



CORPORATE VALUES OF 11 CARMAKERS AROUND THE WORLD: EXPLORING THE LINK WITH CORPORATE SCANDALS AND THE CEOS.

MASTER THESIS BY ROSAN KOEKKOEK

*“A company’s values-what it stands for, what its people believe in-are crucial to its competitive success. Indeed, values drive the business.”*

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## 1. | Introduction

According to PWC, there will be more transformations in the automotive industry in the next five to ten years than ever before (Kuhnert, Stürmer, & Koster, 2018). They also think that now it is time to shape this fundamental restructuring in the automotive industry. Of course, the automotive industry has not stood still in recent years either. There has been an increasing interest in electric cars, because of the corporate social responsibility of the industry and new legislation and regulations regarding emissions. Besides, the goal of Tesla and rivals such as Waymo is to bring the first fully self-driving car on the market<sup>1</sup>. On the other hand, the automotive industry was negatively exposed in the news by the many scandals surrounding emissions. The diesel emission scandal in 2015 (Taylor & Potter, 2020) is a good example, in the past years, this is one of the biggest scandals in the automotive industry. Nowadays more and more car manufacturers are being caught with breaking regulations by strict control and environmental regulations.

Companies in the automotive industry, such as BMW and Ferrari N.V., are saying that they want to be more sustainable and want to take their social responsibility seriously. However, the way these companies act can differ from how they appear. One way how leaders of large firms communicate their vision and set a direction for their employees is through their corporate values (Hollender, 2004). These corporate values are mostly communicated in annual reports and on the company's website, so outsiders can find out where the organization stands for. In the past few years, there has been renewed attention to corporate values, both in politics and business. Organizations mainly focus on socially relevant values, to use these values to explain actions and decisions (Grimes, Gehman & Cao, 2018; Kraatz & Block, 2017). Companies are increasingly trying to pursue other goals than just profit, utilizing the established values they want to realize choices (Grimes et al., 2018). Board members do have a critical role in carrying out the culture and values of the company, whereby there is a possible influence on the stated corporate values of the company (Fombrun & Foss, 2004). Nielsen's (2010) research, as well as the Upper-Echelon Theory, poses that characteristics and attributes of top leaders influence their decisions, especially those that have a major influence, such as forward-looking strategic choices. Of course, every great leader has his or her own set of characteristics and attributes (Hambrick & Mason, 1984), which makes it very interesting to see if a change in CEOs leads to a change in organizations' corporate values. Also, this research will highlight the negative side of corporate values, where value is destroyed rather than created (Demsey, 2015; Edmondson & Cha 2020). So, in this research, the differences and similarities of corporations and their involvement in scandals are highlighted. Summarizing, this research intends to explain more about the relations between the following concepts: corporate values, corporate scandals, and changes in the CEO's. The research question is as follows: *'Are there links between corporate values and scandals and/or the CEO's in the automotive industry?'*

This research builds on the work of Ehrenhard and Fiorito (2018), who have researched corporate values in the banking sector and how in practice they can be linked to corporate scandals. This research is comparable to their study, but there are some differences. First, the focus is on a different sector: the automotive industry. Second, this research will look into the corporate values over a couple of years, instead of just one year to hopefully find a deeper understanding of the relations, since this was a limitation of the study of Ehrenhard and Fiorito (2018). I follow the research of Skaalsvik (2017) since he has mapped the changes in corporate values of a cruise company. Third, an extra concept is added:

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<sup>1</sup> <https://www.businessinsider.com/tesla-rivals-waymo-locked-in-battle-over-self-driving-cars-2019-12?international=true&r=US&IR=T>

the changes in the board of directors. To investigate whether there is a relationship between changes in the CEO's and corporate values because little research has been conducted on this subject. Also, Dempsey (2015), Edmondson and Cha (2002), and Lenciononi (2002) are followed by highlighting the negative side of corporate values, where value is destroyed rather than created. Lastly, this research builds on the work of Tessema, Dhumal, Sauers, Tewolde, and Teckle (2019), this work identifies, classifies and discusses corporate values.

This research contributes to the literature in 4 ways. First, an analysis is carried out of corporate values in the automotive industry, which is under close public scrutiny because of new legislation and regulations regarding emissions. This will contribute to the understanding of corporate values linked to internal organizational decisions and the possible resulting corporate scandals. Next, by analyzing the link between corporate values and scandals, this research contributes to a better explanation of why preferred long-term-oriented corporate value statements, do not always prevent undesired actions focused on social and financial value creation, yet can lead to destruction of the desired value. Third, in this research, it's not about how corporate values have changed in recent years, but this research is into discovering relations. These findings can contribute to the understanding of corporate values, and whether they have more to offer than being a marketing tool for leaders to communicate their ideas. Finally, by studying the link between corporate values and the CEO, this research contributes to a better understanding of the impact a CEO has on the value creation or the destruction as a result of organizational decisions concerning corporate values.

## 2. | Theory

Corporate values can not only create value but possibly also lead to value destruction. The purpose of this study is to examine the relationship between corporate values, scandals, and changes in the CEOs. The concept of the changes in the CEO's is added because in the diesel emission scandal of Volkswagen, the CEO (Martin Winterkorn), has played a major role. That is why in this chapter I give more clarity about the concept of 'corporate values'. I also describe which topics have already been researched concerning corporate values. The most relevant topics for this study are shown below. For the concept of corporate scandals, I describe a clear definition. Also, with this concept, I describe the most important issues that are already described in the literature. Hereafter, the concept of a CEO and the board of directors will be explained based on theory.

### Corporate values

It is found that defining and implementing the right corporate values are very important for international business leaders, because these values influence the success of their organization (Humble, Jackson, & Thomson, 1994). Corporate values show what organizations stand for and what they strive for (Humble, Jackson, & Thomson, 1994; Turnbull, 2001; Ehrenhard & Fiorito, 2018). Besides showing what an organization stands for, corporate values also play an important role in determining how companies deal with problems, issues, and scandals (Norman, 2016). For these motivations, corporate values are part of strategic planning, which is the formulation of long-term plans for the effective management of opportunities and threats (Kuratko & Audretsch, 2009). Through corporate values, leaders can share their long-term ideas and vision simply and clearly with all employees. Also, by sharing corporate values, leaders provide clarity on what drives their value creation (Ehrenhard & Fiorito, 2018) and ease employee beliefs about right and wrong (Nwachukwu & Vitell, 1997). Therefore, organizations' corporate values will influence their employee's behaviour within the work environment. Camba-Fierro, Polo-Redondo, and Wilson (2008) found that an organization's corporate values influences also employees even when they are not at work, so outside their work environment. When there are many people working in a company with different cultures, as is particularly the case in multinationals, leaders need to be aware of their influence on employee behavior. Because they also impact the behavior of employees outside the work environment, and this is particularly the case for companies with a great mix of cultures. The research of Illes and Vogel (2018) shows that a 'culture of sharing' is very important in anchoring corporate values in a corporation. When this culture does not prevail, the values cannot have a meaningful impact on the behavior of employees and other stakeholders. But if corporate values do have a meaningful impact on employee behavior, this can lead to employees wanting to commit to the corporation for a longer period of time (Mintoga-Monga & Hoole, 2018).

Corporate ideologies are becoming an increasingly dominant influence on today's organizations, not only showing clarity on what drives their value creation because, on the other hand, it can also cause mixed and confused responses amongst the middle managers who are obliged to spread the companies vision (Turnbull, 2001). The work of Edmondson and Cha (2002) shows that corporate values programs can motivate employees, but handled incorrectly they can do just the opposite, and branding them as ambiguous or even hypocritical. Besides, Lencioni (2002) indicated that value statements often are dishonest, bland, and destructive. Empty value statements create a feeling of directionlessness, cynical and unmotivated employees, turn away customers, and undermine managerial credibility. Thus, corporate values can stimulate value creation in an organization, but can also result in value destruction.

According to Lencioni (2002) is not clear which corporate values an organization should have. But if the right set of corporate values are chosen, it can be an advantage over competitors by clarifying the organizational identity and acting as a starting point for employees. In contrast to Lencioni (2002), other researchers have determined what corporate values an organization should have, by means of a list. (Donker et al., 2008; Humble et al., 1994; Norburn, Birley, Dunn & Payne, 1990). Donker et al. (2008) noticed that integrity, responsibility, and trust are corporate values that are often mentioned. Humble et al. (1994) found more firms using the following corporate values; people, competitiveness, customers, quality, and productivity. Firms with more outstanding values than mentioned, really help distinguish the firm from its competitors. The study of Tessema, Dhuma, Sauers, Tewolde, and Teclke (2019) found that on average, each company should have approximately 6 corporate values. This is in line with the recommendation of Markgraf (2016) and other researchers, their suggestion for companies is to have 4 to 6 corporate values.

The study of Pedersen, Gwozd, and Hvass (2018) shows that corporate values influence different variables, such as business model innovation, sustainability performance, and financial performance. The findings of this study indicate that successfully change those organizational variables the basis for these changes must be shaped by the underlying values in the organization. I think this is an important conclusion because, according to Hogan (2009), customers expect companies to be more conscious and proactive. It will be easier to respond to sustainability issues if corporate values are clearly defined and shared within an organization, especially for individuals (Ballew & Winter, 2015)

Also, it must be remembered that the meaning and effect of corporate values can differ between countries and cultures. For example, the research of Norburn et al. (1990) shows that corporate values affect marketing effectiveness, but it differs per country. In certain country's the focus on people and quality shows effect, where in other countries informality and innovation or corporate beliefs impact. Geysi Türkel and Uzunoğlu (2019) compared the corporate values of companies in Turkey and the USA. The findings of their research show several common values for both countries, such as customer-focus and honesty. There are also differences, Turkey shows more values of developing countries, (e.g. development-oriented) where the USA reflects post-materialistic values (e.g. respectful). Implementing a corporate value program across different countries can be complex a process. Therefore, organizations that are globally operating may encounter problems with implementing, promoting, and pursuing their corporate values (Panapanaan, Linnanen, Karvonen, & Phan, 2003). According to the study of Sousa-Poza, Nystrom, and Wiebe (2001), the success of change programs depends on leadership that is sensitive to local needs and how they adapt to different cultures.

Corporate values are part of the mission statement of organizations, which are said to be an inseparable part of the corporate strategy because of the impact on firm performance (Sufi & Lyons, 2003). They conclude that firms can improve their performance by improving and managing their mission statements, and therefore also their corporate values. Multinationals present their corporate values mainly on their website or in annual reports, nevertheless, not much research is done into corporate values. Mostly the effect of corporate values on firm performance (Donker, Poff, & Zahir, 2008; Yoshimori, 2005) or managerial behavior (Camba-Fierro, Polo-Redondo, & Wilson, 2008; Kamoche, 2000) is studied, often with corporate social responsibility (Vilanova, Lozano, & Arenas, 2009). Although Mijatovic and Stokic (2010) found that the presence of a set of corporate values is not a predictor of corporate social responsibility within the organization. Interestingly, Van Lee, Fabish, and McGaw (2005) did not see the direct link between corporate values and growth, but they believe most corporate values influence two important strategic areas, relationships, and reputation.



## Corporate scandals

In various disciplines, such as communication, finance, and law, are corporate malpractices a source of inspiration for research. The examined studies are often related to standardized topics within organizations, such as accounting (Zona, Minoja, & Coda, 2013) and production (Tse, Loh, Ding, & Zhang, 2018), but scandals related to management malpractices (Benediktsson, 2010) have also been researched.

The studied cases often relate to large multinational organizations. A good example of this is the accounting fraud of the 2000s, the scandals of Enron and WorldCom gave a lot of reason for researchers to start a study (e.g. Benediktsson, 2010; Kuhn and Ashcraft 2013). In recent years, extensive research has been conducted into the Volkswagen diesel emissions scandal (Clemente & Gabioneta, 2017; Markowitz, Chapman, Guckian & Lickel, 2017). In particular, the focus of research into corporate scandals is on large multinationals scandals, therefore mostly the same industries are being researched. Most research on corporate values has been done in the following industries: the tobacco industry, fashion industry, food industry, and pharmaceutical industry. These industries are mainly in the news because of scandals due to production conditions and because of products that can have a major impact on the health of consumers in case of damage. In response to the financial crisis in 2008, there has also been a lot of research into corporate scandals in the financial sector (Vogler, Schranz, & Eisenegger, Stakeholder group influence on media reputation in crisis periods, 2016). The focus in these studies is mainly on the causes and consequences of corporate scandals on organizational performance. Several studies also focus on other factors, such as the link with corporate scandals (Ehrenhard & Fiorito, 2018) and the role of the management in these scandals (Ailon, 2015).

In recent years more and more research has been done on corporate scandals in Asia (Kim, Yoo, & Uddin, 2018). But at the moment the literature is mainly focused on European and American corporate scandals. It is difficult to research comparisons of corporate scandals because these scandals have a unique character. However, Coffee's (2005) work is a good example of a comparison between the differences in the US and Europe.

Scandals can cause major reputational damage to organizations, a good example of which is the Takata airbag recall scandal. The media have an important role to play in this, as they are responsible for picking up and distributing the wrongdoings to the public. Furthermore, the media is seen as a source, from which people mainly learn about the misbehavior of corporations, they also create an environment in which people evaluate and criticize the behavior of these corporations (Vogler & Eisenegger, 2019). I can therefore state that without the publicity and media attention, there is no scandal because the wrongdoings of corporations can only be considered a scandal if they are publicly known.

In the literature written about scandals and corporate scandals, no clear definitions are described. In most studies, scandals are divided into categories, mainly based on motivations or causes (Coffee, 2005; Kuhn & Ashcraft, 2003). In the press, corporate scandals evoke the public blame that breaks upon the discovery of executives' wrongdoing (Zona, Minoja, & Coda, 2013). As well as, in the study of Zona, Minoja, and Coda (2013, p.265) a corporate scandal is described as "corporate scandals are rare events occurring at the apex of corporate fame when managerial fraud suddenly emerges in conjunction with a significant gap between perceived corporate success and actual economic conditions". The definition is mainly focused on managerial fraud, which is not the only focus of this study. Since it is also possible that an employee or client caused the scandal and benefitted from the outcome. Therefore, in this study, the definition of Ehrenhard and Fiorito (2018, p. 3) is maintained: "reputational damage due to the public revelation of an act or acts of doing what is prohibited under

the rules of good governance". They build on the description corporate values of Jory, Ngo, Wang, & Saha (2015, p. 1723): "the act of doing what is prohibited under the rules of good governances", but added the negative effect on reputations because it was missing. Thus, in this study an event is included as a corporate scandal when an illegal act comes to the light, which evoked a public outcry.

### CEO and board of directors

Zona, Minoja, and Coda (2013) found that corporate scandals often are accompanied by a set of events, for example, the disapproval of stakeholders, dismissal of incumbent executives, and changes in ownership and control. Looking at this research, it is interesting to examine the changes in CEOs in relation to corporate values and scandals. Also because Thomson (2004) implies that the composition of the board of directors (e.g. personalities, values, and background) is the most direct instigation for the adoption of new corporate values for a company. This research also makes it clear that with little or no change in the composition of the board of directors, it is not unlikely that corporate values will change. The roles and responsibilities of the CEO mainly have to do with the overall success of the company. Indeed, also with the development and execution of long-term strategies, such as corporate values, and increasing shareholder value. Besides, the CEO is often on the board of directors and in some cases also the chairperson of the board. A Board of Directors can be described as a group of individuals that represent shareholders and are also elected by them (Sonnenfeld, 2002). This governing body meets at regular intervals and needs to set policies for corporate management and has a supervisory role. The Board of Directors should oversee the public and media communications, especially when major issues or scandals arise (Nicholson & Newton, 2010). There is no set number of members for a board of directors, but it mostly ranges from 2 to 31. Researchers found that the ideal number is 7 board members (Sonnenfeld, 2002). Besides, they also have a primary role when it comes to managing a desired culture and behavior. Unfortunately, this is often considered difficult. Nevertheless, they will have to enter into a dialogue about the desired culture and core values as a compass for desired behavior in the organization. Important aspects are positioning, strategy, identity, and social responsibility on the one hand and governance, risk management, and internal control on the other hand.

The Upper-Echelon Theory (UET) explains that managerial backgrounds and characteristics of leaders can assess important choices, organizational results and performance levels (Hambrick & Mason, 1984). The theory implies that the more complex a decision is, such as high-impact measures, the more important the characteristics and specialties of the decision's makers are for education, gender and age. According to Nielsen (2010), characteristics as tenure and specialization of top managers will influence their decisions on their strategy, it will affect therefore the company's strategic choices as well as organizational performance, which is in line with the UET theory. The principle emphasizes furthermore that top leaders with bounded rationality, make complex decisions on their physiological and cognitive-based values. From the EUT it can be concluded that the characteristics of decision-makers and top leaders do have an effect on important decisions, and therefore also on performance indicators such as profitability and growth. This means it is important to put the right leaders in the right places, to create value creation instead of value destruction. The characteristics of leaders play therefore an important role in determining the vision of corporations and in the development of corporate values.

By failing to achieve goals, individuals exhibit unethical and unlawful behavior (Schweitzer, Ordóñez & Douma, 2004). These behaviors can be associated with personality traits and values. Individuals who exhibit narcissistic behavior set their goals unrealistically high by requiring constant affirmation. To achieve these unrealistically high goals, they will take bold unethical actions (Duchon & Drake, 2009). This can have a major impact on the organization and play a role in the creation of fraud and scandals. Million (1981) sees narcissism as a reaction of individuals to being overvalued. Because CEOs hold the highest position in an organization, they are treated as special individuals. A CEO's position and drive for power and influence can satisfy a CEO's narcissistic needs. The study of Babiak and Hare (2006) and Lubit (2002) have suggested that psychopathic and narcissistic traits of leaders can potentially lead to unethical behavior. This is confirmed by the research of Rijsenbilt and Commandeur (2012). Also, Boddy (2006) notes that leaders with these attributes are emotionally superficial, and lack empathy, which potentially makes them more likely to commit fraud. The personal traits of leaders can have major consequences for investors, employees and the company's reputation, which easily leads to value destruction rather than value creation.

The paper of Fombrund and Foss (2004) examines three decisions of major leaders to a corporate scandal. The responses to scandals mainly relate to governance issues as well as social and environmental issues. First, the infusion of ethics in corporate values and cultures. Second, nominating a "chief ethics officer", and third, introducing a new or improved version of the code of conduct. The fact that a company has a for example a Code of Conduct, and has stated it on its site is no guarantee that the company is actively engaged with ethics and, for example, sustainability. However, according to Fombrund and Foss (2004), after a corporate scandal, great leaders do often focus on introducing ethical values and norms into the corporate value programs and throughout the organization. The advantage of describing these values focused on ethics is that established principles are easier to share with different stakeholders, such as suppliers, employees, and partners. In addition, research shows that whistleblowers are often afraid of being fired and/or exiled, which can lead to a culture of silence. To prevent major scandals in the future, companies should encourage whistleblowers to come forward. Because early identification of malpractices can save companies an enormous amount of fines, legal costs, and poor brand awareness, and therefore value destruction. The right corporate values based on ethics are so critical to the long-term business performance that they should form the basis for any serious executive leader.

### 3. | Methodology

In this chapter, I will discuss the method of research. Starting with the research design, followed by the selection and sample and the data collection and measurement. Finally, it will be described how the data analysis is performed.

#### 3.1 | Research Design

For this research, I will study the corporate values of large companies in the automotive industry<sup>2</sup>. The industry has come under close scrutiny since the diesel emission scandal in 2015. This has resulted in harmonized and more stringent tests for harmful emissions worldwide. In addition, several shareholders have questioned the social responsibility in the entire automotive sector, such as customers, politicians and shareholders. Especially, the companies that broke the law, but the whole automotive industry saw their reputation tarnished, and the change to stricter law and regulations. Therefore, it is expected that car manufactures reconsider their operations and adapt changes in their corporate values in response to a scandal. Important to note: this research only looks at the changes in the communicated corporate values. To provide more clarity on this subject, the corporate values of the largest car manufactures are researched and if there is a relation to their scandals. Since in some cases members of the board of directors were involved in the scandals, I am curious about the relationships between the CEO's and the corporate values of the carmakers in the sample.

#### 3.2 | Selection and Sample

To be able to study the link between corporate values and the chosen variables in the automotive industry, data of companies in that industry needs to be collected. Therefore, I selected 11 large car manufactures based on their headquarter location, to ensure that the sample consists of companies with head offices in different parts of the world. Also important is that I made sure that two niche markets were added to the sample. By selecting the 11 car manufactures, the car manufacturers are headquartered in Asia (3), Europe (5), and the US (3). Now, I should point out that the automotive industry in Asia is in total substantially larger than the other mentioned continents. In addition, the market cap of 5 September 2019 has been added, please see Table 1 for this. The market cap is the total value of a company's shares according to their share price. All the 11 companies have a market cap above 20 billion and are well-known car manufactures, based all over the world. From the selection, most companies carry out different car brands, except for Tesla and Ferrari. Most companies make for the consumer market, but some also invest in racing cars. Besides, the main goal of these companies is to design, manufacture, and sell vehicles with different fuel types. Tesla is again an exception; they focus on only all-electric vehicles. I have chosen to study 11 car manufacturers as a sample because they are the largest in the industry. When examining the corporate values, it appeared that there is little information on how corporate values have changed in recent years. Unfortunately, to conduct a study, the sample size has remained limited. However, it' was possible to find sufficient data from these companies concerning the corporate values, which means that the quality is probably better than with a larger sample with fewer data concerning the corporate values.

The data of the corporate values and changes in the CEO's are obtained by searching the company's websites and in their annual reports. I looked for corporate values and changes in the CEO's from 2012 to 2018, for 7 years, and chose 2012 as the starting date as this is 3 years before the diesel emission scandal was announced. Also, 2018 is three years after the scandal was exposed. I found it important to collect data before and after this misconduct as in this timeframe the automotive industry has come under close scrutiny. Hereafter, the information about the company's involvement in scandals will be

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<sup>2</sup> <https://money.usnews.com/investing/slideshows/the-10-most-valuable-auto-companies-in-the-world>

collected.

Table 1. The companies in the sample with their market cap on 5 September 2019 according.

	<i>Company</i>	<i>Market cap</i>	<i>Headquarter in</i>
1.	Toyota Motor Corp.	\$211 billion	Aichi, Japan
2.	Volkswagen AG	\$80 billion	Wolfsburg, Germany
3.	General Motors	\$52 billion	Detroit, United States
4.	Daimler AG	\$49 billion	Stuttgart, Germany
5.	Honda Motor Co.	\$42 billion	Minato, Japan
6.	BMW	\$42 billion	München, Germany
7.	Tesla	\$39 billion	Palo Alto, United States
8.	Ford Motor Co.	\$36 billion	Dearborn, United States
9.	Ferrari N.V.	\$29 billion	Maranello, Italy
10.	Fiat Chrysler Automobiles N.V.	\$27 billion	London, United Kingdom
11.	Hyundai Motor Co.	\$25 billion	Seoul, South Korea

### 3.3 | Data collection and measurement

The corporate value statements from the car manufacturers were collected from the annual reports of the companies. The annual reports from 2012 till 2018 were used. Additionally, the changes, and especially the new CEOs of the chosen companies from 2012 to 2018 are researched. Also, it is described whether the new CEO has been appointed within the organization or from outside the organization. This information is based on the biography of the CEOs on the websites of the companies in the sample. Finally, I searched online for the firm involvement in scandals over the past 10 years, by particular searching on Reuters, Bloomberg, and LexisNexis. To distinguish between fixed structures and cultures that allow manipulation and the character of individuals, the scandals were split into two types: systematic and isolated. Also, we established 4 categories: supplier scandal, product safety, environment, and economic fraud. First, it's distinguished whether the supplier of the organization caused the scandal, or the carmaker himself, and therefore for whom value was created and for whom value was destroyed. Second, in the automotive industry, cars are often recalled due to a defect, therefore the category product safety scandals are included. Third, the emissions scandal has had an impact on the whole industry and is mainly related to the environment, so it was obvious to include it as a category. Finally, bribery and corruption scandals have been discovered for several companies, resulting in the addition of the category economic fraud.

The analysis of the collected data will be completed in several steps. A qualitative inductive method is followed because in this research descriptive information is collected. The Gioia method (Gioia, Corley, & Hamilton, 2012) was chosen to analyze the corporate values of the companies in the sample. Please see attachment 1, 3, 5, 7, 9, 11, 13, 15, 17, 19 and 21 for the corporate values. All unique corporate values per company have been put together in a long list, and then divided into first-order themes. This list is not included in the attachment, because all corporate values are already listed per company. However, in appendix 22 you will find an overview with the final stages of the analysis of the corporate values, 1<sup>st</sup> order themes, 2<sup>nd</sup> order themes, and the final categories.

After data collection and categorizing the data, it is finally possible to study the links between the chosen variables. I will ask myself: do the corporate value statements match the company's behavior in the automotive industry? Therefore, the main research goal of this study is to investigate if there is a relationship between the different corporate value types and the different scandal types within the chosen companies in the sample. Besides I'm wondering if new members in the board of directors, and mostly new chairman have an effect on the corporate value statements of companies in the automotive industry.

Thus first, I compared the corporate value statements over several years and the companies to find similarities and differences. To do this, I used the Gioia method to split the data and to make manageable categories. Next, for the scandals, this has been repeated, but I used different categories. Hereafter, I searched for new members on the board of directors over several years. Finally, an analysis of the collected data is made, trying to establish links between the corporate value types, types of scandals, and new members in the board of directors.

## 4. | Results

First, I will present the corporate value categories I have created based on the corporate values of the 11 largest companies in the automotive industry. Then the changes in the corporate values of the companies will be discussed. Next, I will discuss the firm involvement in corporate scandals, after which the relationship between corporate values and scandals will be examined. Last, I will discuss the relationship between changes in corporate values and CEOs and any other factors that may influence corporate values or scandals.

### 4.1 | Categories of corporate values

The collected corporate values of the 11 carmakers in the sample you will see in attachment 1, 3, 5,7,9,11,13,15, 17,19 and 21. Unfortunately, not all companies clearly stated their corporate values in their annual reports, which is why it was very difficult for some companies to trace the corporate values over several years. This may be because companies don't want to make their corporate values public. Of course, it is also possible that these values have not yet been created, because the company, for example, has not yet existed for very long. Companies may also have other ways to display the company's values, such as on the company website. When the values are adjusted, this will also be implemented on the website. The history of these changes was not publicly visible. For those companies where it was difficult to find out the corporate values, a \* has been placed after the name of the company. This means that the corporate values of those companies could not be traced for all years.

By analyzing the corporate values of the 11 carmakers, I found that these companies emphasize a diverse set of values. The corporate values are categorized into 13 overarching groups (see table 2). A coding scheme has been used to create the categories: focus on customers, focus on employees, focus on the environment, the pursuit of innovation, be the best, mutually beneficial relationships, challenge, globality, integrity, respect, trust, transparency and responsibility. Therefore, the clustering is based on the values of the 11 carmakers in the sample.

Table 2. The 13 categories of corporate values and some examples.

Categories	Examples
1) Focus on customers (FCU)	Customer focus, customers, customer first, fulfill needs of customers
2) Focus on employees (FEM)	Employees make companies, development of employees, constant learning.
3) Focus on environment (FEN)	Role for environment, safe and eco-friendly products, mitigation of environmental impacts, sustainability.
4) Pursuit innovation (PIN)	Innovative solutions, create tomorrow, embrace opportunity.
5) Be the best (BTB)	Aim to be the best, excellence, doing the best.
6) Mutually beneficial relationships (MBR)	Support partners, long-term relations, reliability, mutually beneficial relationships.
7) Challenge (CHA)	Embrace, accept and respect challenges.
8) Globality (GLO)	Globality, global citizen, enhance life everywhere.
9) Integrity (INT)	Act with integrity, integrity.
10) Respect (RES)	Respect, respect each other.
11) Trust (TRU)	Mutual trust, trust employees, trust each other.
12) Transparency (TRA)	Openness, honesty, transparency.
13) Responsibility (RSP)	Responsibility, make correct decisions.

After creating 13 groups of corporate values, I looked at the individual corporate values of the companies and analyzed which groups were present in the corporate values of the car makers in the sample. The values of a company may belong to different groups. In table 3 you will see an overview of the corporate values of the companies categorized. Here it immediately becomes clear that the values of each company are present in at least three categories.

Table 3. Corporate values of 2018 of the 11 companies categorized.

	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	Total
Values	Toyota Motor Comp.	Volkswagen AG	General Motors	Daimler AG	Honda Motor Co.	BMW	Tesla	Ford Motor Co.	Ferrari N.V.	Fiat Chrysler Automobiles N.V.	Hyundai Motor Cor.	
FCU	x	x	x		x						x	5
FEM	x	x			x			x	x	x	x	7
FEN	x	x					x		x	x		5
PIN	x					x	x		x		x	5
BTB			x	x			x	x	x	x	x	7
MBR	x		x		x				x	x	x	6
CHA	x					x		x			x	4
GLO	x						x				x	3
INT		x		x		x		x	x			5
RES	x			x	x	x		x	x			6
TRU	x				x	x		x				4
TRA		x				x		x	x			4
RSP	x	x	x			x			x			5
Total	10	6	4	3	5	7	4	7	9	4	7	



## Focus on customers

The corporate value 'focus on customer' is appointed by 5 times among the carmakers in the sample. The carmakers are claiming that the focus on putting customers first is of great importance. For example, Toyota Motor Corp. presents itself as a company who "fulfill the needs of customers", whereas Hyundai Motor Corp. explains itself as the company that has "the best quality and impeccable service with all values centered on customers". The presence of the value focus on customers is in line with the research of Tessema, Dhupal, Sauers, Tewolde and Teckle (2019) and Drucker, (2001). They believe that it's hard to compete without satisfying your customer's demands.

## Focus on employees

Seven out of the 11 carmakers refer in their annual reports to values that promote having the focus on their employees. Values such as 'people make companies', 'development of employees' and 'Future of the organization lies in the hearts of the employees' are mentioned among these companies. For example, Volkswagen strives to be an excellent employer, appointing diversity, pride, and solidarity. Ferrari focuses on the professional development of her employees, whereas Fiat Chrysler Automobiles focuses more on the work environment of their employees. Almost all the companies in the sample focus on employees and/or the work environment of their employees because they probably believe that the success of the company is dependent upon the passion, intelligence and contributions of all the employees. Therefore, it is important to invest in your employees. Employees are not only seen as cost factors but also as assets that can provide competitive advantages (Mathis et al., 2017).

## Focus on environment

Five out of 11 carmakers mention the importance of specific values that can be linked to a focus on the environment, such as "clean and safe products" (e.g. Toyota Motor Company.), "role for the environment" (e.g. Volkswagen) and "Environmental consciousness" (e.g., Tesla). The focus on society is important for these companies because carmakers have a major impact on the environment and safety all over the world.

## Pursuit innovation

Also, 5 out of 11 companies mention the pursuit of innovation in their corporate values. As mentioned in the introduction PWC predicts a major transformation in the automotive industry in the coming years. Subjects as electrification, shared vehicles and autonomous driving play an important role in this transformation. Companies like Tesla, BMW, Toyota Motor Corp., Hyundai Motor Corp. and Ferrari N.V. put the subject of innovation at the center by mentioning some of the following values: pursuit innovation, create tomorrow and innovative mobility solutions.

## Be the best

This value, together with a focus on employees, is the most mentioned among the companies in the sample. Seven out of 11 companies mentioned 'be the best' as a core value. It is noticeable that companies strive to be the best in different ways. The focus of Ford Motor Co. is on the product, and especially the final results. In addition to the product, Hyundai Motor Co. also wants to strive for the best service. The other companies mainly state that they are trying to be the best (e.g. General Motors, Daimler AG, Tesla, Fiat Chrysler and Ferrari N.V.), probably in relation to performance factors.

## Mutual beneficial relationships

Six out of 11 companies have mentioned this theme in their corporate values (e.g. Toyota Motor Co, General Motors, Honda Motor Co, Ferrari N.V., Fiat Chrysler automobiles N.V. and Hyundai Motor Co.). A logical explanation for this is that a motor vehicle consists of many different parts and materials which are purchased from different external parties. A good relationship based on mutual trust with the suppliers is a must. Shareholders have a stake in the companies present and future, it is therefore in both interests that the company succeeds. The crux of the success is in the relationship between both parties.

## Challenge

The value challenge is mentioned by 4 of the 11 companies in the sample. Toyota Motor Company describes challenge in their long-term vision, with courage and creativity to realize dreams. BMW focuses more on the adaption of challenges, preferably with speed and flexibility. In the core values of Ford Motor Co., the focus has been placed on accepting challenges. Overall challenge has mainly to do with continuously improving and getting out of your comfort zone.

## Globality

Three companies included the value of global orientation in their core values. Especially by Hyundai Motor Co., this value is extended in their core values. They intend to have respect for the diversity of cultures and customs. Besides, they aspire to be the world's best and strive to become a respected global citizen. Contrary, the main goal of Toyota Motor Co. in relation to globality is to grow globally.

## Integrity

In the sample, 5 out of 11 companies mention the value 'integrity'. This is in line with the research of Donker et al. (2018), in their research, integrity is seen as a value often used by companies. Looking at Charles Marshall's (2003) words, integrity is described as "doing the right thing, even when no one is watching". In the following part of this research, I hope to provide more clarity on whether the companies that mention the value 'integrity', are less involved in scandals by "doing the right thing".

## Respect

According to Donker et al. (2018), the value 'respect' is often mentioned as a corporate value among companies. This is in line with the results of this research because 6 out of 11 companies mention 'respect' as a value. Ferrari N.V. and Fiat Chrysler N.V. believes that respect for human rights is very important, while Honda Motor Co. focuses more on respect for the individual.

## Trust

BMW mentioned the value 'trust' in their values with the purpose of relying on each other. Also, Ford Motor Co., Toyota Motor Co and Honda Motor Co. mention trust, this is in line with respect and doing the right thing. As building trust requires confidence, faith, patience and effort. Four companies in the sample mention 'trust' in their values. Besides, according to Donker et al. (2018), the value 'trust' is often mentioned as a corporate value among companies.

## Transparency

BMW relates the value transparency to acknowledge concerns, identify inconsistencies and act with integrity. Besides BMW, 3 other companies have added the value transparency to their corporate values. Ford Motor Co. mentioned transparency in the same sentence as doing the right thing. So, for them, doing the right thing includes being transparent. Ferrari N.V. focuses on long-term value creation based on transparency. This is remarkable since none of the top 10 banks in the study of Ehrenhard and Fiorito (2018) referred to transparency as a value.

## Responsibility

As a large organization, such as the carmakers in the sample, you need to have a sense of responsibility, to make the right decisions. BMW refers to responsibility as consistent decision making and working effectively, while Toyota Motor Company mentions responsibility in line with respect. Volkswagen AG and Ferrari N.V. mention the value 'responsibility' without explaining to which this relates. The value responsibility can be viewed from different perspectives, such as legal, social and economic (Salls, 2005), I need to keep in mind that the interpretation can differ among these companies.

## 4.2 | Changes in corporate values

An overview of all the companies in the sample is made, which tells more about the changes in the corporate values of these companies. On the vertical axis, the year is shown, on the horizontal axis the value categories (see attachments: 2,4,6,8,10,12,14,16, 18, 20 and 22). These overviews show very clearly which companies have implemented changes with regard to corporate values. These changes will be discussed in detail per company in the following sections.

### Toyota Motor Company

The corporate values of Toyota Motor Company have not changed in the years 2012 to 2018. The values are described according to Toyota's Guiding Principles (since 1992, revised in 1997) and the Toyota Way (since 2001). From this I can conclude that the values that Toyota follows have been in use for a long time and will not change quickly. Remarkably, Toyota's values are found in 10 of the 13 categories. This means that almost all categories are covered.

### Daimler AG

Daimler AG's core values are not discussed in detail on their website or annual report. In 3 out of 13 corporate value categories Daimler AG has values, integrity, respect and be the best. Daimler AG has covered the fewest corporate value categories. There have also been no changes in Daimler AG's corporate values in the period 2012 to 2018.

### Honda Motor Co.

The core values of Honda Motor Co. have not changed in the period from 2012 to 2018, this is in line with Toyota Motor Company and Daimler AG. The focus of their core values is mostly on relationships with employees, customers and other parties. Trust and respect are very important.

### Ferrari N.V.\*

Ferrari was a part of Fiat Chrysler Automobiles, but Fiat Chrysler has decided to continue without Ferrari. Ferrari was cut loose from the parent company and partly taken to the stock exchange (10%). Therefore, the information with regard to the corporate for the years 2014, 2013 and 2012 are not available. In 2015 the core values of Ferrari N.V. are established. Remarkably is that the core values are found in 9 of the 13 categories.

### Tesla\*

In 2018, it seems that Tesla has become more concerned with its corporate values. The annual report mentions for the first-time values, these values occur in 4 of the 13 categories. Due to the fact that over the other years no values are mentioned in annual reports and on the corporate website, it cannot be shown whether or not there have been any changes in corporate values of Tesla.

### Volkswagen AG

Volkswagen AG has made several changes to its corporate values. From 2012 till 2015 the following values were espoused: responsibility, respect, be the best and focus on the environment. Starting with the changes in 2016, since in this year the future Program Together-2025 has been launched. The focus on employees and customers started this year, with respect to integrity. The values respect and responsibility have been removed from the Volkswagen AG values in 2016. The focus on the environment remained from 2012 to at least 2018. In 2018 the value responsibility has been added

back to the core values of Volkswagen AG. Also, the value transparency was added in 2018 due to new principles which were added in 2018.

## General Motors

Seek truth: pursue facts, challenge assumptions and define objectives. This value was added in 2018. It means that GM uses facts and data as a foundation for dialogues which leads to better and smarter decisions for the business and the customers. I need to keep in mind, as mentioned earlier, that the value responsibility can be viewed from different perspectives. By adding the value responsibility, the values of General Motors appear in 5 instead of 4 corporate value categories.

## BMW

New core principles have been created since 2016 for BMW. Because of this change, the core values only appear in 7 categories instead of 8. In the following corporate value categories BMW no longer has corporate values: focus on customers, focus on employees, focus on the environment and be the best. The new categories in which the values of BMW do appear are pursuit innovation, integrity and transparency. The categories which remain the same are challenge, respect, trust and responsibility.

## Ford Motor Co.

Due to the change in 2016, by launching Our Truths, the number of categories where the core values of Ford Motor Co. occur has more than doubled. The new categories in which the values of Ford Motor Co. do appear are challenge, transparency, trust, respect and integrity. The categories which remain the same are focus on employees and be the best.

## Fiat Chrysler automobiles N.V.

From 2012 up to 2014 the Code of Conduct of Fiat S.p.A is used. The new Code of conduct of Fiat Chrysler Automobiles is made in 2015 and updated in January 2017, as stated in the annual report of Fiat Chrysler automobiles N.V.. Unfortunately, the Code of Conduct is only available for the years 2017 and 2018. Thus, it is not possible to investigate the exact changes in core values. From 2014 to 2017 the categories in which the values occur, went from 5 to 4 categories. The new category is to be the best. Focus on the environment, employees and mutually beneficial relations remained the same, and the focus on customers is a thing of the past and only for Fiat.

## Hyundai Motor Co.

In 2017, new corporate values have been created by Hyundai Motor Co.. The number of categories in which the values occur will remain the same. Remarkably is that also the categories remained the same.

The analysis shows that 4 out of 10 (due to the lack of data for Tesla) have not made any changes to their corporate values. In the annual reports of Toyota Motor Company, it was clearly stated that the corporate values are part of a long-term vision, 25 years. The other companies do not clearly explain why they have chosen not to change their corporate values.

Six out of 11 companies have adjusted their corporate values. Remarkable is that only Volkswagen has made changes in 2 years. In addition, Fiat Chrysler and BMW are the only company whose values appear in fewer categories after the adjustments.

### 4.3 | Involvement in scandals

After identifying, categorizing and comparing the corporate values of 11 carmakers in the sample, the corporate scandals in which these carmakers were involved since 2010 are investigated. Out of the 11 carmakers, 11 have been involved in several scandals. To distinguish between fixed structures and cultures that allow manipulation and the character of individuals, the scandals were split into two types: systematic and isolated. I follow Kuhn and Ashcraft (2003), so that I can distinguish the so-called "bad apples" from fixed cultures. Systematic scandals are scandals in which several segments of the company, and usually the management, were informed. Scandals that are isolated are caused by individuals, where a broad knowledge of different segments in the organization is lacking. By making this distinction, it becomes clear in which companies there are widespread wrongdoings. In addition, I looked into which of the following categories the scandals belong; supplier scandal, product safety, environment and economic fraud. For an overview, please see Table 4.

The scandals ranged from the large diesel emissions cover-up (e.g. Volkswagen AG, General Motors, Daimler AG, BMW and Fiat Chrysler), the Kobe Steel data fraud, and product safety scandals (Toyota Motor Corp., BMW, Ferrari N.V. and Hyundai Motor Co.), to bribery (e.g. Daimler AG) and corruption scandals (e.g. Fiat Chrysler Automobiles). Also, Tesla and Hyundai Moto Co. had to deal with former employee whistleblowers.

The majority of these scandals were more systematic than isolated, which has mainly to do with the fact that in most cases the unethical behavior occurred over a longer period. Also, in most cases several staff members or/and leaders were involved. For example, the Volkswagen diesel emission cover-up. An agreed "statement of facts", published in 2017, set out how Volkswagen engineers struggled to make capable diesel engines, how instead VW designed an emissions switch, and how engineers were encouraged to hide de emission switch. Also, it turns out that CEO Winterkorn was aware of the violations and even authorized them. This behavior has led to short-term value creation, but long-term value destruction. This applies not only to VW itself, but it affected the popularity of diesel engines carmakers, causing them to undergo large inspections after the scandal came out. In this analysis, individual violations are an exception rather than a common scandal. However, this does not mean that these violations do not occur, because these violations can be solved more easily outside of court and will become known less quickly.

While analyzing the involvement in scandals of the 11 companies, it's remarkable that two scandals have caused value destruction for several automakers. Since these scandals (e.g. Kobe steel data fraud scandal and Takata airbag recall scandal) were caused by suppliers, the value destruction is not directly due to the companies in this analysis. However, the responsibility to provide end-users with safe products, preventing them from being harmed, does. Four out of 11 companies had to recall cars due to the data fraud of Kobe Steel, where 6 out of 11 companies had to recall cars due to defective Takata airbags. Therefore, 8 out of 11 companies have been involved in a product safety scandal. Because the product safety recalls increasing overall, this is not uncommon. The main reasons are tougher regulation and the increasing complexity of supply chains. Also, the technological shift in the industry, towards electrification and autonomous driving will create further recall risks. 7 out of 11 companies have been involved in an environmental scandal. All of these have to do with the fact that the cars of these manufacturers have higher emissions than the legal limit. A study found that tens of thousands of people had died because carmakers felt so free to flout the law regarding emissions. Only 5 out of the 11 carmakers were involved in an economic fraud scandal. Daimler was involved in an international bribery scandal and Fiat Chrysler has to deal with corruption.

Table 4. Corporate scandals of the 11 companies categorized.

Company	Type of misconduct	Type of scandal	Supplier scandal	Product safety scandal	Environmental scandal	Economic fraud scandal
<b>Toyota Motor Corp.</b>	2020 Fuel Pumps recall scandal 2017 Kobe Steel data fraud scandal 2014 Takata airbag recall scandal 2010 Accelerator recall scandal	Systematic Systematic Systematic Systematic	No Yes Yes No	Yes Yes Yes Yes	No No No No	No No No No
<b>Volkswagen AG.</b>	2019 4 executives are charged by prosecutors with stock market manipulation 2015 Diesel emissions cover-up 2014 Takata airbag recall scandal	Isolated Systematic Systematic	No No Yes	No No Yes	No Yes No	Yes No No
<b>General Motors</b>	2017 Kobe Steel data fraud scandal 2015 Diesel emissions violation 2014 Takata airbag recall scandal	Systematic Systematic Systematic	Yes No Yes	Yes No Yes	No Yes No	No No No
<b>Daimler AG</b>	2015 Diesel emissions cheating 2010 International bribery scandal	Systematic Systematic	No No	No No	Yes No	No Yes
<b>Honda Motor Co.</b>	2017 Kobe Steel data fraud scandal 2014 Takata airbag recall scandal	Systematic Systematic	Yes Yes	Yes Yes	No No	No No
<b>BMW</b>	2019 Takata airbag recall 2015 Diesel emissions violation 2014 Takata airbag recall scandal	Systematic Systematic Systematic	Yes No Yes	Yes No Yes	No Yes No	No No No
<b>Tesla</b>	2020 Musk 'stock price too high' tweet 2019 Cybertruck presentation 2018 Former Employee hacked and trade secret information	Isolated Systematic Isolated	No No No	No Yes No	No No No	Yes No Yes
<b>Ford Motor Co.</b>	2019 Criminal investigation in Us over auto emissions 2017 Kobe Steel data fraud scandal 2014 Takata airbag recall scandal	Systematic Systematic Systematic	No Yes Yes	No Yes Yes	Yes No No	No No No
<b>Ferrari N.V.</b>	2019 Debate: legality of Ferrari's power Unit 2012 Recall due to a design fault	Systematic	No No	No Yes	No No	Yes No
<b>Fiat Chrysler automobiles</b>	2018 UAW corruption scandal 2017 Diesel emissions violation	Systematic Systematic	No No	No No	No Yes	Yes No
<b>Hyundai Motor Co.</b>	2015 -2020 Recalls due to fire risks 2016 Whistleblower sparks recall 2012 Hyundai Motor Co. came clean about exaggerating the fuel economy ratings.	Systematic Systematic	No No No	Yes Yes No	No No Yes	No No No

#### 4.4 | Relation between corporate values and scandals

After analyzing the corporate values and the involvement in corporate scandals, I will examine in this section whether there are links between corporate values and the involvement in scandals. A clear finding is that the companies that value integrity, transparency and responsibility, as stated in the corporate values of these companies, are also involved in large-scale violations. While you might expect the opposite, given the values of these companies. The companies that refer to integrity, transparency and responsibility as corporate values in their communication, have all been involved in a scandal. There are no exceptions. So, these companies have not been able to maintain integrity, transparency and responsibility within the organization.

In addition, most of the scandals affect the safety of product use, where the chances of harming consumers are very high. This is remarkable, since 5 out of 11 companies attach great importance to focus on customers and trust. However, the safety recalls for cars have been part of the industry, news and culture for years, the scandals surrounding these recalls are unfortunately part of this. It seems that the number of recalls has increased in recent years. This is mainly a result of self-reporting of recalls by car manufactures, increased population size, constant engineering and innovation of better cars.

Another important finding: 6 out of 11 companies mentioned the value mutual beneficially relationships, three of these companies have been involved in scandals caused by suppliers. The other 3 companies are not involved in a supplier scandal. An example from this study of a supplier scandal is the data fraud of Kobe Steel, a manufacturer that supplies steel parts to manufacturers for cars for example. Kobe Steel has supplied around 500 customers with products with falsified specifications, which has disrupted an entire supply chain. Unfortunately, the chance of getting involved in a supplier scandal does not decrease when a value based on mutually beneficial relationships is mentioned. Neither is there any direct relationship between the scandals and the changes in the corporate values of these companies. The companies that did not mention a clear value with regard to relationships with suppliers did not make any changes in the year after the supplier scandal came to light. The only exception is Fiat Chrysler, in 2015 the CEO, Sergio Marchionne, has provided all employees with a way to report violations through the "Code of Conduct". Possibly the CEO wants to prevent problems such as the Takata airbag recall scandal, which has plagued many competitors (Zatz, 2015). Also, according to Brandes, Brege and Brehmer (2012), it is advisable to focus on the importance of collaborative relationships between car manufacturers and their first-tier suppliers, since the winners in the automotive industry are companies that can organize long-term collaborations between suppliers, but also other stakeholders.

Nearly half of the companies (5) have added focus on the environment to their corporate values. It is notable that of these companies, still 2 companies are involved in a scandal that relates to not taking into account the environment. A good example of this is the Volkswagen diesel emission scandal. Volkswagen AG mentioned the value focus on environment, yet in 2015 the dieseldate came to light, the biggest scandal in the automotive industry of the last few years. From this point, I can conclude that not all companies pursue their focus on environment. Interestingly, all companies involved in the diesel emissions scandal have named the value be the best in their corporate values. It is therefore possible that this value may give rise to the idea that it is permissible to break laws and regulations to be the best or achieve the best results for the company. This would be in line with the fact that in 2016, one year after the emissions scandal came to light, Volkswagen AG and BMW chose not to mention the value be the best in their corporate values.



#### 4.5 | Relation between corporate values and changes in CEO's

In addition to the analyses of categories of corporate values, the firm involvement in scandals and the possible relations between the two, it's also studied if other aspects might explain relations. For example: does the appointment of a new CEO have a direct effect on a company's corporate values? Please see Table 5 for the changes in the CEOs of the 11 companies. This table also shows whether the newly appointed CEO comes from outside or inside the organization.

For most of the companies in the sample, the corporate values did not change immediately after a new CEO was appointed. This may be due to the fact that four out of 11 companies did not change their corporate values over the entire period from 2012 to 2018. Whereas 4 of the 11 companies have not appointed a new CEO in the period from 2012 to 2018. But, if I look at the differences between the CEO's appointed from within the organization and those appointed from outside the organization, it is noticeable that the corporate values of the companies have changed, which have appointed a CEO from outside the organization (e.g. Volkswagen AG, Ford Motor Company and Ferrari N.V.). According to Mooney, Dalton, Dalton and Certo (2007), a new outsider CEO usually starts with a company because the board feels it is important that a strategic change with the intention of actual cultural change is necessary, to increase organizational performance. The CEO decision-making process lies at the center of these changes. As such CEO values will influence all of these organizational changes. Therefore, the values of new outsiders' CEOs can be used as a starting point to reshape the corporate values and culture of an organization.

It becomes clear that when a new insider CEO is appointed, this is not directly associated with a change in the company's corporate values. This is in line with the research of Mooney et. al (2007), since they associated insider successions with continuity and stability for the organization. While outsider succession is associated with an intention to change the organizational strategy. Appointing a new insider CEO goes hand in hand with more business and industry-specific knowledge and experience, as well as more information symmetry between the board and the new CEO. As a result, the direction of the board and the new CEO are already more equal. Thus, changes in corporate values and cultural change are not immediately considered necessary.

Despite the fact that corporate values do not change immediately after a new inside CEO is appointed, the CEO change is always preceded by a scandal. This is in line with the research of Ertugrul and Krishnan (2011). In this study, the appointment of a new CEO (inside or outside) is associated with corporate scandals. Which suggests that CEOs who are involved in unethical or illegal activities are replaced if these activities become public.

Finally, it is remarkable that after a CEO stepped down, as a result of a large corporate scandal, which eventually turned out to have consequences for the entire automotive industry, the corporate values changed immediately in the year after the scandal came to light and the CEO stepped down. Winterkorn, the former CEO of Volkswagen AG resigned several days after the diesel emission scandal was revealed. Also, in 2018 Winterkorn was criminally indicted over the diesel gate scandal on charges of fraud and conspiracy. This could mean that when a major scandal comes along, and a CEO resigns, corporate values have to change, to prevent or limit value destruction. The new CEO and the organization will have to regain trust by doing what they say they will do.

Table 5. CEO Changes of the 11 companies.

<b>Company</b>	<b>CEO changes</b>	<b>New CEO from inside the organization or from outside the organization?</b>
<b>Toyota Motor Corp.</b>	Since 2009: Akio Toyoda	From the inside
<b>Volkswagen AG.</b>	2007 – 2015: Martin Winterkorn 2015 - 2020: Herbert Dies Since – : Ralf Brandstatter	From the inside From the outside From the inside
<b>General Motors</b>	2010 – 2014: Daniel Akerson Since 2014: Mary Barra	From the inside From the inside
<b>Daimler AG</b>	2006 – 2019: Dieter Zetsche Since 2019: Ola Kellenius	From the inside From the inside
<b>Honda Motor Co.</b>	2010 – 2015: Takanoby Ito Since 2015: Takahiro Hachigo	From the inside From the inside
<b>BMW</b>	2016 – 2015: Norbert Reithofer 2015 – 2019: Harald Kruger Since 2019: Oliver Zipse	From the inside From the inside From the inside
<b>Tesla</b>	Since 2008: Elon Musk	From the inside
<b>Ford Motor Co.</b>	2006 – 2014: Alan Mulally 2014 – 2017: Mark Fields 2017 - 2020: James Hackett Since 2020: Jim Farley	From the outside From the inside From the inside From the inside
<b>Ferrari N.V.</b>	1991 – 2014: Luca Cordero die Montezemolo 2014 – 2018: Sergio Marchionne Since 2018: Philip Morris	From the inside From the outside From the inside
<b>Fiat Chrysler automobiles</b>	2009 – 2018: Sergio Machionne Since 2018: Michael Manley	From the inside From the inside
<b>Hyundai Motor Co.</b>	Since 2000: Chung Mong Koo	From the inside

## 5. | Conclusion and Discussion

This study aimed to research the relationship between corporate values and corporate scandals. I consciously chose to investigate the corporate values of the largest companies in the automotive industry, because this industry has come under close scrutiny since the emission scandal in 2015, whereby the social responsibility of the whole industry is questioned. I found it important to look at the possible changes in corporate values and CEOs and the corporate scandals, 3 years before and after the diesel gate, to study the possible impact.

### 5.1 | Key findings

The research question of this study was as follows: ‘Are there links between corporate values and scandals and/or the CEO’s in the automotive industry?’. Therefore, I studied the corporate values, scandals and changes in CEO’s over the past 7 years of 11 companies in the automotive industry. Values that refer to be the best, focus on employees, and mutually beneficial relationships are most often mentioned by these companies. Followed by the values responsibility, integrity, focus on customers and environment. These values are in line with the results of the work of Ehrenhard and Fiorito (2018), since they mention the values integrity, customer focus and performance focus as most mentioned. However, in this research I have categorized corporate values in a different way than Ehrenhard and Fiorito did, so there is also a difference. Such as the lesser degree of being attached to values that focus on employees under the European Banks. This may be due to the fact that in the banking sector work is mainly done at the office, where little physical work is required, but also because there are more unions. In contrast to a factory where cars are assembled, where a lot of physical work is done, and therefore more focus is needed to ensure the well-being of employees.

Out of all the companies in this sample, there are no companies that were not involved in a corporate scandal. Overall, most scandals were systematic in nature, involving several people (even from the top management), and occurring over a longer period. These companies aimed to create value, such as making a profit but did not always do so in an ethically responsible manner. Where short term value creation can lead to long term value destruction. The Volkswagen diesel emission scandal is a good example since it has resulted in huge fines, a falling stock market price and stricter laws and regulations. Unfortunately, these companies have not been able to prevent major violations, even though they stand for values such as respect, integrity and responsibility. Therefore, it seems that there is a gap between the aspirations, values, and real behavior.

Remarkable is that of the 5 companies that changed their corporate values in the period from 2012 to 2018, 3 companies did so in the year after the diesel emissions scandal came to light. From this, I can conclude that when a scandal has an impact on an entire market, companies tend to adjust their corporate values accordingly. In addition, I found an example that when a major scandal comes along, and a CEO resigns, corporate values have to change, to prevent or limit value destruction.

In this study, it becomes clear that prior to any CEO change, a corporate scandal underlies it. When the impact of a CEO change on corporate values is then examined, it appears that when a new insider CEO is appointed, this is not directly associated with a change in the company's corporate values. However, when a new outsider CEO is appointed, this is often accompanied by changes in the corporate values and strategy and can be seen as an actual intention to change corporate culture.

## 5.2 | Limitations

The study has several limitations. First, I only looked at the changes in corporate values in the period from 2012 to 2018. Because it can be expected that companies often have a mission and vision for 10 or 20 years, it would be better to manage the changes in the corporate values over a longer period instead of only 7 years. Nonetheless, I did look at the changes in corporate values over a period of 7 years, 3 years before the diesel gate scandal and 3 years after. Second, the findings in this research could be very different for smaller carmakers and other companies in the automotive industry, since the focus was only on the largest carmakers in the automotive industry. For example, due to the lack of a global presence. It can also be expected that smaller companies have less distance between the values created by top management and current practices. Whereby it is easier to implement corporate values. Third, this study has a limited sample size, as I looked only at 11 companies in the industry automotive. Using a large sample would improve the validity and reliability of this research. Obviously, it will also contribute to the quality of the results and conclusions. Fourth, A general definition of corporate scandals has been used in this study, which can create a gray area, making it difficult to determine which scandals were included in the study and which were not.

## 5.3 | Research implications

This study contributes to the literature in several ways, since the study analyzed the possible relationships between the changes in corporate values, corporate scandals and CEOs in the automotive industry. An industry that has been closely monitored since the emissions scandal in 2015, and where the social responsibility of the companies is questioned by various shareholders. I can say that the corporate values of the companies in this industry have been pursued in recent years. However, these values have not prevented companies from showing undesirable behavior, since the actions of these companies have led to several corporate wrongdoings. Therefore, it's possible to conclude that just having a specific set of corporate values is not a requirement for preventing corporate scandals to happen, and by extension, the avoidance of reputational and/or economic value destruction. This is not only applicable to companies in the automotive industry but also to European banks (Ehrenhard & Fiorito, 2018). On the other hand, this research adds to the literature that corporate values can lead to undesirable behavior instead of only desired behavior. In this, the value of aspiring and striving to be the best stands out most. It seems that this value encourages companies and employees to do everything they can to become the best, even if it means breaking rules and laws. Employees certainly strived to be the best, especially in relation to the performance of certain products, but behaved in a way that did not benefit the customer, the company, and certainly not the entire market.

Third, it is notable that a CEO change is always preceded by a publicly known corporate scandal. Because of this we can state that companies in the automotive industry find it necessary to make changes in top management as a result of unethical behavior in the organization. A possible reason for could be the personal attributes of a CEO, since CEOs with high narcissistic character traits have more tendency to play loose with the company's norms and values (Lubit, 2002)

If we look at the change in CEO and change in corporate values, it is striking that with outsider CEO succession also changes in corporate values take place. From this it can be concluded that it is considered necessary to adjust the unethical short-term objectives to a new strategy for value creation in the longer term. If the company appoints a new insider CEO, the goal is primarily to show the outside world that the unethical behavior will not be tolerated, while in the organization no direct changes are made to the corporate values and thus the culture.

#### 5.4 | Practical implications

If companies in the automotive industry have their corporate values at the top of their priorities, it does not immediately mean that their operations are adequately driven in this way. Naming these corporate values is the first step, actually implementing these values in business operations and decision-making is the second. Top management must ensure that corporate values are properly implemented so that they are perceived as important and adhered to by the entire organization. In the long run, this will create continuity in the organization, because corporate values do drive behavior and are related to business performance. Failure to do so can have major consequences for investors, employees, the company's reputation and even the entire market by potentially getting involved in scandals. If these scandals make it necessary to appoint a new CEO, I would like to emphasize that it is very important to place the CEO under great control of the board and to examine character traits. Psychopathic and narcissistic traits of leaders can lead to unethical behavior or fraud (Lubit, 2002). If there is a real need for culture change, then it is advisable for the board to focus on appointing an outside CEO. Insider successions aligns again with continuity of current business operations and decision-making processes.

#### 5.5 | Future research

For future research, company values and CEO changes can be studied over a longer period of time, to determine the extent to which unethical activities are influential. This study should be expanded to include sectors other than just the automotive industry to form a better overall picture. Future research would certainly benefit from a more in-depth study of the scandals that have occurred and the reactions and personal and character traits of the top management. Since the top management certainly has an influence on the actions in the organization. Finally, future research should focus on the real culture change in a company and not just the communicated corporate values. When these possibly can be linked to different types of performance, the impact can be truly measured.

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## | Attachments

### | Attachment 1 Corporate values of Toyota Motor Company

Year	Corporate Values of Toyota Motor Company
2018	<ol style="list-style-type: none"> <li>1. Corporate citizen of the world.</li> <li>2. Respect.</li> <li>3. Clean and safe products and enhance life everywhere.</li> <li>4. Fulfill needs of customers.</li> <li>5. Individual and teamwork, trust and respect.</li> <li>6. growth through harmony, globally.</li> <li>7. Long-term growth and relations.</li> </ol> <p>-Respect: others, effort to understand each other, responsibility, mutual trust.            -Teamwork: personal and professional growth, share opportunities.            -Challenge: Long-term vision, with courage and creativity to realize dreams.            -Kaizen: improve business operations continuously, drive for innovation and evolution.            -Genchi Genbutsu: go to the source, find facts and make correct decisions, consensus, and achieve goals at our best speed.</p>
2017	See 2018.
2016	See 2018.
2015	See 2018.
2014	See 2018.
2013	See 2018.
2012	See 2018.
Differences	Guiding principles since: 1992, revised in 1997. Toyota way since 2001

| Attachment 2 Overview of corporate values of Toyota Motor Company

<b>Toyota Motor Company</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
FCU	x	x	x	x	x	x	x
FEM	x	x	x	x	x	x	x
FEN	x	x	x	x	x	x	x
PIN	x	x	x	x	x	x	x
BTB							
MBR	x	x	x	x	x	x	x
CHA	x	x	x	x	x	x	x
GLO	x	x	x	x	x	x	x
INT							
RES	x	x	x	x	x	x	x
TRU	x	x	x	x	x	x	x
TRA							
RSP	x	x	x	x	x	x	x
<b>Number of categories</b>	10	10	10	10	10	10	10

## | Attachment 3 Corporate values of Volkswagen AG

Year	Corporate Values of Volkswagen AG
2018	Excited customers Excellent employer Role for the environment, safety and integrity Competitive profitability Responsibility Honesty, Bravery, Diversity, Pride, Solidarity, Reliability
2017	See 2016.
2016	Excited customers Excellent employer Role for the environment, safety and integrity Competitive profitability
2015	See 2012.
2014	See 2012.
2013	See 2012.
2012	- Top performance - Value creation - The ability to realign - Respect - Responsibility - Sustainability
Differences	Code of Conduct (2010) and Guidelines. Future Program TOGETHER -2025 (2016) – Biggest change process in the Company's history. (In sted of code of conduct) Togther4Integrity (2018) Promises to the customers, shareholders, business partners of Volkswagen Group and themselves in seven principles. (Next tot TOGETHER - 2025)  Volkswagen AG has made several changes to its corporate values. Remarkably, the values are returning in more categories as a result of this change from 4 to 6.

| Attachment 4 Overview of corporate values of Volkswagen AG

<b>Volkswagen AG</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
FCU	x	x	x				
FEM	x	x	x				
FEN	x	x	x	x	x	x	x
PIN							
BTB				x	x	x	x
MBR							
CHA							
GLO							
INT	x	x	x				
RES				x	x	x	x
TRU							
TRA	x						
RSP	x			x	x	x	x
<b>Total</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>

## | Attachment 5 Corporate values of General Motors

Year	Corporate Values of General Motors
2018	Customers Excellence Relationships Seek Truth
2017	See 2012.
2016	See 2012.
2015	See 2012.
2014	See 2012.
2013	See 2012.
2012	Customers Excellence Relationships
Differences	Seek truth: pursue facts, challenge assumptions and define objectives. This value was added in 2018. Because it means that GM uses facts and data as a foundation for dialogues which leads to better and smarter decisions for the business and for the customers.  An extra core value is added, in the category (TRA).

## | Attachment 6 Overview corporate values of General Motors

General Motors	2018	2017	2016	2015	2014	2013	2012
FCU	x	x	x	x	x	x	x
FEM							
FEN							
PIN							
BTB	x	x	x	x	x	x	x
MBR	x	x	x	x	x	x	x
CHA							
GLO							
INT							
RES							
TRU							
TRA							
RSP	x						
Total	4	3	3	3	3	3	3



## | Attachment 7 Corporate values of Daimler AG

Year	Corporate Values of Daimler AG
2018	See 2012.
2017	See 2012.
2016	See 2012.
2015	See 2012.
2014	See 2012.
2013	See 2012.
2012	Integrity Respect Passion Discipline
Differences	None.

## | Attachment 8 Overview corporate values of Daimler AG

Daimler AG	2018	2017	2016	2015	2014	2013	2012
FCU							
FEM							
FEN							
PIN							
BTB	x	x	x	x	x	x	x
MBR							
CHA							
GLO							
INT	x	x	x	x	x	x	x
RES	x	x	x	x	x	x	x
TRU							
TRA							
RSP							
Total	3	3	3	3	3	3	3



**| Attachment 9 Corporate values of Honda Motor Co.**

Year	Corporate Values of Honda Motor Co.
2018	See 2012.
2017	See 2012.
2016	See 2012.
2015	See 2012.
2014	See 2012.
2013	See 2012.
2012	Respect for the individual Trust employees Support partners Joy of buying Joy of selling Joy of creating
Differences	None.

**| Attachment 10 Overview corporate values of Honda Motor Co.**

Hyundai Motor Co.	2018	2017	2016	2015	2014	2013	2012
FCU	x	x	x	x	x	x	x
FEM	x	x	x	x	x	x	x
FEN							
PIN							
BTB							
MBR	x	x	x	x	x	x	x
CHA							
GLO							
INT							
RES	x	x	x	x	x	x	x
TRU	x	x	x	x	x	x	x
TRA							
RSP							
Total	5	5	5	5	5	5	5

## | Attachment 11 Corporate values of BMW

Year	Corporate values of BMW
2018	See 2016.
2017	See 2016.
2016	<p>Responsibility: consistent decision making, work freely and effectively.</p> <p>Appreciation: reflect actions, respect each other, offer feedback, celebrate success.</p> <p>Transparency: acknowledge concerns, identify inconsistencies, act with integrity.</p> <p>Trust: trust and rely on each other.</p> <p>Openness: Excited for change and open to new opportunities. Learn from mistakes.</p>
2015	See 2012.
2014	See 2012.
2013	See 2012.
2012	<p>Customer focus: alle activities must benefit the customers.</p> <p>Peake performance: aim to be the best.</p> <p>Responsibility:</p> <p>Effectiveness:</p> <p>Adaptability: adapt to new challenges with speed and flexibility.</p> <p>Frankness: strive to find the best solution.</p> <p>Respect, trust and fairness:</p> <p>Employees: people make companies.</p> <p>Leading by example: for every manager.</p> <p>Sustainability:</p> <p>Society: be responsible for society.</p> <p>Independence:</p>
Differences	<p>2012 t/m 2015 twelve core principles</p> <p>2016 t/m 2018 5 core values</p> <p>New core principles have been created since 2016. Because of this change, the core values only appear in 7 categories instead of 8. In the following corporate value categories BMW no longer has corporate values: (FCU), (FEM), (FEN) and (BTB). The new categories are: (PIN), (INT) and (TRA). The categories which remain the same are: (CHA), (RES), (TRU) and (RSP).</p>

| Attachment 12 Overview Corporate values of BMW

<b>BMW</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
FCU				x	x	x	x
FEM				x	x	x	x
FEN				x	x	x	x
PIN	x	x	x				
BTB				x	x	x	x
MBR							
CHA	x	x	x	x	x	x	x
GLO							
INT	x	x	x				
RES	x	x	x	x	x	x	x
TRU	x	x	x	x	x	x	x
TRA	x	x	x				
RSP	x	x	x	x	x	x	x
<b>Total</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>

<b>Year</b>	<b>Scandal yes/no</b>	<b>Change in corporate values yes/no</b>	<b>New CEO yes/no</b>
<b>2018</b>	<b>No</b>	<b>No</b>	<b>No</b>
<b>2017</b>	<b>No</b>	<b>No</b>	<b>No</b>
<b>2016</b>	<b>No</b>	<b>Yes</b>	<b>No</b>
<b>2015</b>	<b>Yes</b>	<b>No</b>	<b>Yes, from the inside.</b>
<b>2014</b>	<b>Yes</b>	<b>No</b>	<b>No</b>
<b>2013</b>	<b>No</b>	<b>No</b>	<b>No</b>
<b>2012</b>	<b>No</b>	<b>No</b>	<b>No</b>

### | Attachment 13 Corporate values of Tesla\*

Year	Corporate values of Tesla *
2018	- Doing the best - Taking risks - Constant learning - Environmental consciousness - Most compelling car company and Transition to electric vehicles
2017	Not stated in the annual report.
2016	Mission statement changed from: "to accelerate the world's transition to sustainable transport" to "to accelerate the world's transition to sustainable energy". Not stated in the annual report.
2015	Not stated in the annual report.
2014	Not stated in the annual report.
2013	Not stated in the annual report.
2012	Not stated in the annual report.
Differences	In 2018, it seems that Tesla has become more concerned with its corporate values. The annual report mentions a number of them since then.

### | Attachment 14 Overview Corporate values of Tesla\*

Tesla	2018	2017	2016	2015	2014	2013	2012
FCU							
FEM							
FEN	x						
PIN	x						
BTB	x						
MBR							
CHA							
GLO	x						
INT							
RES							
TRU							
TRA							
RSP							
Total	4						

Year	Scandal yes/no	Change in corporate values yes/no	New CEO yes/no
2018	Yes	No	No
2017	No	No	No
2016	No	No	No
2015	No	No	No
2014	No	No	No
2013	No	No	No
2012	No	No	No

| Attachment 15 Corporate values of Ford Motor Co.

Year	Corporate values of Ford Motor Co.
2018	See 2016.
2017	See 2016.
2016	<p>Put People First</p> <p>Do the right thing – trust, integrity, transparency</p> <p>Be curious – interest and wonder, think critically.</p> <p>Create tomorrow – solve problems creatively, accept risk, experiment boldly.</p> <p>Built Ford tough – accept challenges, overcome with confidence, courage and optimism</p> <p>Play to win – create value, be competitive, fitness, efficient and agile.</p> <p>One Ford - respect, take care of each other, build networks without boundaries, be unique, work together as a team and family.</p>
2015	See 2012.
2014	See 2012.
2013	See 2012.
2012	<p>People: source of strength, and provide corporate intelligence, reputation and vitality, involvement and teamwork.</p> <p>Products: The end results of the effort, must be the best worldwide.</p> <p>Profits: ultimate measure of the efficiency of selling what customers' needs.</p>
Differences	<p>Core values 2012 t/m 2015</p> <p>Our truths since 2016</p> <p>Due to the change, the number of categories where the core values of Ford Motor Co. has been doubled, however.</p> <p>New: TRA, TRU, RES, INT</p> <p>Same: FEM, BTB, TWO</p> <p>Old: FCU</p>

| Attachment 16 Overview Corporate values of Ford Motor Co.

Ford Motor Co.	2018	2017	2016	2015	2014	2013	2012
FCU				X	X	X	X
FEM	X	X	X	X	X	X	X
FEN							
PIN							
BTB	X	X	X	X	X	X	X
MBR							
CHA	X	X	X				
GLO							
INT	X	X	X				
RES	X	X	X				
TRU	X	X	X				
TRA	X	X	X				
RSP							
Total	7	7	7	3	3	3	3

Year	Scandal yes/no	Change in corporate values yes/no	New CEO yes/no
2018	No	No	No
2017	Yes	No	Yes, from the inside
2016	No	Yes	No
2015	No	No	No
2014	Yes	No	Yes, from the inside
2013	No	No	No
2012	No	No	No

| Attachment 17 Corporate values of Ferrari N.V. \*

Year	Corporate values of Ferrari N.V. *
2018	See 2015.
2017	See 2015.
2016	See 2015.
2015	<ul style="list-style-type: none"> <li>- Excellence</li> <li>- Pursuit of innovation</li> <li>- Distinction in design and engineering</li> <li>- Integrity</li> <li>- Transparency</li> <li>- Responsibility</li> <li>- Sustainability</li> </ul> <p>Long-term value creation on the basis of:</p> <ul style="list-style-type: none"> <li>- a governance model based on transparency and integrity</li> <li>- a safe and eco-friendly working environment, proper working conditions and respect for human rights.</li> <li>- proper management and professional development of employees</li> <li>- mutually beneficial relationships</li> <li>- mitigation of environmental impacts</li> </ul>
2014	Ferrari was a part of Fiat Chrysler Automobiles, but Fiat Chrysler has decided to continue without Ferrari. Ferrari was cut loose from the parent company and partly taken to the stock exchange (10%). Therefore, the information for the years 2014, 2013 and 2012 was not available.
2013	-
2012	-
Differences	None.

| Attachment 18 Overview of corporate values of Ferrari N.V. \*

Ferrari N.V.	2018	2017	2016	2015	2014	2013	2012
FCU							
FEM	x	x	x	x			
FEN	x	x	x	x			
PIN	x	x	x	x			
BTB	x	x	x	x			
MBR	x	x	x	x			
CHA							
GLO							
INT	x	x	x	x			
RES	x	x	x	x			
TRU							
TRA	x	x	x	x			
RSP	x	x	x	x			
Total	9	9	9	9			

Year	Scandal yes/no	Change in corporate values yes/no	New CEO yes/no
2018	No	No	Yes, from the inside.
2017	No	No	No
2016	No	No	No
2015	No	No	No
2014	No	No	Yes, from the outside.
2013	No	No	No
2012	Yes	No	No



| Attachment 19 Corporate values of Fiat Chrysler automobiles N.V.\*

Year	Corporate Values of Fiat Chrysler Automobiles N.V.*
2018	See 2017.
2017	<p><b>Protecting our workforce:</b> Maintaining a fair and secure workplace, Ensuring Health and safety.</p> <p><b>Conducting Business:</b> Sustainably purchasing goods or services, Transacting Business Legally, engaging in sustainable practices.</p> <p><b>Interacting with external parties:</b> Avoiding conflicts of Interest, Supporting our communities.</p> <p><b>Managing our Assets and information:</b> Communicating effectively, protecting our Assets, Maintaining Appropriate Records.</p>
2016	Not stated in the annual report.
2015	Not stated in the annual report.
2014	See 2013
2013	<p>Safe and eco-friendly products</p> <p>A competitive product offering and innovative mobility solutions</p> <p>Promoting awareness and effective communication with consumers</p> <p>Management and professional development of employees</p> <p>Promotion of safe working conditions and respect for human rights</p> <p>Mutually beneficial relationships with business partners and local communities</p> <p>Reducing impacts form manufacturing and non-manufacturing processes on the environment.</p>
2012	Not stated in the annual report.
Differences	<p>From 2012 up to 2014 the Code of Conduct of Fiat S.p.A is used.</p> <p>The new Code of conduct of Fiat Chrysler Automobiles is made in 2015 and updated in January 2017. Unfortunately, the Code of Conduct is only available for the years 2017 and 2018.</p> <p>From 6 to 5</p> <p>New: BTB</p> <p>Same: FEM, FEN and SWE</p> <p>Old: FCU and MBR</p>

| Attachment 20 Overview of corporate values of Fiat Chrysler automobiles N.V.\*

Fiat Chrysler Automobiles N.V.	2018	2017	2016	2015	2014	2013	2012
FCU					x	x	
FEM	x	x			x	x	
FEN	x	x			x	x	
PIN					x	x	
BTB	x	x					
MBR	x	x			x	x	
CHA							
GLO							
INT							
RES							
TRU							
TRA							
RSP							
Total	4	4			5	5	

Year	Scandal yes/no	Change in corporate values yes/no	New CEO yes/no
2018	Yes	No	Yes, From the inside
2017	Yes	Yes	No
2016	No	No	No
2015	No	No	No
2014	No	No	No
2013	No	No	No
2012	No	No	No

| Attachment 21 Corporate values of Hyundai Motor Co.

Year	Corporate Values of Hyundai Motor Co.
2018	See 2017.
2017	<p>Customer First: customer-driven corporate culture by providing the best quality and impeccable service with all values centered on customers.</p> <p>Communication and Cooperation: Synergy through a sense of togetherness, fostered by mutual communication and cooperation within the company, and with business partners.</p> <p>Global orientation: Respect for the diversity of cultures and customs, aspire to be the world's best, and strive to become a respected global corporate citizen.</p> <p>Challenging performance: Embrace opportunity, be confident by achieving goals.</p> <p>Respect for Challenge: Future of the organization lies in the hearts of the employees.</p> <p>"Lifetime Partner in Automobiles and Beyond"</p>
2016	See 2012.
2015	See 2012.
2014	See 2012.
2013	See 2012.
2012	<p>Customer: customer-driven corporate culture, strive to ultimate in quality and service.</p> <p>Challenge: embracing challenges and new ways of thinking</p> <p>Collaboration: Open communication, mutually beneficial relationships, within the company and business partners.</p> <p>People: The success of the company lies within the employees and partners. Striving to help them develop.</p> <p>Globality: Welcome a variety of cultures and customs throughout the world.</p>
Differences	In 2017, new corporate values have been created. The number of categories in which the values occur will remain the same. Remarkably is that also the categories remained the same.

| Attachment 22 Overview of corporate values of Hyundai Motor Co.

Hyundai Motor Co.	2018	2017	2016	2015	2014	2013	2012
FCU	x	x	x	x	x	x	x
FEM	x	x	x	x	x	x	x
FEN							
PIN	x	x	x	x	x	x	x
BTB	x	x	x	x	x	x	x
MBR	x	x	x	x	x	x	x
CHA	x	x	x	x	x	x	x
GLO	x	x	x	x	x	x	x
INT							
RES							
TRU							
TRA							
RSP							
Total	7	7	7	7	7	7	7

Year	Scandal yes/no	Change in corporate values yes/no	New CEO yes/no
2018	No	No	No
2017	No	No	No
2016	Yes	No	No
2015	Yes	No	No
2014	No	No	No
2013	No	No	No
2012	Yes	No	No

## | Attachment 23 Overview of Corporate value categories

Corporate values	1 <sup>st</sup> categories	2 <sup>nd</sup> Categories
Corporate citizen of the world Strive to become a respected global corporate citizen Globality Global orientation Globality: Welcome a variety of cultures and customs throughout the world. Enhance life everywhere	Globality Global Citizen	Global Orientation

Corporate values	1 <sup>st</sup> categories	2 <sup>nd</sup> Categories
Respect (IIII) Respect each other Respect for human rights	-	Respect

Corporate values	1 <sup>st</sup> categories	2 <sup>nd</sup> Categories
Fulfill needs of customers Excited Customers Customers Joy of buying Customer focus: all activities must benefit the customers Customers first	Fulfill needs of customers Customers All activities must benefit the customers	Focus on Customers

Corporate values	1 <sup>st</sup> categories	2 <sup>nd</sup> Categories
Employees: people make the company Future of the organization lies in the hearts of the employees People: the success of the company lies within the employees and partners. Striving to help them develop. Leading by example	Importance of employees Development of employees Proper work environment	Focus on Employees

Professional development of employees Management and professional development of employees Constant learning Learn from mistakes Eco-friendly working environment Proper working conditions		
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Corporate values	1 <sup>st</sup> categories	2 <sup>nd</sup> Categories
Trust (II) Mutual trust Trust employees Trust and rely on each other		Trust

Corporate values	1 <sup>st</sup> categories	2 <sup>nd</sup> Categories
Long-term relations Relationships Mutually beneficial relationships Mutual communication and cooperation within the company, and with business partners Interacting with external parties Support Partners Reliability		Mutually beneficial relationships

Corporate values	1 <sup>st</sup> categories	2 <sup>nd</sup> Categories
Peak performance: aim to be the best Doing the best Products; The end results of the effort, must be the best worldwide. Aspire to be the words best Strive to ultimate in quality and service Excellence (II) Impeccable service Strive to find the best solution Best quality Most compelling car company	Aim to be the best Best quality and service Excellence performance	Be the best

Corporate values	1 <sup>st</sup> categories	2 <sup>nd</sup> Categories
Integrity (III)		Integrity

Act with integrity		
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Corporate values	1 <sup>st</sup> categories	2 <sup>nd</sup> Categories
Responsibility (III) Make correct decisions Seek truth, pursue and find facts		Responsibility

Corporate values	1 <sup>st</sup> categories	2 <sup>nd</sup> Categories
Transparency (IIII)		Transparency

Corporate values	1 <sup>st</sup> categories	2 <sup>nd</sup> Categories
Challenge Creativity Accept challenge Respect for challenge Embracing challenges and new ways of thinking Adaptability: adapt to new challenges with speed and flexibility Courage Solve problems creatively	Creatively thinking Embrace challenges	Challenge

Corporate values	1 <sup>st</sup> categories	2 <sup>nd</sup> Categories
Role for the environment Society: be responsible for society Reducing impacts from manufacturing and non-manufacturing processes on the environment Environmental consciousness Mitigation of environmental impacts Safe products Safe and eco-friendly products Sustainability Sustainably purchasing goods or services Engaging in sustainable practices	Sustainability Responsibility for society Safe and eco-friendly products	Focus on the environment

Corporate values	1 <sup>st</sup> categories	2 <sup>nd</sup> Categories
Innovative mobility solutions		

Create tomorrow Experiment Boldly Open to new opportunities Taking risks and accept risks Embrace opportunity Be curious, interest and wonder Innovation		Pursuit innovation
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