

# Ford motor company: a restructuring plan

Business



FordMotor Company encounters an intense pressure from its competitors.

The company has to continually focus its efforts on improving its product line to ensure it remains competitive, while making sure quality and valuable products are produced. Not long ago, Ford encountered major criticisms after being accused of producing poorly designed products. This even affected the relationship the company had with Firestone. However, Ford announced a major restructuring effort, early 2002 that was followed by various money saving efforts within the company. For instance, the termination of the company's 401(K) employee retirement matching plan, freezing the company executives salaries, along with the increase of the health insurance premiums. Some of the company's plants within the U.

S. have already been closed down as a result of the termination of some of the production lines. The company is also planning to reduce the number of its employees as part of its restructuring plan (Zerk, 2006). This paper will discuss various issues regarding its restructuring plan. Based on Ford's current condition, do you think it is ethical to reduce the number of employees? Why or why not? It is apparent that every organization's objective is to remain competitive in the market, while ensuring it makes profits. However, when the company's earnings start to decline, an organization will conduct any practice that is necessary to ensure it attains profits.

Ford Motors, for instance, considered reducing the number of its employees as one of the necessary measures to ensure it remains functional. While this seems to be a strategy that could be opted to enable the company thrives,

however, it is unethical considering the fact that this may cause various problems to the affected workers, as well as to the company itself. The problems the company is currently encountering have little to do with the employees, and thus, it may be unreasonable to let them pay for whatever the company is going through. Furthermore, some of the employees have been working for the company for a long time and thus, formed a relationship with the company and it may become challenging to layoff such employees. This might even generate a sense of betrayal, while the company, on the other hand, stands to attain a bad reputation from the general public which can even affect its sales adversely (Zerk, 2006).

However, regardless of the fact that the Ford is considering terminating some of its plants, it could find a way to maintain its workforce, for instance, by diversifying its operations. ; style=" text-align: justify;"; What responsibility does Ford have toward its employees? Does Ford have the same responsibility to the employees of its suppliers? Just like any other company, Ford has a responsibility over the well-being of its workers. This entails ensuring the workers are provided with adequate working conditions and treated well. This means that they are provided with a sufficient income that is equivalent to their output, offered rewards for their good performance and punishments for poor performances, along with other benefits. Basically, the responsibility Ford has towards its employees has to do with the provision of adequate working conditions, along with a good treatment at work to ensure the working environment and terms are favorable for the employees.

However, Ford does not have the same responsibilities to the employees of its suppliers, considering the fact that each organization has its own responsibilities towards its employees. The fact that these companies are suppliers does not mean that Ford takes charge of their employees. Should Ford have taken any additional steps to save money before announcing the restructuring plans? Yes, Ford could have considered other additional steps before announcing the restructuring plans. For instance, Ford could have considered entering into partnership with some companies that have well-established brands in the market. In addition, the company could have considered diversifying its line of products, or rather consider introducing a new range of products to the market. Going forth to announce the restructuring plans indeed contains a lot of effects to the company, considering the fact that might even result in further declines in its overall earnings.

This is based on the fact that the company's reputation is at stake here. Therefore, the Ford ought to have considered taking additional steps to save money before announcing its restructuring plans. In light of these actions, can Ford still be a socially responsible company? If so, how? To be considered a socially responsible, a company has to maintain a balance between attaining its objectives and the welfare of the society along with the environment (Rossi, 2001). The company can therefore avoid indulging in socially harmful practices, while ensuring the social goals are attained, for instance, providing employment opportunities for the people. However, in light of these actions, Ford cannot be considered a socially responsible

company considering the fact that a part off its restructuring plans is to layoff a greater proportion of its employees.

This, therefore, means that the company considers attaining its business goals at the expense of the social goals. Business analysts highlight that it is important to attain a balance between the business goals and the social goals in order to be considered socially responsible (Rossi, 2001).

Furthermore, the restructuring plan has more to do with the employees' aspects as it seeks to fire most of them, terminating their retirement matching plan, along with freezing their salaries. Discuss the similarities and differences between this situation with Ford and the 2010 situation with Toyota? Like Ford Motor Company, Toyota was also faced a situation that forced the company to introduce a restructuring plan. The Japanese automaker, which is considered to be the largest car manufacturer in the world experienced huge losses, along with a drop in its market share within the United States (Toyota in the news, 2009).

However, this was attributed to the drop in the demand for its Prius Hybrid, a popular model. The part of Toyota's restructuring plan was to close down some of its plants, for instance, the NUMMI plant that is based in California that was being operated as a joint venture together with General Motors (Toyota in the news, 2009). However, since history, Toyota has been avoiding the issue of firing its employees or having some of its plants closed down. Toyota instead has decided to invest about \$500 million in redesigning its Indiana SUV plant. The company is also considering coming up with a new model that could sell more in the market.

From the analysis of Toyota's case, it is apparent that both Toyota and Ford experienced the same situation that warranted both companies to come up with restructuring plans. Furthermore, the company considered changing its leadership as a part of the restructuring plan (Toyota in the news, 2009). However, there is a significant difference in the manner in which these companies responded. For Ford, the company considered firing some of its employees along with terminating the operations in some of its plants that were based in the United States. On the other hand, Toyota considered improving its line of products as well as coming up with a new innovation that would enable the company to thrive in the market.

Part of Toyota's restructuring plan would see the introduction of a new President of the company. It is, thus, apparent that Toyota is a socially responsible company while Ford seeks to promote its economic goals at the expense of the social goals.