Ford: Opportunities and Risks

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Compared to the early decades of the twentieth century, businesses in the contemporary world are able to engage in activities across continents, much due to globalization. According to research, globalization was in the early stages regarded as a destabilizing force in social, economic, and global equity (Wejnert, 2014). However, the contemporary society has since learned how best to harness the advantages presented by globalization to the benefit of the businesses in question. This explains the continuous use of internationalization opportunities by businesses to expand their operations to overseas markets as has been the case with the Ford Motor Company’s operations in Europe despite the company being American. However, such opportunities from globalization do not necessarily imply the absence of challenges from the progress. Just as much as there are positive gains from operating in a globalized market, the companies operating therein have had to deal with issues ranging from legal, political, to compete for the market share that they would otherwise not experience.

**Ford Opportunities from Globalization**

One of the primary advantages of globalization has been an increase in the market available for business operation. In essence, globalization involves an improvement in transport and communication across different locations, to the extent of improving the level of interaction between the regions involved (Wejnert, 2014). Therefore, Ford Motors has opportunities to conduct business with ease in Asia without necessarily having to open offices in the country. On the contrary, if the company appropriately conducts marketing in markets such as Asia and Africa, it would gain significant market share to the extent that it would easily export products to these markets to the consumers therein. Therefore, globalization provided an opportunity for companies to reach an infinite market size due to ease of communication with consumers within the said markets.

Additionally, globalization provides an opportunity for Ford Motor Company to diversify its products to suit the different markets available. In essence, one of the company’s weaknesses has been the high cost of its units compared to the cost of the units sold by its competitors (Rowland, 2017). Under a diversity program, the company would be in a position to make both high-end vehicle units and units good enough for the consumers in a less endowed economic market. For instance, some vehicle units may be appropriately suited for the American and European markets where off-road vehicles are not needed as much by the consumers. On the contrary, focusing on a market such as Africa would require specialization to suit the off-road requirements of the market therein. Such specificity would present economies of scale to the company, which ultimately make production cheaper, and could end up reducing the cost of making the units. Therefore, the diversification resulting from globalization increases the possible gains from an increase in sales volumes.

Ultimately, the primary gain from globalization has been an improvement in the ease of business management. For instance, Ford has been in a position to observe the changes in the European market following the Brexit vote, based on which it has made the decision to remain in the European market irrespective of the potential changes that could occur in the future within the market (Winton, 2018). Ultimately, the management in Europe is able to communicate with that in the United States and consult on different business decisions with much ease owing to the opportunities presented by globalization. The ease of interaction among the business managers in different geographical locations presents an opportunity for Ford Motors to make further investments based on the market conditions in various locations. Just as much, it would be easy to establish operations in other areas such as Africa and Asia based on the ease of communication with the expatriates in these areas.

**Ford Risks Associated with Globalization**

While globalization has increased the opportunities available for various businesses, it would be important to note that the improvement in opportunities is available to all investors with enough resources to make the investment in the market in question. For instance, Toyota’s success in the American market is a primary result of the impact s of globalization. Despite being an Asian company, Toyota has managed to engage in operations effectively within the United States at the expense of native producers such as Ford Motors. Consequently, with every player competing in a globalized market, there will always be a case in which some producers are pushed out of the market due to challenges associated with efficiency as would be provided by operating on economies of scale perspective. Such advantages have benefited Toyota much more than they have worked to the benefit for Ford.

On the other hand, operating in an international market provides legal challenges that would otherwise be non-existent if the market was not as globalized. For instance, the Brexit decision implies that companies that initially used Britain as the base of their operations in Europe will need to reacquaint themselves with the legal parameters that will guide their decisions once the process is entirely complete. Ford Motors chose to remain in the European market, and such would require that the management and other executives consider the legal challenges that will result from the changes experienced following the total implementation of the British nationals’ decision to leave the European Union.

Additionally, globalization exposes companies to social, economic, and political issues that are at times to the detriment of the companies in question. For instance, the trade war between the United States and China would not be as impactful to the global economy if the two economies were not as influential to the world market. However, the adversities experienced by the two counties due to the continuous policy changes intended to influence either one of the economies has a trickle-down effect on Ford, whereby consumers in either market may decide to reduce their consumption levels of the product, owing to constraints in their income levels. Under different circumstances, Ford would not be concerned about the trade war since its impacts would be limited to the company’s consumers.

In conclusion, globalization and the internationalization of trade relations have been of significant consequences for different industries. Its positive impacts on Ford Motor Company have included an increase in the market available for the business in addition to providing an opportunity for further investment across continents. However, such a venture also exposes the business to various risks such as potential political adversities in one country having an impact on the entire company. Therefore, despite the existence of infinite opportunities for investment in different geographical locations, it is always important for a business to conduct a clear analysis of a market before making an overseas investment.

References

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