

# Ford

## Integrating transparency and anti-corruption throughout the business

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### The company

The Ford Motor Company (Ford) is an American multinational corporation, which designs, develops, manufactures, and services automobiles on a global scale. It is the fourth largest manufacturer and distributor of automobiles based on worldwide vehicle sales and remains one of the world's ten largest corporations by revenue ([www.ford.com](http://www.ford.com)). Ford has about 228,000 employees, competes in over 200 markets across six continents and has about 90 plants worldwide.

Ford's global diversity, widescale operations and activities mean that it impacts, either negatively or positively, upon a wide range of stakeholders, e.g. suppliers, employees, environmentalists and communities. Over recent years, Ford has been recognised as the industry leader for [business responsibility](#). It has made major wide scale changes to its ways of working in order to integrate a variety of ethical codes/standards, sustainability initiatives, [transparency and anti-corruption policies](#), throughout the business.

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*This case study focuses on Ford's transparency and anti-corruption policies.*

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### Drivers of change

In an interview with David Berdish (2009), the Manager of Sustainable Business Development at Ford, two significant drivers of change were identified, that have led to heightened levels of transparency and anti-corruption for Ford; these are:

#### US legal framework

Berdish (2009) identified that 30-40 years ago corruption and bribery obtained a high proportion of business transactions within the US. Since then, US laws, legal sanctions, policies and regulations have been either introduced or tightened up in order to minimise corruption at all levels. This meant that corporations, e.g. Ford, had increasing pressure placed on them to move with the times and avoid corruption at all levels, not only to avoid potential law suits, but also to build credibility as a global player.

#### Globalisation

Secondly, Berdish (2009) identified that globalisation has led to increasing challenges for managing corruption at all levels, particularly when moving into emerging markets. Ford has to deal with cultural diversity, different values, laws, policies, and ways of conducting business. This means that Ford cannot transfer the same international business model, but need to adapt to their markets and also ensure that there are no grey areas.

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## Transparency and anti-corruption

### 1. Policies and initiatives

Ford recognises the societal and business benefits in aligning its work practices with emerging trends. In 2008 it became part of the [United Nations Global Compact \(UNGC\)](#). The company has laid down its commitment to implementing the principles of UNGC and integrating important responsibilities from human rights to anti-corruption. In keeping with its commitment to the UNGC, and specifically principle 10, (business should work against corruption in all its forms, including extortion and bribery), Ford has made strategic efforts to improve its levels of transparency and curb corruption at all levels of the supply chain and diverse business units worldwide.

Since 2007, Ford has implemented a number of initiatives to increase awareness of, and adherence to, ethical business practices. For example, it rolled out mandatory online courses for employees on key ethical topics, enhanced its Policies and Directives pertaining to anti-bribery issues, and provided in-house anti-bribery training. The training includes anti-bribery; gifts, favours, and conflicts of interest; internal controls; fair competition; and mutual respect. Ford assesses compliance with its Code of Conduct Handbook, encourages employees to report potential ethical issues and provides a variety of means for them to do so. The internal media which Ford has used to build awareness of its transparent and anti-corrupt practices include:

- A Code of Conduct Handbook;
- A Code of Basic Working Conditions (CBWC);
- Revisions to the CBWC with added commitments on 'community engagement and indigenous populations', 'bribery and corruption' and 'environment and sustainability';
- Training programmes;
- Automotive Industry Action Group (AIAG) Initiative.

Berdish (2009) stated, "we (Ford) are the only one (within the automobile industry) to have a human rights code that we actually report against". Ford has four to eight stringent assessments a year, based on the [UNGC principles](#). These assessments are run through the third party, i.e. Interface, and are made available for public viewing. The assessments are used against different activities and operations, in order to analyse whether it is applying its human rights codes and policies at all levels across the globe, e.g. assessment of Ford's Santa Rosa, Laguna Assembly Plant in the Philippines (<http://www.ford.com/doc/sr07-santa-rosa.pdf>).

### 2. Reporting

Ford works with the [Coalition for Environmentally Responsible Economies \(CERES\)](#) stakeholder team, to ensure that its sustainability reporting is transparent with an open, accurate and honest dialogue for shareholders, environmentalists and stakeholders. CERES and ACCA (Association of Chartered Accountants) have ranked Ford's 9<sup>th</sup> (2008) [Sustainability Report](#) among the best in the World. The report is aligned with the [Global Reporting Initiative G3 Sustainability Reporting Guidelines](#). Ford's commitment to transparency in its reporting of economic, social and environmental performance progress is reflected in the praise given by the CERES judges for Ford's reporting in the following areas:

1. Disclosing quantified data on product emissions;

2. Identifying Climate change challenges;
3. Identifying changes in the regulatory framework ;
4. Its use of both online and print reports.

In its sustainability report for 2008, Ford identified what it felt it was doing right, what it thought it was doing wrong and how it planned to improve. This openness enables Ford to identify challenges and growth opportunities. It recognises the importance of transparency and public participation. It engages with local stakeholders and has developed partnerships in a number of locations to ensure that it is fulfilling its commitment to environmental, social and economical requirements.

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### **Challenges to transparency and anti-corruption**

Globalisation: Berdish (2009) identified how globalisation is and can pose a significant challenge for Ford with implementing transparency and anti-corruption, as Ford is confronted with new methods of conducting business and cultural diversity. He stated “everyday it’s a challenge (for Ford) when entering emerging markets” (Berdish 2009).

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### **Conclusion**

To conclude, it can be said that Ford is as an industry leader for outstanding [sustainability](#) and transparency. It is joining coalitions, which support sustainability, and participating with top independent organisations to meet its objectives for environmental, economic and social progression. With a business of this scope, there are always going to be challenges and opposition from diverse stakeholders. Ford recognises this and is openly, accurately and most importantly, honestly reporting on these challenges. Rather than being a strategic weakness, this creates a strong business case for Ford. In enabling all aspects of the business to be studied by governments, shareholders, and the general public, Ford benefits from the gains it makes in its corporate reputation.

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Reference: Interview with David Berdish, Manager of Sustainable Business Development for Ford Motor Company. As part of this role, David manages Ford’s human rights Code of Basic Working Conditions.