

# Ford mustang

[Business, Management](#)



## Macro Environmental Forces Analysis, Economic Trends and Ethical Concerns

## Macro Environmental Forces Analysis, Economic Trends and Ethical Concerns

### Introduction

Macro-environmental forces refer to the outside influence that a firm has no control over. Research points out that macro-environmental factors such as technological factors, socio-cultural factors, and legal-political factors affect the automobile industry (Reynolds and Lancaster, 2012).

Car general Companies are affected globally by stiff competition from international competitors (John, 1999). John reports that global competition has greatly influenced the operation of the automobile industries. He notes this with the Ford, Toyota and General Motors companies that have engaged each other in stiff completion for global market. For instance, in order for an automobile company to remain relevant in the market, most of them employ the strategy of lowering their costs to attract customers. This has been the war witnessed between Toyota and Ford and General Motors Company as noted by John (1999).

Political/Government factors also impact on the automobile industries strategic planning as government laws and regulations requires them engage in production of eco-friendly automobiles (John, 1999). John reports that due to environmental concerns, car companies are being forced to abide with the regulations aimed at mitigating the levels of pollution. For instance, car companies are expected to adhere to Average Fuel Economy, which took effect in 1975 (John, 1999). Failure to comply with these regulations attracts heavy fines, which proves costly to these companies. For instance, these

regulations have forced most of these companies to engage in the manufacture of eco-friendly and fuel efficient cars (John, 1999). John reports that the governments bid to lower the rate of employment has discouraged Ford Motors for instance, from fully automating its operation, which would in a way take up local jobs. The same has been witnessed with General Motors Company and Toyota as well.

Technological changes taking place all over the world requires technological changes within automobile industries (Reynolds and Lancaster, 2012). This is due to the fact that some companies in the automobile industry have come up with more eco-friendly, and fuel efficient cars that are on high demand. A case in point is the most recent electric car. This means that other companies have to emulate this in order to remain relevant and have a competitive advantage over other competitors.

Economic trends are the changes that occur in the economies of countries across the globe. The automobile industry is among the industries largely affected by economic trends. For instance, the increased fuel prices occasioned by inflation in the United States have largely affected all automobile manufacturers, like General Motors, Toyota and Ford among others. John (1999) argues that many customers have had to struggle with these rising fuel prices. This has forced many car companies to shift to the manufacture of smaller cars that are fuel efficient. In fact, in order to win more customers, automobile companies like Toyota and General Motors have begun manufacturing of hybrid cars, which are fuel efficient and cost effective (John, 1999).

Ethics entails acting within the established code of conduct. The automobile

industries also have ethical codes that govern their operation. This mainly pertains to social responsibility. For instance, automobile industries are required to manufacture automobiles that are eco-friendly (Reynolds and Lancaster, 2012). This has forced most of these companies to engage in the manufacture of automobile that are eco-friendly in order to conserve the environment. A case in point has been seen with Ford Motors and General Motors that have taken the initiative to manufacture environmental friendly cars in conformity with the Kyoto Protocol and other environmental regulations (Ford Motor Company, 2011). To show corporate social responsibility, car companies tend to engage in a number of initiatives such as sponsorships, and construction of development projects across countries where they operate.

Socio-cultural factors also influence the automobile industries. Different people exhibit different lifestyle and preferences (Reynolds and Lancaster, 2012). This hugely impacts on choice of the type of automobile. Similarly, social norms also influence the decision of an individual to own and use an automobile. With regard to preferences, most consumers tend to demand safer, high-quality automobiles at lower prices. This has forces most car companies to search for a cheaper means of manufacturing, including outsourcing. Ford, Toyota and General Motors for instance, ensure that their automobiles match consumer's tastes and preferences in order to remain competitive in the market (Ford Motor Company, 2011).

Demographics also influence automobile industries. This pertains to population trend in a given area. This has forced most car companies to venture mainly in countries with high population of customers who have high

preference for their products (Reynolds and Lancaster, 2012). Therefore, taking into consideration of the demographic will enables these companies to expand their branches only in countries with high population of customers, thus increasing their performance and sales turnover.

In conclusion, it is evident that macro-environmental factors greatly affect the operation automobile industries. Therefore, it is important that these companies carry out constant analysis on the impacts of these factors so as to be able to make adjustments and be competitive in the market.

#### References

Ford Motor Company (2011). Ford Manual for Owners and Operators of Ford Cars and

Trucks. New York: Nabu Press.

John, S. (1999). Factors That Influence Ford Motors Operational Planning.

Retrieved from: [http://www.ehow.com/info\\_7757855\\_factors-ford-motors-operational-planning.html](http://www.ehow.com/info_7757855_factors-ford-motors-operational-planning.html)

Reynolds, P., & Lancaster, G. (2012). Marketing Made Simple. New York: CRC Press.