

The practice of ethical behavior by managers marketing essay

[Profession](#), [Manager](#)



Nowadays the practice of ethical behavior by managers and the high position jobs are dramatically decreasing due to the irresponsibility's of these people towards the society. But there are some other companies that maintain to act as ethical behavior and choose to keep their role in society. The unethical behavior of companies are arising from the east till the west and these acts can be prevented by business leaders such as " drive ethical behavior into the cultures of their organizations and create an environment in which every individual takes personal responsibility for doing the right thing in the right way" (Ryan, 2009). The ethical behavior should be implemented from the higher level of organization such as CEO's and board of directors in order to be modeling for the lower level of position jobs. The company which did a lot of unethical behavior in the recent years towards its customers is Toyota Motors Co. that there were problems in accelerators stick and brake problems. On the other hand, a company like BMW Motors Co. does a lot of ethical behavior which was selected in 2009 as one of the most ethical companies among 99 firms that was ranked by Ethisphere Institute (Edmunds Inc, 2009). The company considers the safety issues in a lot of terms such as the brake system and airbag system which have derived the company to be among the most ethical behaving firms. Also it behaves in an ethical behavior toward its employees. The BMW Company has chosen four styles for its leadership such as visionary, empathetic, humble servitude and moral/ethical issues (Karlgaard, 2010).

II. History of Toyota:

Toyota Motor Company was invented by Sakichi Toyoda on 28th August 1937 after seven years of funding on a research and development of automobile (European University Institute, 2010). In 1947 after the Second World War the company started to export the first vehicles to Okinawa and Egypt (European University Institute, 2010). But the company started to sell the vehicles internationally by 1957 with establishing it's headquarter in Hollywood (Allpar LLC, n. d.). The most influenced president who changed the position of Toyota in the world were Eiji Toyoda from 1967-1982, Shoichiro Toyoda from 1982-1992 and Akio Toyoda who took control over the company in 2009 (Allpar LLC, n. d.).

III. History of BMW:

The formation of BMW Company starts from 1913 when Karl Rapp formed Rapp-Motorenwerke Company and in 1922 merged with Bayerische Flugzeugwerke the producer of aircraft engines. After the emerge of these two companies formed BMW(Bayerische Motoren Werke). In the early years the company was producing only the aircraft engine and some motorcycle engines. The production of cars by BMW Company started to begin in 1928 when the company bought a car factory in Eisenach. Since that time the company became one of the best companies and ethical behaving in the world and the current president of the company is Norbert Reithofer.

Part 2 – Body paragraphs-Toyota

I. Paragraph 1:

One of the unethical issues that the Toyota Company did towards its customers was that the company did not aware its customers about the accelerators stick. According to Ewing (2010) the Toyota Company has stated that it never knew about the electronic defect that was causing the unintended acceleration. But Toyota recently mentioned that there were just only the mats and accelerator sticks problem which in the recent month have been claimed by the customers. However this problem is backed to 2002 when an official bulletin from Toyota was issued to dealers that mentioning there were some electronic malfunctions in 2002 Camry models (AOL Inc, 2010). The service was stating that the problem “ may exhibit a surging during light throttle input at speeds between 38-42 mph” (Ewing, 2010). The problem was only for the 1 MZ-FE engine models which specifically was used for the Camry models (AOL Inc, 2010). In the beginning of 2010 the report was brought to light by two of the Congressman in the US, Bart Stupak, D-Mich and then was followed by the U. S. House Energy Subcommittee in late February 2010 which was first reported by Automotive News (AOL Inc, 2010). And then the actual document was reported on 22 March 2010 by the CNN on its website and through the aired channel program (AOL Inc, 2010). In addition, the Toyota Company has stated that “ the link between the surging Toyotas and its electronic systems is unfounded” (AOL Inc, 2010). Also it was mentioned that the issue was only related to the mats floor and accelerator pedals sticky problems which is solely are related to the mechanical problem and there is nothing related to the electronic one (AOL Inc, 2010). After all of these justifications from Toyota officials, one of the Congressman Bart Stupak said that it does not

believe the company's statement (AOL Inc, 2010). Later Stupak stated there is an electronic problem rather than a mechanical problem which the Toyota Company did not address it (AOL Inc, 2010). In fact, " there is a gremlin in this electronic system which is making these cars accelerate unexpectedly, and unfortunately, it has resulted in some serious accidents and deaths" (AOL Inc, 2010). But in one of the Toyota's recall websites company said that the internal investigation is going on and Toyota is confident that there is no defects exist in ECU (AOL Inc, 2010). In fact, the complaints began in early decade " when Toyota moved a lot of its primary throttle components to electronic controls" (AOL Inc, 2010). These changes in technology were considered to be a high improvement for the 2002 Camry Models in which used the " an accelerator pedal sensor, a throttle control motor, a throttle position sensor and the engine control module" (AOL Inc, 2010). These upgrading were done in order to improve the reliability, efficiency and safety of these cars throttle components to electronic (AOL Inc, 2010). According to 7days newspaper (2010) the Toyota saved more than \$100 million by pursuing the US regulators in order to agree a cheap installation of involuntary acceleration problem increased the criticism over the company's president Akio Toyoda following the meeting on 24 February 2010 to the United States Congress (7days, 2010). In February the US regulators bought the Lexus ES 350 from a Tennessee woman and said it will test the vehicle after the owner of the vehicle said that she lost the control of the car when it accelerated automatically and the car topped speed by 100 miles per hour and then after travelling of six miles the car slowed down which was happened in 2006 (Rhonda Smith 2010 cited in 7days 2010). In 2006, after

the issue the owner took the car to the local dealer but could not find any problem (Rhonda Smith 2010 cited in 7days 2010). However in 2007 the National Highway Traffic Safety Administration found that the problem was related to the floor mates that was jamming the accelerators pedal (7days, 2010). After all of these unethical behaviors of the company towards its customer the US authorities have announced recently that it is going to fine a hefty amount which is more than \$16 million after it failed to report the defects problem within four months. This announcement came after 70, 000 pages of evidence being uncovered by Department of Transportation (7days, 2010). Ray LaHood the US Transport Secretary said “ we now have proof that Toyota failed to live up to its legal obligations” (7days, 2010). The Toyota Company could avoid this fine by investigating the issue at the beginning and fix those faulty at that time.

II. Paragraph 2:

The second unethical behavior that the company did towards its consumers in the current year is that it did not inform the consumers about the brake problems of Toyota Prius 2010 models. Due to this problem the US Transportation Department has started investigation when there was an announcement from the Toyota that had brake problem with the Prius Models and fixed that in January by changing the software’s brake system (BBC News, 2010). The investigation is looking into the problem that the brake is losing its capability while traveling on a disrupted road surface and on speed breakers (BBC News, 2010). Recently, there were 124 complaints about this issue which led to four crashes in the United State but there

was no any issues reported in the United Kingdom (BBC News, 2010). Till now there is no any recall for the Prius Models, but the company is planning to recall those vehicles which were made and sold in South Africa (Toyota Company's spokesman 2010 cited in BBC News 2010). However there are being seen by the company that there are some clashes between the " anti-lock brake system (ABS) and regenerative braking which it needs more investigation to be done in order to decide whether to recall those cars or not" (Toyota's managing officer, Hiroyuki Yokoyama 2010 cited in BBC News 2010). Currently the Company's admission is looking into 200 reports about braking problem from customers in the United State and Japan but there was no any problem in Europe. In addition, the Japanese Government is pressuring on the Toyota Company in order to investigate the problem (BBC News, 2010). In the Northern Ireland there was a case that a customer bought the car in July last year, after two weeks the customer noticed that the brake is performing inconsistently. The problem was happening when pressing the brake pedal before reaching at a traffic light or a junction the brake releases for seconds. Then the car stops after rolling six to eight feet before it reapplies. But Toyota UK have stated that after the customers' reports an investigation went under way and they did not find any fault in brakes. It was blamed on the drivers and stated that it is the way that the brake system works in Prius Models. So far the company has recalled more than 8.5 million vehicles in recent months due to the unintended acceleration and brake problem which was affecting the glitch in Prius Models and other models including a recall of 3120 Sequoia and Avalon cars by Al Futtaim in the UAE (7days, 2010). The regulators in the United State

said that there are five deaths and 29 fatality accidents are reported due to unintended acceleration (7days, 2010). A recent internal document which is related to 2009 that was discovered by the authorities that there was a saving of more than \$100 million by Toyota's Washington DC staff and satisfied the regulators in order to end up with an investigation which was about the unintended acceleration complaints and cheap floor mat recall (7days, 2010). There is a big debate now whether the company ignored or missed the complaints about the unintended acceleration and whether the US safety regulators were serious enough about the problem (7days, 2010). But in the document were clearly seen that there was a slow response from Toyota to the problem, said the US Department of Transportation (7days, 2010). The launch of a publicity campaign in the last month by Toyota Company was to satisfy the customers that the company is addressing the problems (7days, 2010). In January there was a dramatic decrease of 16 percent in the US sales and estimated there will be a total cost of \$2 billion due to the recent recall (7days, 2010). It appears that the Toyota problem varies in many models. In February it came into view that there are steering problems in the Toyota Corolla, which is known as the most popular car in the world, was the latest issue about the problem (7days, 2010). The investigation began in the United State after 129 complaints were made by drivers about the steering problems (7days, 2010).

III. Effect of unethical behaviour:

The effect of unethical behavior of Toyota's Company was a hefty amount and damaged its reputation in the market. There were a lot of automakers

that were badly hit by the economic downturn but with the recall of millions of Toyotas due to safety issues, those companies have regained from this situation (7days, 2010). General Motors is leading the opportunity by offering money to Toyota owners in order to buy the GM models, while the GM was toppled in two years ago by Toyota as the world's biggest automaker, and the company went through a bankruptcy and the US government helped the company to be reinvented (7days, 2010). It is a real problem for Toyota Company as the numbers of recalls are huge and it is going to lose its biggest market share in the US and Europe (Frank Schwope 2010 cited in 7days 2010). Also there are other automakers that are gaining from this opportunity such as Honda, Nissan and Ford Company (7days, 2010). Last month, after the beginning of trouble, the GM was offering a tempting discount of \$1000 to the owners of Toyota with the exchange of a GM model (7days, 2010). In fact, the Toyota Company should do respond to these faults if the company wants to reduce the impact of loss and regain back some of the share market (7days, 2010). According to a recent research, the Toyota sales fell by 16 percent while the GM and Ford Company have increased by 14 and 25 percent respectively (7days, 2010). In fact, there were some roots that caused of unethical behavior such as character, information, expectation and judgment of the Toyota's managers and CEO's because these people were the most responsible people in the company that ignored the safety of the customers. In reality, the cost of unethical failures by Toyota is estimated to be a lot that some of them are considered to be the loss of business, fines and penalties, loss of company reputation, loss of employee morale, recruiting difficulties and employee turnover.

Part 3 – Body Paragraphs-BMW

I. Paragraph 1:

On the other hand, BMW Motor Company has done many ethical behaviors toward their customers by improving the safety issues such as installing and developing the Anti-lock Brake System (ABS). The brake system that the company is using is one of the greatest and most advanced when compared to the other cars model. The ABS is an advanced technology with a sensor that helps the driver to prevent the locking of the brake in cases that the driver uses the brake instantly with the full power in a sudden case (BMW Group, n. d.). The system also helps to maintain and balance the speed of rotation of wheels in a rainy, icy or on uneven road surfaces when the driver uses the brake in an instant case and helps the driver to easily turn the steering and avoid the accident (BMW Group, n. d.). Also in cases that when one side of the vehicle is on the icy or rainy road and the other side is on the pavement, it prevents the vehicle from rotating by balancing on the reduction of the rotation of the wheels (BMW Group, n. d.). Moreover, the system allows the highest pressure while the wheels are rotating in a controlled way (BMW Group, n. d.). The system minimizes the pressure of the brake in order the wheel to rotate in a controlled way and steer the vehicle, when there is a feel that the wheel is going to be locked or already is locked (BMW Group, n. d.). The second safety issue which BMW Company considers about is the airbag system. Statistics show that the airbag reduces the number of deaths by 30 percent when there is a direct front collision. In cases when an airbag is not activated in case of fatal accident the company

pays one million dirham compensation and damages to the owner of the car because of this faulty. A new generation of child seat and occupant detect system (SBE2) has been developed by the BMW Company (Lu et al 2001). The system detects according to pressure profile measured by a force sensitive sensor array and the change of electrical field recorded in capacitance (Lu et al 2001). This system is purely based on two subsystems, FDS which is based on the capacitive principle and OC is based on the pressure subsystem (Lu et al 2001).

II. Reason & Benefits of BMW success:

There are some reasons that the BMW Motor Company became the leader of luxury vehicle seller. The company adapted four types of leadership visionary, empathetic, humble servitude and moral/ethical issues (Karlgaard, 2010). The visionary leadership style in BMW is that the company changed and retooled its brands from the normal and economic car to luxury one (Karlgaard, 2010). It developed its vision till that the company became the biggest seller of luxury cars and overtaking the Mercedes-Benz which once owned the position (Karlgaard, 2010). The second leadership style that the company follows is empathy (Karlgaard, 2010). The company is full of empathetic leaders that the company is successful in its field of business because there are inspiration and engagement between the employees and leaders of the business which resulted to have the best vehicles and on the other side to have the most satisfied customers (Karlgaard, 2010). The other leadership style that the company follows is the humble servitude in which states that at first the businesses should listen to customers and then

establish a form of service for the company (Karlgaard, 2010). The last leadership style that the company follows is moral/ethical issues in which the company states that every employee should follow a set of golden rule when dealing with any customer of the company which can be known as the most powerful tools towards the human frailty (Karlgaard, 2010). These types of leadership style can avoid any unethical behavior in businesses and if the Toyota Company was considering these types of leadership style in its business it could avoid the deaths of a lot of its customers and maintained the good reputation of the business worldwide. Also the company used the core of managerial mystique which contains subsystems such as decision-making prowess, functional rationality and substantive rationality. After 1980s, the BMW Company has developed more safety technologies as it compared to other automaker which have leaded to the saving the lives of a lot of drivers and passengers of these cars. BMW Company has gained a lot of advantages as a result of following ethical conduct. The advantages are varied; such as competitive advantage, customer loyalty, enhanced reputation, positive work environment, employer of choice and employee retention as it is compared to its rival companies in the world.

Part 3 – Conclusion

In conclusion, the Toyota Company should do more in order to improve the ethical behavior within the business and toward its customer. These acts that the Toyota Company did in order to save the cost and make more profit but these profits are for the short-run and after that there will be a hefty amount of loss as the company is facing currently. In addition, it will damage the

reputation of the business in the market. The Toyota Company should look at the BMW Company how it follows the ethical behavior within its business and towards its customers. By following ethical behavior the companies can avoid cases that now Toyota Company is facing. If all companies around the world think about the safety and quality of their product, then there would be less number of deaths due to defect of their products. In addition, the companies should follow ethical behavior in order to avoid the legal action towards their company and increase the productivity by applying the ethical dilemma within the business.

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