the products with fried shallot were taken off shelves and stopped production and automatically reported to the sanitation unit. Chen emphasized that the egg and milk vegetarian products, e.g. butter shortbread, were made with Anchor butter from New Zealand, without lard oil and fried shallot, that consumers could be confident. The owner of Cheng Agricultural Product Store indicated that he asked Fangfu to offer evidence of not using Chang Guann's cooling oil made of cooked; unexpectedly, the uncleaned pipes were suspected to mix such oil with the pure lard oil. The products were therefore taken off shelves, and total 68 buckets of oil were recycled by Fangfu. In the food safety crisis management process of fried shallot, Yu Jan Shin automatically reported to the sanitation unit promptly and practically and "sincerely" used the self - produced lard - oil fried shallot for the products on October 8th, and the products were 98.7% made with "Anchor natural butter from New Zealand" on October 18th. Among the annual 195 tons purchase, self - made lard oil and fried shallot were merely used in few products. The information

was announced on the official website of the company.

Effects Of Media On Food Safety Issues

Although the media reports provided consumers with more space and rights to know in the fried shallot incident, the audience measurement guided random exposure of extreme or unproven information. It was wondered if the incident parties were objectively concerned, whether larger unnecessary social panic and turbulence were induced, and how journalists were regulated. Business Today reported on Volume 935 that Yu Jan Shin family business was proud of not doing “face losing” things, but it was criticized because of Chang Guann oil incident in the previous September. Not only did the owner become the public target, the employees also became the focus. The management team described the experience in the incident that the media reports in Taiwan revealed lots of inciting speeches and threats to the parties and continuously expanded the issue to have the public be threatened in the uneasy environment.

In short, the public has to pay for the generation and management of social incidents. Consequently, people should be responsible for taking the lessons and avoiding the reoccurrence in order to share the healthy society and economic prosperity.

Crisis Management Inspiration And Enterprise Value

Yu Jan Shin, operated for a half century, is a famous bakery in Dajia because of the carefulness from the materials to the production of pastry. Unfortunately, the old bakery suffered from the recycled oil issue. To avoid similar crises in the future and to step toward excellence with quality, not only does the management team have to make efforts, the customers also expect to continuously share the famous pastry in Taiwan. To follow the family property, the “butter shortbread” has to sincerely use “natural butter”. The natural butter shortbread, which was 5 times higher price than those with artificial butter, seemed to be a fool decision; however, it was a wise and far-sighted action and established the “sincerity” and “responsibility” of Yu Jan Shin (Yu Jan Shin, 2014). The enterprise value appeared on the employees being able to unite and fight with managers to resolve crises with a happy ending. In sum, going through the fried shallot incident was a major disaster for Yu Jan Shin in the five decades. Although it was satisfactorily rounded off, the management team, especially the chief executives, developed the abilities after the impact. However, there were still recovery, including the reconstruction of morale and the reengineering of overall quality. Starting from a stall in front of the temple, it experienced the deserted dilemma to an old brand with the annual revenue up to several hundred million dollars in the half century. The consumers do not simply buy the flavor of butter shortbread, but the emotion between both parties generates from none to some, from main streets to alleys, and from implicit to explicit,

Table 1. Major fried shallot crisis incidents

Date	Incident	Management	Effects on businesses	Relevant personnel to incident
September 5	Chang Guann oil polluted	The government examined the oil sources	Confirmed the safety	Purchase and production department
September 13	Cheng Yi lard oil suspected to use animal feed oil	Taken off shelves and stopped production for the prevention	Retail sales closed and stopped production	All staff
September 14	Cheng's fried shallot	Automatically reported to Health Bureau of Taichung City Government, and used Cheng's fried shallot was suspected of cross infection during production.	Lard - oil - made products were urgently taken off shelves, including cheese sesame pastry, green - bean cake, oil - skin skewed meat, skewed meat bean cake, salty cake	Health Bureau of Taichung City Government
September 15	Started return and refund	Both on - site and communication	Return and refund	All staff and customers
October 8	Secure information announcement	Sincerely self - produced	Lard - oil fried shallot	consumers
October 18	Secure information announcement	Oil use	98.7% Anchor natural butter from New Zealand	consumers

Data source: Self - organized in this study from YU Jan Shin (2014a)

covering priceless customer loyalty and integrating managers' sincere concerns about products. Unexpectedly, the food safety issue resulted in the brand experiencing great test. After the training day of "double compensation", it was concerned how the chairman led the family management team to the stable and quality business. It is believed that there must be something left at somewhere people had been through. The fried shallot incident had the management team and the customers perceive "heartfelt" in between; and, the company actively informed the consumer for return but was refused by the customer and received the comfort to prevent the finance from dilemma. The brand director Chen Yu - min pointed out the double control of production after the fried shallot incident, including:

- (1) Control of raw materials: Lard oil and fried shallot were self - produced, the suppliers were requested to provide traceability of pork, and the preservation and use safety of goods were whole - day controlled.
- (2) Regular and irregular visit and inspection of suppliers: To ensure the stability and security of material quality.
- (3) Introduction of monitoring system in all plant: The production personnel, machine, materials, environments, and operation were 24 hour controlled and would be completed in July, 2016.

- (4) Reinforcement of food safety center: The self - inspection center was established with expanded function and permanently cooperated with professors in food department in Hung Kuang University (the past inspection system completely depended on the government - approved SGS system).
- (5) Strict request for traceability from suppliers: It was expected that the customers could realize the material source of each product for consumers' safety and health.

Reviewing the return of fried shallot, it could be reflected that although Yu Jan Shin was a small - scale enterprise, the manpower in the return process was orderly arranged and the financial management was smoothly operated. With the practice of management system, the return process from the opening of receipts, the check of products, and the flexible mobility of personnel could be rounded off within 10 days. Such a management model led several models for learning management in the incident.

Conclusion

Yu Jan Shin learned the lessons (1) of how to interact with media and (2) that an enterprise should be well managed and be the optimal state, from the experience in the fried shallot incident. In the incident, if it was not the ordinary practice of systems and management, it would have to introduce expert guidance, like Nomura Research

Institute, and actively apply the governmental resources to build the solid business. Moreover, the family management team collaboratively resolved crises day and night to recover the business within few days from the major food safety disaster. The fried shallot incident was not purposively caused, the sincere and active behaviors appeared great difference from the evasion and cheating of other enterprises for the food safety crisis management and the managers sought nothing but profits. A lot of enterprises therefore were ruined and could not survive; but, Yu Jan Shin relatively provided the optimal model.

Yu Jan Shin replaced traditional lark - oil shortbread with natural butter, which not only made the famous “butter shortbread”, but also famed of the hometown of butter shortbread. During the time, the management team was not afraid of failure, learned from doing and did from learning, and continuously researched and innovated to accumulate decades of baking experiences. The insistence on raw materials and quality created fresh brand image on the consumers. Butter shortbread is not simply made with real materials, but the delicious flavor reveals culturally inherited pastry in Taiwan. The customers could perceive the steady business of Yu Jan Shin to support the employees with “heartfelt” in the crisis. The enterprise value of Yu Jan Shin was presented from the employees sending the owner flowers, the employees uniting to fight for the dilemma, and the customers showing trust and consideration.

Yu Jan Shin is a traditionally small family business. In the food safety issue, it is commendable to receive support from the customers and the employees and presents several models for managers in other enterprises. Under the firm business basis in traditional pastry industry, how to avoid disasters and expand excellent quality management is important for the sustainability of family business.

Reviewing the fried shallot incident, even the famous old store is harmed (Yu Jan Shin website, 2015). However, several unscrupulous enterprises have not been punished. It is doubted whether people could get rid of the fear of edible oil. Several causal relations and effects on the food safety issue are worth considering.

- (1) What are the regulations and the monitoring function of governmental units and social groups?
- (2) Consumer demands for cheap goods result in enterprises misusing or abusing food ingredients. In this case, should consumer attitudes be changed?
- (3) How to have an enterprise practice the business idea, rather than being a slogan?
- (4) How to awake corporate managers rooting and practicing business ethics?
- (5) An enterprise encountering crises tests the management team. It is the key in the organizational

management going through the dilemma.

To sum up, sincere Yu Jan Shin focuses on the cake art, combines history, culture, and local characteristics, builds the brand on products, services, activities, buildings, journals, and

stores, applies humanities and history to inherit the family business, expects to concern the society, deeply manages the brand to improve the localization to international vision, copes with the Internet information in the practical action of global village, and stabilizes the international food stage.

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