

Ford firestone rollover deaths essay



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As a result tire failure became an especially dangerous situation which led to devastating rollover accidents. At the time, it was considered the most spectacular corporate crack-up in recent memory. Firestone CEO John Lampe brought the tiremaker's 95-year-old business with Ford Motor Co. to a screeching halt over what Lampe called "significant concerns" about the safety of the Ford Explorer. Then Ford said it would replace 13 million Firestone Wilderness AT tires that had been excluded from Firestone's sweeping 6.5 million tire recall the previous August.

Firestone admitted that those tires were no good but maintained that everything else on the road at the time was safe. Ford disagreed as Ford boss Jacques Nasser, stated, "We simply do not have enough confidence in the future performance of these tires keeping our customers safe." Both companies attempted to pin the damage on the other. State and federal investigators as well as attorneys for the victims of Explorer rollovers cheered the split, because it enabled them to pit one company against the other in court.

Accidents involving Firestone-equipped Explorers had accounted for most of the at least 174 deaths and more than 700 injuries that prompted Firestone to recall its 15-in. SUV tire. Ford faced hundreds of lawsuits that sought damages totaling more than \$590 million, and the company braced for a report on the tire failures from the National Highway Traffic Safety Administration (NHTSA). Investigators in Florida, led the inquiry on behalf of all 50 state attorneys general, believe that Ford and Firestone share blame.

It was believed that “ If they already knew they had these problems, why did they put an inferior tire on this vehicle? The problem you have here is lawyers and the marketing department overruled the safety recommendations of engineers. ” What was not in dispute was that some Firestone 15-in. Wilderness AT tires produced at its plant in Decatur, Ill had defects that were implicated in tread separations and rollover accidents. Many of the accidents occurred in hot regions, such as Florida and Texas and the Middle East.

And no one denied that SUVs rolled over more frequently than traditional autos. But that was pretty much it for points of agreement. Ford insists that Explorers fitted with Goodyear tires had experienced far fewer tread problems than those equipped with Firestone’s. Firestone stated that the same tire that shredded on an Explorer held up just fine on Ford Rangers. It was pretty much concluded that while neither Ford Explorers nor Firestone tires had been unusually dangerous in their own right, the combination of the two had proven lethal. Background:

Identify the key stakeholders in the case and the impact of operational/ethical issues on the stakeholders Stakeholder is defined as a person, group, organization, or system that affects or can be affected by an organization’s actions. The key stakeholders in this case were Ford, Firestone, consumers, the public and The National Highway Traffic Safety Administration (NHTSA). Ford Motor Company was founded in 1903 and is headquarter in Detroit, MI. At the time, it employed 380, 000 employees at 140 factories worldwide, including two that make Explorers in St.

Louis and Louisville, Ky. Ford was the world's biggest producer of trucks and the second-biggest producer of cars and trucks combined, selling more than 6.8-million vehicles worldwide in 1998. Sale revenues in 2000 were \$170 billion. Firestone was founded by in 1900.. The company was a pioneer in the mass production of tires. Firestone used this relationship to become the original equipment supplier of Ford automobiles, and was also active in the replacement market. In 1988, Bridgestone purchased Firestone, which became Bridgestone/Firestone, Inc.

Bridgestone/Firestone was headquartered in Nashville, TN, employed over 45,000 and had 30 factories in the US. In 2000, it had sales revenues of \$7.5 billion. In developing the Explorer, Ford's engineers were constrained from the start by previous decisions that locked the SUV onto a narrow truck frame and into a front-end suspension that was designed in the 1960s. As early as 1987, a Ford memo warned that "light-truck rollovers are 2 to 4 times the car rate" and urged Explorer developers to consider "any design action that improves vehicle stability or helps maintain the passenger safety in the vehicle. Ford maintains it did exactly this. The Explorer's platform dated back to the late 1970s, when Ford created a new line of light trucks that came to include the Ranger pickup and the now infamous Bronco II. Both vehicles used a unique "Twin I-Beam" suspension that raised their center of gravity by placing crisscrossing beams atop one another between the front tires. The company marketed I-Beam directly to consumers, since it had been used on the original and highly popular Bronco.

But the Bronco II became a nightmare for Ford, which by the late 1980s faced more than 800 lawsuits that stemmed from accidents involving

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rollovers. That didn't deter Ford from using the same suspension on the new Explorer, which allowed the automaker to build the SUV on the same assembly lines as the Ranger pickup. This choice soon produced unsettling results. While undergoing handling maneuvers in 1989, an Explorer prototype showed a greater tendency to lift its wheels while turning, a possible prelude to rollovers, than even the Bronco II.

The test report observed that the Explorer had to be "at least equivalent to the Bronco II in these maneuvers to be considered acceptable for production." Radial tires were introduced to the US market by rivals Goodrich and Michelin in the late 1960s, and Firestone lacked one. The first radial tire developed and produced by Firestone was the ill-fated Firestone 500 Radial. Manufacturing of the new tire was performed on equipment designed to manufacture bias-ply tires. During the 1970s, Firestone experienced major problems with the Firestone 500 radial.

The Firestone 500 steel-belted radials began to show signs of separation of the tread at high speeds. While the cause was never proved, it is believed that the failure of bonding cements used by Firestone to hold the tread to the tire carcass, may have allowed water to penetrate the tire which in turn may have caused the internal steel wire to corrode. In March 1978, NHTSA announced a formal investigation into defects of the Firestone 500. The NHTSA investigation found that the tread separation problem was most probably a design defect affecting all Firestone 500's.

In 1973, only two years after the 500's debut, Thomas A. Robertson, Firestone's director of development wrote an internal memo stating "We are

making an inferior quality radial tire which will subject us to belt-edge separation at high mileage. " Firestone introduced strict quality control measures in an attempt to fix the inherent problems, however they were not successful in totally eliminating the basic faults. In 1977 a recall of 400, 000 tires produced at the problematic Decatur plant was initiated.

Firestone was considered to be less than cooperative with the NHTSA during the agency's investigation into the Firestone 500. Firestone blamed the problems on the consumer, stating underinflation and poor maintenance. In October 1978, Firestone recalled over 7 million Firestone 500 tires, the largest tire recall to date. Congressional hearings into the 500 also took place in 1978. The tire was found to be defective and the cause of 34 deaths. Firestone was fined \$500, 000, which at that time was the largest fine imposed on any American corporate entity.

Multiple lawsuits were settled out of court and the constant negative publicity crippled the company's sales and share price. Ford engineers were concerned from the get-go about the Explorer's stability during emergency handling procedures. After a test-track trial in April 1989, one year before the Explorer reached showrooms billed as a rugged and reliable family vehicle, a report noted that the SUV prototype " demonstrated a rollover response ... with a number of tire, tire-pressure [and] suspension configurations. Another report noted that the Explorer's " relatively high engine position ... prevents further significant improvement in the Stability Index, a measure of resistance to tipping, without extensive suspension, frame and sheet-metal revisions," which the company rejected. Despite the knowledge of this increased rollover risk and the danger of tire failure, Ford

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produced many SUV with the defective tires and neglected to ensure high safety standards in the result of a rollover accident. The Ford Explorer was first offered for sale in March 1990.

Ford internal documents show the company engineers recommended changes to the vehicle design after it rolled over in company tests prior to introduction, but other than a few minor changes, the suspension and track width were not changed. Instead, Ford, who sets the specifications for the manufacture of its tires, decided to remove air from the tires, lowering the recommended psi to 26. The Firestone-recommended psi molded into the tire for maximum load is 35psi. The failures all involved tread separation, the tread peeling off followed often by tire disintegration.

If that happened, and the vehicle was running at speed, there was a high likelihood of the vehicle leaving the road and rolling over. Many rollovers cause serious injury and even death; it has been estimated that over 250 deaths and more than 3, 000 serious injuries resulted from these failures. In May 2000, as motorists began taking to the highways on one of the busiest weekends of the year, the NHTSA contacted Ford and Firestone about the high incidence of tire failure on Ford Explore, Mercury Mountaineer and Mazda Navajos, fitted with Firestone tires.

Ford investigated and found that several models of 15" Firestone tires had very high failure rates. Joan Claybrook, who was the president of the public advocacy group Public Citizen and previously an Administrator of the NHTSA, stated before the Transportation Subcommittee United States Senate Committee on Appropriations on September 6, 2000, that, " there was a

documented cover-up by Ford and Firestone of the 500 defect. Also Clarence Ditlow; Executive Director for the Centre for Auto Safety in his statement before the Senate Committee on Commerce, Science and Transportation in Washington DC, September 20 2000 stated “ Emerging Information shows that both Ford and Firestone had early knowledge of tread separation in Firestone Tires fitted to Ford Explorer vehicles but at no point informed the NHTSA of their findings”. Ford and Firestone both blamed the other for the failures.

Many outside observers tended towards blaming both parties; Firestone’s tires being prone to tread separation and failure, and the SUVs being especially prone to rolling over if a tire fails at speed compared to other vehicles. A product recall was announced, allowing Explorer owners to change the affected tires for others. A large number of lawsuits were filed against both Ford and Firestone, some unsuccessful, some settled out of court, and a few successful. Lawyers for the plaintiffs have argued that both Ford and Firestone knew of the dangers but did nothing, and that specifically Ford knew that the Explorer was highly prone to rollovers.

Ford denies these allegations. Legal analysis: Depending on the situation in the case, summarize the key legal issues related to federal employment or federal consumer protection law and in what way the company is non-compliant with the law. What factors do you think have contributed to the company be non-compliant. There were several legal issues related to this case. One of them was Tort law. Tort law is the name given to a body of law that addresses, and provides remedies for, civil wrongs not arising out of contractual obligations.

A person who suffers legal damages may be able to use tort law to receive compensation from someone who is legally responsible or “liable,” for those injuries. Generally speaking, tort law defines what constitutes a legal injury and establishes the circumstances under which one person may be held liable for another’s injury. Torts cover intentional acts and accidents, however the touchstone of tort liability is negligence. If the injured party cannot prove that the person believed to have caused the injury acted with negligence, at the very least, tort law will not compensate them.

Tort law may also be used to compensate for injuries to a number of other individual interests that are not recognized in property or contract law, and are intangible. This includes an interest in freedom from emotional distress, privacy interests, and reputation. The equivalent of tort in civil law jurisdictions is delict. The law of torts can be categorized as part of the law of obligation but unlike voluntarily assumed obligations, such as those of contract, or trust, the duties imposed by the law of torts apply to all those subject to the relevant jurisdiction.

To behave in ‘tortious’ manner is to harm another’s body, property or legal rights, or possibly, to breach a duty owed under statute. Rather than correcting the Explorer’s poor handling, by lowering the center of gravity and widening the track width, Ford took air out of the Firestone tires so it would not miss planned production dates or expend more funds.. Ford knew it had a problem from day one, but did not redesign the vehicle or the tires to correct the problems until the 2002 model even though the Explorer was marketed for family use in the neighborhood and on the highway.

And it kept selling this cash cow, making a profit on each vehicle of about \$8,000, with no notice to the government or to owners. Firestone joined this conspiracy of silence with one of its largest customers. Was that criminal behavior? Many on Capitol Hill thought so, resulting in a Senate bill that specified criminal penalties for knowingly marketing a vehicle or equipment that caused death or injury. The civil penalty was also increased from \$1 million to \$15 million. New tire standards and dynamic rollover information were also required.

The other key provision was a mandate for DOT to develop a comprehensive early warning system on motor vehicle defects based on information the companies will have to regularly submit to the agency by make/model/alleged defect. The bill was enacted on November 1, 2000, and called the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act. Breach of warranty is defined as determination that a statement as to title of property, including real property or any goods, is proved to be untrue, whether intended as a falsehood or not.

It can also apply to an assurance of quality of a product or item sold. The part making the warranty is liable to the party to whom the guarantee was made. In modern law the warranty need not be expressed in so many words, but may be implied from the circumstances or surrounding language at the time of sale. Ford committed a breach of warranty because again, they were aware of the suspension problems and underinflated the tires despite warnings by Firestone. Ethical analysis: Summarize the key ethical issues in the situation.

Apply at least three of the ethical perspectives (theories of ethical thought presented in the course) and for each perspective, give your opinion as to what aspects of the situation (actions by any stakeholder) demonstrate ethically sound behavior and which illustrate unethical behavior. The cornerstone of an ethical corporate culture is an appropriate code of ethics or conduct. Concern for stakeholders like employees, customers, and vendors can be expressed in a values-based statement of management's commitment.

Intangible values like trust are critically important in today's global and technology-oriented environment. Philosophers and others disagree about the purpose of a business ethic in society. Some suggest that the principal purpose of a business is to maximize returns to its owners, or in the case of a publicly traded concern, its shareholders. Thus, under this view, only those activities that increase profitability and shareholder value should be encouraged, because any others function as a tax on profits.

Some believe that the only companies that are likely to survive in a competitive marketplace are those that place profit maximization above everything else. However, some point out that self-interest would still require a business to obey the law and adhere to basic moral rules, because the consequences of failing to do so could be very costly in fines, loss of licensure, or company reputation. Other theorists contend that a business has moral duties that extend well beyond serving the interests of its owners or stockholders, and that these duties consist of more than simply obeying the law.

They believe a business has moral responsibilities to so-called stakeholders. They would say that stakeholders have certain rights with regard to how the business operates, and some would suggest that this include even rights of governance. At least 88 Americans died before Firestone recalled the tires, which were installed on Ford Explorers and other SUVs. Most troubling from an ethical standpoint is that both companies may have known of the defects in 1993, when an overseas recall began. The decisions in this case provide the latest horrific example of how unethical actions can result in enormous losses.

Adding to or perhaps even causing the tragedy was the choice to cover up problems based on a narrow legal interpretation. In early 1999 the Bridgestone/Firestone legal department was successful in convincing Ford to avoid a broad program to replace defective Firestone tires found abroad. Later evidence of high lawsuit claims and warranty costs was dismissed as “not a safety problem.” If not solved properly, ethical dilemmas always seem to compound. Ethical Theories to be considered are Consequentialist and deontological theories.

Consequentialist theories are based on the assumptions that the moral rightness of an action is determined solely by its results. If the consequences are good, then the action is right. If they are bad, then the actions are wrong. Consequentialists determine what is right by weighing the ratio of good to bad that an action is likely to produce. Utilitarianism is a member of the Consequentialist family. One consequential theory, Egoism, was evident with Ford and Firestone. Egoism advocates self-interest first as one of its guiding principle.

In business, this theory cannot be considered a moral theory at all. Anyone who offers advice to other people must represent his or her own interest. It is not objective in its justification for any business decision as it is always influenced by own individual interest first. Decisions made are not for the good of the entire industry but for the good of the individual or organizational interest. By contrast, nonconsequentialist theories or deontological theories contend that right and wrong actions are predetermined by more than the likely consequences of an action.

Nonconsequentialist do not necessarily deny that consequences are morally significant, but they believe that other factors are also relevant to the moral assessment of an action. Contributing factors: corporate culture and corporate governance/guidelines. Analyze how the company's corporate culture that may have either helped to minimize the unethical behavior or actually contributed to/caused the unethical behavior. An ethical culture starts with clear and unequivocal goal setting at the top, spreads throughout the organization, and is reinforced through frequent use in everyday decision making.

It results in improved goal orientation, higher productivity, superior teamwork, openness, and mutual trust. This kind of culture fosters decision making with a long-term perspective that avoids costly blunders like those at Ford and Firestone. There were numerous actions committed by Ford and Firestone that could be considered unethical and socially irresponsible. In June 1989 a Consumer Reports article titled " How Safe Is the Bronco II? " rated the Explorer's handling as poor in a test that simulated rapid lane

changes. The Consumers Union publication advised “ prudent buyers” to steer clear of it.

According to an original analysis prepared for TIME by University of Michigan statistician Hans Joksch, an expert in automotive statistics, the Explorer had approximately the same rate of fatal rollovers as the Bronco II. Ford engineers acknowledged in a memo that passing “ the Consumers Union test became an implicit requirement for Explorer due to the potential for adverse publicity. After putting the SUV through the Consumers Union test, engineer Roger Stornant wrote that the results yielded “ a high confidence of passing CU with Firestone’s P225 tires and less confidence on the P235. ” Ford chose the larger P235 anyway.

Marketed first as the ATX and then as the Wilderness AT, the P235 became the tire that Firestone later recalled. Analyze how the company’s corporate governance (overall guidelines, strategic decisions/actions) may have either helped to minimize the unethical behavior or actually contributed to/caused the unethical behavior. There were numerous actions committed by Ford and Firestone that could be considered unethical and socially irresponsible. With the Explorer’s 1990 production date approaching, Ford engineers listed four options for improving the stability of the SUV: widening the chassis by 2 in. lowering the engine; or lowering the tire pressure and stiffening the springs. Ford chose the latter two fixes. Ford’s decision to increase the stability of the Explorer by lowering the tire pressure soon had unintended consequences. The mushier tires held the road better but worsened fuel economy. When Ford asked Firestone to fix the problem, Firestone reduced the weight of the tire about 3%. By 1995, Ford had finally replaced the Explorer’s unloved Twin

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I-Beam with a short-and-long-arm suspension but didn't act on previous recommendations to lower the engine and widen the chassis.

And since the new suspension weighed less than the Twin I-Beam, the change raised, not lowered, the SUV's center of gravity tread defects. As a result, both the tire and auto manufacturers were held liable for injuries suffered as a result of tire tread rupture," Ethical decision factors to consider: Based on the ethical perspectives (theories of ethical thought presented in the course), what are the key factors that should be addressed or considered in resolving the legal/ethical issues identified in this case (as outlined above).

List each ethical issue and then for each issue, the factors to be addressed or considered based on the ethical perspectives used above. The importance of business ethics in today's competitive economy cannot be denied.

Adherence to moral standards on the job can have positive influences on society by promoting strong ethical behavior in all aspects of life. Any ethics system presents a mixture of moral and economic rules and challenges which every business must follow in order to viewed publicly as a good business organization.

Good ethical practices in business promote the moral and economic existence of free enterprises around the world. An ethical system affects all aspect of a business. It is therefore important to consider business ethics as one of the governing factors in establishing the role of business in the community and to the entire global economy. Therefore, it takes no definite stand against certain outrageous acts like stealing, racial and sexual

discrimination, and business fraud which are important business concerns that need to be carefully addressed by any business policies.

Unethical practices related to these issues undermine the good name of a business and the entire industry in general. Stealing can come in the form of business espionage. Business fraud can be in the form of adulteration, misbranding, and short-changing of customers. Consequentialist theories are based on the assumptions that the moral rightness of an action is determined solely by its results. If the consequences are good, then the action is right. If they are bad, then the actions are wrong. Consequentialists determine what is right by weighing the ratio of good to bad that an action is likely to produce.

Deontological theories contend that right and wrong actions are predetermined by more than the likely consequences of an action.

Nonconsequentialist do not necessarily deny that consequences are morally significant, but they believe that other factors are also relevant to the moral assessment of an action. Discrimination allows the organization to save on costs but they may end up disregarding Another ethical concern which, by principle would likely consider actions as right is when employees or managers adopt practices which senior managers or the strategic leader would consider unethical .

Using questionable methods of persuasion and lying to promote certain products could be considered unethical and would likely spread around given the signal that everyone is doing it, and therefore, it is right. Such actions would always be seen as unethical but for some organizations, they will be at

least condoned or even encouraged. It therefore looks more like a self-preservation move than a moral strategic business innovation.

Recommended corrective action: Recommend corrective actions for each of the legal/ethical issues outlined above.

Provide supporting rationale for each recommendations or industry examples of the use of your recommendations as “ best practices”. Another consequential theory is Utilitarianism. This theory greatly contrasts with the Egoism theory because it takes into account everyone affected by the actions of the organization. However, since Egoism and Utilitarianism are classified as consequential theories, both theories agree that rightness and wrongness are solely a function of an action’s result and consequences. What distinguishes one from the other is their answer to the question of consequences for whom?

Utilitarianism is a moral theory that gained popularity in the early 1800’s and still influences many of our decisions today. On the face of it, it is pretty simple. The catchphrase of Utilitarianism is “ Whatever action produces the most pleasure and the least pain for the greatest number of people is the morally right action. ” So the rightness or wrongness of an action is tied to the consequences of the action in question. It is for this reason that Utilitarianism is a member of the family of ethical theories known as consequentialism.

Simply put consequential ethical theories are theories that make use of the ramifications of an action to determine its morality Since Utilitarianism considers everyone affected by certain actions, this theory provides a clear

and straightforward foundation for formulating and testing policies for the strategic business direction of the organization. Barry and Shaw said that a business policy is good if it promotes the general welfare more than any other alternative. This theory provides an objective and attractive way of resolving conflicts of self-interest (as opposed to Egoism's inability to resolve conflicts of self-interest).

Individuals within an organization make decisions based on a conformity to the general good of the organization. Actions and decisions made by individuals within the group are recognized as either right or wrong and therefore, different. These differences allow the organization to grow and mature into adapting their decisions to suit the current business situations. This sets the right environment for formulating realistic and workable decisions and policies which are anchored on a higher level of moral and ethical considerations. It also speaks volumes about where these two archetypes of American industry stand.

Recommend approaches or policies that the company can take to help prevent these issues in the future. Provide supporting rationale for each recommendations or industry examples of the use of your recommendations as "best practices". In order to ensure that that employees act ethical in making managerial decisions that effect public safety, Ford and Firestone should ensure that it has clear and concise written set of standards for professional behavior. Since the 2002 Sarbanes-Oxley legislation, a publicly held company is required to create its own code of ethics to deter wrongdoing and to promote ethical behavior.

A code of ethics also should outline potential conflicts of interest for company employees and board of directors. A code of ethics also would call for the company to disclose potential conflicts of interest or waivers from the code of ethics. Reference List: minimum of 4 references. References can be used for the following: <http://www.ethicsweb.ca/codes/coe2.htm>
<http://www.usautoinjurylaw.com/cases/tires/failure-explorer.htm> Kubasek, Brennan and Browne, *The Legal Environment of Business*, various chapters