

General Motors: The ignition switch from hell

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Abstract

On September 16, 2015, the Wall Street Journal reported that General Motors (GM) and US federal prosecutors had reached a criminal settlement in a case involving GM's handling of an ignition-switch defect that had led to the recall of millions of vehicles and was linked to more than 100 deaths. According to the settlement, GM would forfeit \$900 million to the federal government and admit to charges of wire fraud and concealing information from the National Highway Traffic Safety Administration (NHTSA) as well as the public regarding safety defects in ignition switches that had been designed and manufactured with too-low torque. This case describes events and decisions spanning a ten-year period that may have led to defective ignition switches and resultant deaths.

Learning Objectives

1. To illustrate the consequences of a dysfunctional decision-making corporate culture.
2. To raise awareness of short-, medium-, and long-term consequences of ethical lapses.
3. To highlight corporate responsibilities to stakeholders.
4. To provide a framework that demonstrates leadership and decision-making challenges in a complex environment.

Learning Outcomes

In completing this assignment, students should be able to:

1. Explain ethical and moral responsibilities and obligations of stakeholders in a business setting.
2. Synthesize complex information from multiple sources and utilize the information to make informed ethical decisions.
3. Illustrate the need to develop positive organizational values and inculcate those values in the corporate culture.
4. Illustrate a CEO's responsibilities to shareholders and to the society.

Application

The case is appropriate for a senior business course, MBA course, and other courses that cover business ethics, decision-making, organizational culture or leadership.

Key Words

ethics, leadership, organizational culture, decision-making, CSR

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