

Ford Motor Company Manages Ethics and Social Responsibility

INTRODUCTION

Ford Motor Company, one of the “Big Three” automakers, was established in Detroit, Michigan, on June 16, 1903. Founder Henry Ford converted an old wagon factory to house his new inventions. The Model T, in particular, was the one turning point that put Ford on the map. Despite stiff competition from rival General Motors, over the decades other Ford models such as the Mustang and Taurus continued to push Ford forward. Today Ford is one of the world’s top automobile companies—its Ford Focus was the world’s bestselling automobile in 2013.

Ford Motor Company was founded on strong core values, which has helped it to overcome many obstacles and lead to its success. Despite ethical issues in the past, Ford Motor Company has proven to be an ethical leader in the automobile industry. In 2013 it was selected by the Ethisphere Institute as one of the world’s most ethical companies.

This case examines the ethical challenges and corporate social responsibility initiatives Ford Motor Company has faced in its history. It begins with a history of Ford’s background. We follow with an examination of Ford’s corporate culture and its emphasis on product quality. We then describe the code of ethics the firm has adopted to keep it on an ethical course. The next section demonstrates that despite its strong code of ethics, Ford has experienced serious misconduct in the past. Next, we investigate how Ford has restored its reputation and instituted corporate responsibility initiatives to benefit stakeholders. We conclude by examining Ford’s current status today.

COMPANY HISTORY

Henry Ford was a pioneer in business and entrepreneurship. Having an extreme talent and desire for engineering, he became an employee of the Detroit Edison Company in 1890 and eventually became chief engineer of the company. In 1862 he constructed his first gasoline buggy. However, he was dissatisfied with his creation and eventually sold it in 1896. After being forced to quit his job in 1899, Ford decided to pursue his true passion: automobiles. He developed two four-cylinder, 80-horsepower racecars, which he called the 999 and the Arrow. His racecars caught the attention of friends and neighbors. Along with seven investors, they invested more than \$28,000 with Ford, who used the money to establish a new business he called the Ford Motor Company.

As part of his business strategy, Ford adopted a lower profit margin on each car with a greater production volume. He believed this strategy was important in gaining a greater market share and maintaining profitability. Within the first year of operation, 1,708 Model As were produced—an automobile with a two-cylinder, eight-horsepower design. Ford Motor Company hit a snag when the Licensed Association of Automobile Manufacturers sued Ford, claiming that George Selden held patent rights for road locomotives with internal combustion engines. Ford countered that the

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patent was invalid, and the case was settled in Ford's favor in 1911. During this lengthy process, Henry Ford and his small team of engineers continued to design automobiles ranging from small, four-cylinder models (Model N) to luxurious, six-cylinder models (Model K), each one designated by a letter of the alphabet, and which sold anywhere from \$500 to \$2,500. In October 1908, Ford introduced the durable and practical Model T, creating a high demand for the new car and causing Ford to enlarge the company's production facilities. The Model T is often thought of as the first American car, although this is not the case. The Model T was one of the first American cars inexpensive enough for the masses. Over 10,000 Model Ts were produced in 1909.

Due to the growing interest in his company and the increased demand for Ford's automobiles, Henry Ford decided to apply his assembly line concept of manufacturing. While Ford did not invent the assembly line concept, he did use it to revolutionize the manufacturing industry. With this method, the average worker would perform several tasks in the production of each component and use a variety of tools in the process. To improve efficiency, Ford had each worker be specialized in one task with one tool, all on a moving conveyer belt. This assembly line required the slower workers to move at a faster rate and reduced the number of backups on the line. This decreased worker production time on jobs from 8.5 hours to as low as 2.5 minutes.

Not everything that Henry Ford did for the company was successful or profitable, however. In 1928 Ford purchased more than 6,000 miles of land in Brazil to source rubber for the company's tires. The area was called Fordlândia. It soon became clear that worker unrest, disease, and the Great Depression was making the venture highly unprofitable—and drained hundreds of millions from Ford Motor. However, Henry Ford refused to abandon the venture, leading some to accuse him of arrogance. In 1945 Henry Ford II sold Fordlândia at a major loss.

In 1918 Ford retired as the CEO and named his son Edsel Ford as president, although he still remained highly involved in the firm. Edsel was more focused on routine operations than his father. By July 1919 the Ford family bought out all of the other shareholders, making them the sole owners of the Ford Motor Company. From World War I and II to struggles with banks and other emerging companies, Edsel's perseverance was credited as pulling the company through and keeping Ford competitive in the growing market. In 1922 Ford Motor Company acquired the financially troubled Lincoln Motor Company, a huge boost to its financial state. However, General Motors—established in 1908—remained a strong competitor to Ford. In 1927 General Motor's Chevrolet surpassed Ford in the number of cars sold. This rivalry would continue for the next 100 years.

Edsel's son Henry Ford II took office as CEO in 1945. Ford convinced Ernest R. Breech, formerly of General Motors, to work at Ford. The two men were able to implement up-to-date strategies that continued the firm's success. From the release of the Mustang in 1963 and the Taurus in 1985 to its acquisition of the Jaguar Cars Limited in 1989 and the Swedish automaker Volvo in 1999, Ford continued to excel in the automobile market. Ford also began to produce a line of heavy duty trucks, known as its F-series. In 2001, William Ford, Jr., the great-grandson of Henry Ford, was named CEO. In 2006, William Ford, Jr. stepped down as CEO and named Alan Mulally as the current CEO of Ford Motor Company. Ford Motor Company is currently a Fortune 500 global company with 164,000 employees and locations in Europe, Latin America, the Caribbean, Africa, the Middle East, and the

Asia Pacific. With its talent, market knowledge, and desire for continuing innovation, Ford Motor Company remains a fierce competitor in the automobile industry.

CORPORATE CULTURE

Ford has a strong set of values, norms, and artifacts which it strongly enforces companywide. Its mission statement is based off the simple phrase: “One Ford: one team, one plan, one goal.” One team to Ford means that Ford employees work together toward a leadership position in the automobile industry through quality and stakeholder satisfaction. Along with its mission statement, Ford has adopted the vision: “To become the world’s leading consumer company for automotive products and services.”

Despite its mission and vision statements, Ford gained a reputation over the years of having a caustic corporate culture. Communication between different areas of the company was minimal. Executives at Ford often competed against each other rather than work together. Leaders were discouraged from calling attention to problems in the company. Perhaps most threatening was that Ford had adopted a culture of complacency. The firm failed to drop brands or left products languishing without instilling them with new life. In 2001, the Firestone recall and a slowed economy placed Ford in danger of bankruptcy. In 2006 Ford hired former Boeing executive vice president Allan Mulally to reinvent the company.

Mulally realized he would have to change the firm’s corporate culture from the ground up. Unprofitable brands were cut, and weekly executive meetings were implemented in which managers would describe their division’s progress. Managers were encouraged to work together instead of competing. Mulally took the different regional divisions of Ford and attempted to turn them into a single global company that embodied the “One Ford” concept. He also stressed that Ford was to make the best products, even though it cost extra money. Though this was risky for a company struggling financially, Ford was able to successfully reinvent itself. Under Mulally’s ethical leadership Ford was able to increase communication and teamwork, simplify processes, and increase the quality of its products. This complete turnaround helped Ford weather the 2008-2009 recession while its main rivals required government bailouts.

PRODUCT QUALITY

To maintain its high standards of product quality, Ford has adopted a number of quality control processes to increase production and minimize mistakes. One quality control measurement the company uses is Six Sigma, a process that emphasizes quality, training, and continuous improvement. After the quality control problems of 2000, Ford took its customers’ top complaints and developed Six Sigma projects to address them. The three criteria Ford uses in deciding upon projects involves (a) its relation to customer satisfaction, (b) the potential of Ford to reduce deficiencies in quality by 70 percent, and (c) the ability to save \$250,000 in costs. These criteria help Ford to identify important quality control issues while finding ways to reduce costs. Ford uses a tool to drive its Six Sigma projects called the DMAIC cycle (an acronym for Define, Measure, Analyze, Improve, and Control). This cycle stresses continual analysis and improvement.

Ford also uses computer-assisted technologies to develop its vehicles. For instance, it uses Computer-Aided Design (CAD) to create a more globalized model of the Ford Focus. Ford's intention is to develop a global vehicle using standardized components that will appeal to a number of different markets. Successfully implementing this concept would be a major breakthrough as automakers often customize their cars based on different global regions. Instead, Ford wants to create a Ford Global DNA for its vehicles with certain car features (such as the curvature of the hood) recognized as distinctively Ford. This is another attempt to implement the company's "One Ford" concept.

Ford's strategy to increase product quality has seemed to work. The company was set to produce additional vehicles in 2013, requiring it to increase capacity. This has led to the hiring of more employees and some changes in Ford's operational processes. For example, the increased capacity caused Ford to shut their factories down in the summer for one week rather than the traditional two-week shutdown period. Ford has also added shifts in some of its factories. This increased business demonstrates that customer satisfaction in Ford's quality and belief in the "One Ford" philosophy appears to be growing.

FORD'S CODE OF CONDUCT

The Ford Motor Company has a strong code of conduct. The Ford Code of Conduct Handbook is intended to focus on ethical risk, provide guidance on how to recognize and deal with ethical issues, provide policies and methods to report unethical conduct, and help create a culture of accountability and honesty.

One of the first things readers see in the handbook is information on how to report questions or comments about the handbook to Ford's Legal Access website. This indicates that Ford encourages feedback and wants employees to become involved in forming Ford's ethical culture. The code also begins by reinforcing the support of top leaders. Both Executive Chairman Bill Ford and CEO Alan Mullaly have written letters located at the front of the handbook to emphasize the importance of ethical conduct.

Ford's handbook addresses different areas of risk that the company thinks are most important. Sections of the code cover workplace environment; gifts, favors, and conflicts of interest; protection of company assets; integrity of financial records; product quality, safety, and environment; intellectual property; political activities; competition and antitrust laws; and international business practices. These sections are further divided into sub-sections that describe common ethical issues and how to address them. For instance, to avoid the semblance of conflict of interest or bribery, employees are discouraged from taking gifts or favors that are more than nominal value. The company defines nominal value as more than \$50. The code also includes a list of items employees are forbidden to accept from those who do business or wish to do business with Ford, including cash, discounts on products (unless offered to the whole company), and tickets that do not meet entertainment requirements. By providing clear guidelines in this area, Ford helps employees to navigate this often ambiguous area of gifts and entertainment. Similar examples are provided throughout the handbook.

Of particular importance are Ford's guidelines on international business. Because it is a multinational company, it is important that Ford maintain strong oversight over its global operations. The handbook covers importing, export controls and prohibited transactions, and money laundering as important global issues. Throughout the handbook Ford lists information and contacts to which employees can refer if they have questions or concerns.

While it is impossible for Ford's code to cover every ethical issue that could happen, it does provide guidelines employees can use to guide their decisions. By identifying the more common issues, employees can prepare themselves on how to respond to these ethical incidents when they arise.

PAST MISCONDUCT

Despite Ford's ethical reputation, the company has experienced serious misconduct in the past. While Ford has managed to restore its reputation, these instances of unethical conduct are frequently cited in discussions of business ethics. The following section will discuss the notorious Ford Pinto and Firestone tire cases.

THE FORD PINTO CASE

The Ford Pinto was a subcompact vehicle that Ford Motor Company manufactured from 1970-1980. The Pinto caught on with consumers, and sales of the vehicle were high. However, serious problems quickly arose regarding the design of the Pinto. The gas tank on the vehicles was placed directly behind the rear axle instead of above it, with only nine inches of space between the gas tank and axle. Bolts were also placed close to the gas tank, increasing the risk that they could puncture the tank in an accident. Additionally, the fuel filler pipe design created a high probability that the pipe would disconnect from the tank and cause gasoline to spill out in rear-end collisions. Ford designed the gas tank with hopes of creating additional trunk space.

In 1972 two people were driving a Ford Pinto when it was struck from behind by another car. The car burst into flames after the gas tank was ruptured. One of the passengers was killed and another, 13-year-old Richard Grimshaw, severely burned. Grimshaw sued Ford for damages. Grimshaw's lawyer claimed that they had uncovered evidence that Ford had known about the design flaw since it first started selling the Pinto but did not change the design due to the high costs involved. The design flaws were made known to the public in a 1977 *Mother Jones'* article that discussed Ford's decision making process in determining whether to alter the design of the gas tank. The jury awarded compensatory damages as well as punitive damages of \$125 million to the plaintiffs. Ford began to voluntarily recall the Ford Pinto in 1978. However, later in the year three girls were killed after a rear-end collision caused their Ford Pinto to burst into flames. The victims' families would not receive notice of the recall until 1979. The prosecutor from Elkhart County, Indiana, sued Ford for reckless homicide.

To this day the Ford Pinto case remains controversial. Many believe the Ford Pinto design made it riskier in rear-end collisions. However, controversy exists over just how many rear-end collisions involved Ford Pintos, and how many of those accidents resulted in the vehicles catching fire. Ford used statistics from the Fatality Analysis Reporting System to indicate that Ford Pintos were

involved in 1.9 percent of fatal accidents, and less than half were the results of rear-end collisions. Ford claimed that its vehicles were not any less safe than other cars and that it had done everything it was supposed to do in the recall. Ford was found not guilty to these charges due to lack of evidence. A California appeals court upheld the Grimshaw verdict, although the amount of punitive damages was reduced to \$3.5 million.

COST-BENEFIT ANALYSIS

The major blow to Ford in the Grimshaw case was the discovery that it knew of the potential vulnerability of the Ford Pinto design but did not change the design due to the costs involved. In deciding whether to institute a recall, Ford instituted a cost-benefit analysis. In its own defense, Ford claimed the National Highway Traffic Safety Administration (NHTSA) required the company to use such an analysis and that it excuses the company when the costs of making the product change exceed the societal benefit. Where Ford's argument crumbled was how it determined the costs of failing to implement the change.

Ford justified that making the design change would cost approximately \$11 per vehicle. At 11 million vehicles and 1.5 million trucks, the estimated costs would approximate \$137 million. Ford estimated that making the design change would result in 180 fewer burn deaths, 180 fewer serious burn injuries, and 2,100 fewer burned vehicles. At an estimate of \$200,000 per death, \$67,000 per injury, and \$700 per vehicle, Ford calculated that the societal benefits of the design change would equal \$49.5 million—much less than the costs of making the change. Ford engineers later indicated that management was not approached about the issue due to a company culture of firing bearers of bad news.

The problem for the jury involved the ability to compute the value of human life. Ford estimated the value to be \$200,000, but the idea of placing a monetary value on life was disturbing to many. Ford also failed to consider many crucial factors, such as the emotional trauma to the victims, in their decision process. The jury found Ford negligent. In their view, Ford preferred to save money at the expense of society.

From an ethical perspective, the cost-benefit analysis utilizes the concept of utilitarianism. According to this perspective, the most ethical course of action in a decision is the one in which the benefits of a particular action outweigh the costs. It might be tempting to see Ford's cost-benefit analysis as utilitarian in nature. However, although Ford might have attempted to portray its decision in this way, the argument fell apart when factors such as the true cost of human life and emotional damage were taken into perspective. As a result of the scandal, Ford's reputation was significantly impacted.

FIRESTONE TIRE SCANDAL

Another ethical challenge arose which had the significant negative implications for Ford. The issue involved safety-related defects of Firestone/Bridgestone tires on Ford vehicles. Ford and Firestone had a long-standing relationship almost since the company's founding. A massive recall in 2000 would sever the relationship.

In 1998 a State Farm Insurance investigator was asked to investigate claims of Firestone tread failure. When his investigation revealed several incidents of tire tread failure involving Firestone tires, he reported his findings to the NHTSA. Two years later reporters began investigating the failures and aired a segment based on their findings, which prompted an onslaught of calls from consumers who discussed their own difficulties with Firestone tires. Approximately 84 percent of the tread-related complaints were related to Firestone tires on Ford vehicles. More disturbing was the possibility that tire tread separation from defective tires could have caused hundreds of deaths.

On August 9, 2000, Ford Motor Company and Firestone/Bridgestone issued a voluntary recall on roughly 15 million tires determined to have a safety-related defect. The defect tires were manufactured at Firestone's Decatur, Illinois plant. The Ford Explorer was the primary recipient of these defective tires. Investigations revealed that the plant had insufficient air conditioning, which can directly impact the adhesive properties of the tire. Old equipment within the factory and temperature-control issues may also have contributed to safety defects. Firestone was suspected of knowing about the problems and tried to hide the risks. Bridgestone/Firestone would later pay millions to settle lawsuits involved with the defective tires. It also paid \$240 million to Ford after the NHTSA found it responsible for the incidents.

Although it might seem that Bridgestone/Firestone should suffer the blame, Ford may have also taken risks that could have impacted tire tread separation on its vehicles. For instance, it recommended a lower tire pressure for its vehicles; however, lower tire pressures tend to cause increased wear and can detract from the driver's ability to steer or respond to problems. Critics suggest that Ford's decision was a major contributor in Ford Explorer rollovers caused by tire tread failure. Ford knew from tests that this lower tire pressure was riskier, but chose to recommend it anyway. After Firestone announced its tire recall, Ford implemented a tire replacement program. The program covered all Firestone Wilderness tires on numerous vehicles. The tire replacement program had an estimated total of 13 million tires.

Both companies suffered criticism as a result. A major criticism levied against the firms is that they blamed the other company for the problems. Ford President and CEO Jacques Nasser stated that they no longer maintained enough confidence in Firestone's equipment to ensure customer safety. In defense, Firestone blamed the design of the Ford Explorer. Soon after, Firestone CEO John Lampe ended the long-lasting business relationship with Ford Motor Company.

The dispute between the two companies brought many ethical issues to the forefront. Firestone specifically designed the Wilderness AT tire for the Ford Explorer, and as an industry leader, critics maintain that Ford should have exercised more due diligence when acquiring products for its vehicles. There is evidence to support this argument. Ford had identical problems with the Ford Explorer in foreign countries and, as a result, had begun replacing the tires in these foreign countries. This incident preceded the one in the United States, but Ford had failed to inform its U.S. customers of the foreign recalls. Ford was criticized for its lack of efficient internal controls and for attempting to shirk responsibility. Ford was also named in many lawsuits. The backlash harmed the company financially. Its stock price declined, and the company spent more than \$3 billion to replace tires that Firestone had not recalled.

CORPORATE SOCIAL RESPONSIBILITY F

For the past four years, the Ethisphere Institute has nominated Ford as one of the world's most ethical companies. Ford has adopted a number of corporate social responsibility initiatives and has made sustainability a major priority. The company has an online global ethics training program for employees available in 13 languages. The company also offers hotlines for employees in 24 countries and trains its Office of the General Counsel on how to handle global complaints. The following sections will discuss Ford's initiatives to improve employee conduct and well-being, its community involvement initiatives, and the sustainability of its products.

EMPLOYEE WELL-BEING

Ford recognizes that without its dedicated employees, the firm would cease to function. It has therefore introduced a number of employee initiatives to motivate employees and increase their quality of life. For instance, Ford has developed a Sustainable Workforce Initiative to improve employee well-being, productivity, and efficiency. The Sustainable Workforce Initiative is based on four different principles: strategic hiring, training, protection and safety, and healthcare.

Strategic hiring means that Ford does what it can to ensure that the best person is selected for a particular position. Training varies depending upon the level of the employee; for example, semi-skilled operators receive about six months of training. Ford also makes use of simulated factory training in its program. In 1999 Ford revamped its safety program and created global safety process standards that have reduced injury rates to one-tenth what they were in 1999. Realizing the potential dangers of repetitive motion, Ford also conducts virtual ergonomic assessments to identify and thereby reduce injuries. Finally, Ford has partnered with the United Auto Workers union to offer a voluntary two-year enhanced healthcare program that offers personalized care to employees with chronic health issues.

Ford is also a strong supporter of employee diversity and education. Ford Motor created an employee program called Ford Interfaith Network to help employees learn about and respect different religious beliefs. Every year Ford holds a National Day of Prayer at its Ford World Headquarters and invites employees of all races, ethnicities, and religion to participate. Ford has also created Ford GLOBE to support a safe and supportive work environment for gay, lesbian, bisexual, and transgendered employees.

COMMUNITY INVOLVEMENT

Because Ford recognizes the importance of gaining consumers' trust and respect, it strongly believes that the consumer is a major priority. It participates and sponsors many events to help its local communities. Locally, every Ford dealership individually does its own share to help out its community; however, on a national level Ford has a few major events that it initiates. One of the major events is The Ford Partnership for Advanced Studies, or Ford PAS. This is an award-winning academic program that brings together high school students, teachers, employers, and community leaders to help better educate today's youth by offering free tutoring to all who participate. The

goal of the program is to prepare young people for higher education and career development, as well as provide them with the knowledge to successfully participate in the global community. This program is currently operating within 600 schools in 27 states. Another way Ford gives back to its community is through its Ford Volunteer Corps. The Ford Volunteer Corps are a special group of volunteers who rebuild homes in poverty-stricken areas. Every year Ford holds a Global Day of Caring in which thousands of volunteers engage in building projects in communities throughout the world. Ford also spreads awareness of the company and its brand with Ford Community Day. Ford Community Day is a fair that offers free food and games while inviting community members to learn more about what it has to offer.

Ford believes that safe driving is essential for all—particularly for teenagers just learning how to drive. As a result, it has a specific section at Ford called the Ford DSFL, which stands for “driving skills for life.” Ford DSFL sets up a unique driver training course in each community it visits. Professional drivers ride with students and teach them important skills to help keep them safe on the road. Ford also established Drive 4 UR School. In this program, Ford assists dealers in contributing to their communities by hosting test drive events at schools. Drive 4 UR Community is similar in purpose but involves partnering with local organizations to host test drives. Ford donates \$20 for each person who completes a test drive to a nonprofit organization, up to \$6,000.

Finally, Ford Motor Company—in cooperation with the Charles H. Wright Museum of African American History—gives the Ford Freedom Award to honorees who have dedicated their lives to improving the African-American community and global community through their chosen fields. This award is given annually to support those willing to make a positive difference. To keep all these events in order, Ford has a community services department called the Ford Motor Company Fund and Community Services.

SUSTAINABILITY

Ford is making great strides in making its vehicles more sustainable. Part of this reason is in anticipation of new regulation. The government has decreed that passenger cars and trucks must be able to get 54.5 miles per gallon (mpg) by 2025. This requires automakers such as Ford to investigate new ways to increase gas mileage while not compromising the safety or quality of their vehicles. For this reason, Ford has opted to adopt the triple bottom line approach for its operations.

The triple bottom line approach looks at sustainability from three vantage points: financial, environmental, and social. Financial sustainability means that the firm remains financially viable. Firms that are not successful financially will not be around long enough to make a significant difference. Social concerns involve giving back to communities and taking actions that will improve—and not harm—societal well-being. Environmental issues relate to ways that Ford is reducing its negative environmental impact.

One important way Ford has embraced sustainability is through greener operational processes. For instance, Ford has now equipped six of its plants with dry machining capabilities. Dry machining lubricates the tools used during the processes as needed. The traditional way of lubricating the tools is to inundate the tools with fluids, which wastes water. Dry machining, or near dry

machining, saves great quantities of water and oil. Ford has also agreed to the Department of Energy's Better Building Challenge, which will require the firm to improve its energy efficiency of its buildings. Ford has initiated a ten-year plan to decrease energy consumption at 25 of its plants.

Due partially for the need to increase fuel efficiency, Ford is investigating lighter and more sustainable materials for its cars. For instance, the company is investigating ways to make their vehicles lighter (and therefore more fuel-efficient) by using lighter aluminum in their construction. Ford has begun installing more fuel-efficient V-6 engines with their F-150s instead of V-8 engines. Ford is also looking for innovative ways to increase the sustainability of the materials inside the vehicles themselves. For example, it is using tropical kenaf plants to replace oil-based materials in the interior of its Ford Escapes. This plant-based product is not only more sustainable, but it is lighter. Ford estimates that using plant-based materials inside the doors of the vehicles reduces door bolsters by 25 percent. Its manufacturing of electric vehicles and EcoBoost engines are additional ways that Ford is trying to reduce its carbon footprint.

While it is necessary for Ford to increase the sustainability of its operations and products, often the most environmentally-challenging is controlling for the supply chain. With thousands of suppliers involved with providing car parts, the energy consumption and waste generated in the supply chain can be immense. Ford tries to reduce the environmental impact of its suppliers by making sure that preferred suppliers have received ISO 14001 certification. This certification signals that the supplier adheres to international sustainability standards. Ford has also collaborated with Automotive Industry Action Group to develop a format for reporting greenhouse gas emissions that it wants to implement among automakers and preferred suppliers. Additionally, Ford is an active member of the Suppliers Partnership for the Environment, a partnership between automakers, component parts and equipment suppliers, and the U.S. Environmental Protection Agency to investigate ways to protect the environment.

CONCLUSION

Although Ford Motor Company faced significant ethical challenges in the past, it is taking a proactive approach toward eliminating future issues. It holds the distinction of being the only one of the "Big Three" carmakers to avoid having to be bailed out by the government during the 2008-2009 recession. This showed that the company had made a significant turnaround and was financially viable enough to weather the economic storm. In contrast, the government only just recently sold off its shares in General Motors, which it bailed out in 2009 with \$49.5 million. It is estimated that taxpayers lost \$10.5 billion. By avoiding a government bailout, Ford was able to improve its reputation and gain a competitive edge over its major rivals. The company was also able to outsell its rival Toyota in the United States in 2012 and 2013.

Ford has taken proactive measures toward improving its internal processes, such as improved testing procedures and internal quality control. The firm made a renewed commitment to consumer safety, environmental sustainability, and stakeholder appreciation. This has led to its four-time nomination as a world's most ethical company. These results are based upon an intensive review of Ford's social responsibility efforts, innovation, transparency, communication, citizenship, corporate governance, and business practices.

Ford has learned from its past mistakes and has taken proactive measures toward ensuring consumer safety and satisfaction. Ford is an elite company that has secured an ethical reputation. It must continue to investigate ways to improve corporate social responsibility and sustainability without compromising consumer safety or quality.

QUESTIONS

1. How did Mulally's leadership transform Ford's corporate culture?
2. What are the problems with using a cost-benefit analysis to analyze a problem dealing with human life?
3. What actions has Ford taken to restore its reputation as an ethical company?

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