

The Intercultural Workplace
BMSP5002

Assessment 1

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Executive Summary

This report has been commissioned in order to investigate and provide insight into the human resource operations of the Ford Motor Company. (henceforth referred to as 'Ford') The report includes an analysis of the company's organisational context, a SWOT and PESTLE analysis of the company's position, its organisational culture and human resource management procedure; the report is tied together with a conclusion and supplies Ford with two recommendations to be followed up for Ford to experience progression towards its key objectives outlined in its Integrated Sustainability and Financial Report as high quality, customer satisfaction, operational excellence and top-line growth. (Ford & Farley, 2021)

This report reached the conclusion that Ford is facing a few issues both in and outside of the context of human resources: firstly that the North American market is saturated and there are emerging 'gold dust' markets in Africa, the Middle East and South America for Ford to expand into; secondly that another engine revolution is well underway and Ford best be on board to stay a frontrunner over the long-term; and lastly, there are employee complaints about the workplace that have yet to be addressed which are namely tiresome shifts and shift length and issues with micromanagement.

The recommendations that this report suggested are, firstly, that the company dedicate resources into furthering expansion efforts into these 'gold dust' markets, including the dedication of resources into further investigation of the human cost of this endeavour and, secondly, that Ford conduct an investigation into human productivity in its innovation departments. These two recommendations will help Ford develop a long-term growth plan through expanded operations in these emerging markets and from any positive structural changes that may occur as a result of Ford's investigation into innovation productivity.

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Introduction

The concept of the intercultural workplace – in which those from different countries, ethnic groups and with different languages can thrive together (Lahti & Valo, 2017) – and human resource management have humble beginnings; the advent of the field was with the welfare officer of the nineteenth century – a female-held position, tasked with protection of women and girls, which was created in response to the gruelling conditions in then-contemporary industry. Nowadays, the field concerns itself with much more; a non-exhaustive list of examples include remuneration, employee management through recruitment, diversity, discipline and termination, as well as direct care through employee relations and career development. (Pinto, 2015)

This business report will provide an insight into the operations of the Ford Motor Company, (henceforth referred to as 'Ford') including an analysis of its organisational context, culture and human resource management. With this, the report seeks to reach a conclusion based on the strengths and weaknesses identified both from these analyses and from the SWOT and PESTEL analysis. The ultimate aim of this report is to provide Ford with sound recommendations that can be used, while building upon its existing organisational strengths, to deliver measurable benefit to the company in a changing world.

Main Findings

This section of the report is split into five sections; organisational context, a SWOT and PESTEL analysis of the company, Ford's organisational culture and lastly its human resource management procedure and conditions. Ideas from relevant business theorists will be applied along the way for additional insight into Ford's inner functionality using applicable models.

Organisational context

In a hierarchical sense, an entity's organisational context is defined as the level of involvement across the board in its decision-making activities, from bottom to top. (Boohene & Williams, 137) In a more general sense, however, this definition can be expanded to encompass an entity's entire operations – the approach taken for this section.

Ford is a multinational business entity primarily known for its motor vehicles sold across a variety of markets around the globe. Its product offering includes SUVs, Hybrid and electric vehicles, 'people movers', performance vehicles and vans, as well as used vehicles. (Ford, 2011) Given the scale of its operations, the company sells different vehicle ranges across markets – these are mostly adjusted versions of existing models. (Murphy, 2020) To put into context Ford's scale and scope of operations, it is listed on both the Fortune 500 in 21st place (Fortune, 2022) and on the S&P 500 stock market index – both of which are home to the world's largest and most successful organisations.

Statistics from Ford's Fortune 500 listing state that, for the year to September 30th 2021, the company made a profit of \$2.8 billion from sales revenues of \$134 billion, yielding a net profit margin of 2.1%. (Fortune, 2022) Ford employs 184,000 people globally; of this amount, 67,000 are employed in Europe. (Ford, 2018) In regards to Ford's market, Statista reports that Ford sold the most cars in the UK as of December 2020, with Volkswagen, BMW, Mercedes-Benz and Audi closely following, indicating that this market is highly competitive. (Statista, 2021) In terms of the net profit margin, Ford has remained in the middle compared to its competitors on the world stage; its 3.04% five-year average is greater than some in the market like Mitsubishi's 0.37% and Tesla's -11.27% and is at the same approximate level as most others, however it is slightly lower than the competing companies Subaru, Toyota, BMW and an assortment of Chinese companies, averaging at 7%.

A topical business theorist is Edgar Schein. His model is that of an iceberg with three layers: artifacts, espoused values and basic assumptions – each being more hidden than the last. Artifacts refers to physical observations of an entity such as its interior design and dress code, and is the easiest to observe. Espoused values are a company's values and norms that it conforms to as well as information on any communications channels. Lastly, basic assumptions are what make up an entity's core and are invisible to outsiders, comprising routines, accepted norms and implicit rules. (Flixabout, 2022) Basic assumptions largely dictate a business' culture because of their position at the very heart of an organisation. Given that this section is about Ford's organisational context, only the first is applicable: notable points include Ford's dress code being commented on as 'supplied but not enforced' by one and generic formal attire by another (Indeed, 2021).

SWOT analysis

The following analysis is a collation of separate analyses by Brandongaille (Gaille, 2021) and Businessstrategyhub. (Parker, 2019)

Strengths	Weaknesses
-Strong brand value from aggressive market penetration since Model T -Strong research and development focus in corporate strategy: one of the most advanced departments in the industry -Adaptability from large portfolio as well as model renovation to work with the shift to electric vehicle use -Enormous network of over 10,000 dealers globally	-Product recalls have negatively impacted Ford's reputation – examples include a recall of 15 million vehicles and a 14 million-vehicle recall in recent years -Ford has banked on the North American market too much, ignoring market development elsewhere -Ford faces market saturation only solvable by investing elsewhere or radical innovation -The company has a frail foothold in emerging markets; extent of diversification means no real focus
Opportunities	Threats
-Environmentally friendly vehicles offer a great opportunity amidst a global drive to reduce emissions -Breaking into emerging markets in Africa, the Middle East and South America may prove successful -Ford's 2017 billion dollar investment into Argo AI for self-driving technology development may prove fruitful in its Mach-E model allowing for limited hands-free driving in addition to partnerships with other corporations -Ford has announced expansion into new, future-proof auto-related sectors, including software and electric vehicle charging	-Strong competition means that Ford will need to expand faster than the saturated market is shrinking to experience growth. Highlights need to innovate and penetrate new markets -Large debt remains from 2008 financial crisis and this has only increased over the last decade: \$161 billion as of 2020 -Alternative fuel vehicles have become a strong contender to internal combustion engines which have historically dominated their market -Ford Must comply with ever-increasing amounts of regulation because of environmental targets imposed by governments worldwide

To summarise this analysis, Ford's situation internally is strong overall, with admirable brand value and cutting edge research and development as part of its strategy. Ford should, however, consider market diversification to avoid banking too much on an oversaturated North American market where the odds are stacked against experiencing any substantial growth. Externally, the situation is similarly strong as the global push for eco-friendly vehicles provides the company with the perfect opportunity for a future-proof corporate strategy – however, it must act fast as its competition is already considering their options, and should preferably act without adding to its debt of now \$161 billion.

PESTLE analysis

The following analysis is collated from those of Kiesha Frue of Pestleanalysis.com (Frue, 2018) and Swotandpestle.com (Swotandpestle.com, 2022)

Political -Stronger sales in Asian countries: stable political climate -European politics are unstable; dedicating more efforts to Asian markets until instability blows over -The United States' protectionism creates a challenge for Ford with its international supply chain
Economic -China and India have a huge population and lots of demand -Foreign vehicles brands are attempting market penetration and are causing further saturation -Massive financial effect of pandemic on consumer spending
Social -Market saturation -Currently witnessing the rise of the eco-friendly car with demand growing exponentially. Tesla is at the forefront although out of budget for many – Ford has branched into more economic options for consumers -Assisted driving features in cars in fashion
Technological -Young people expect cars with plenty of technologies – however, these may become obsolete after as little as six months, so must strike a balance -Invested \$1 billion into autonomous car research and development to get ahead of the market -Material shortages for semiconductors are causing cost increases
Legal -Obligated to adhere to health and safety regulations. Product recalls for faults are costly -Ford must follow labour laws, especially those dictating minimum salaries – impact of high post-pandemic inflation -Regulations are being pushed onto companies in order to reduce their emissions and footprints
Environmental -Some are investing in hybrid and electric vehicles with a smaller footprint. These are where Ford has placed its focus -The environmentally friendly community is expanding. Ford should align with their goals or they will face scorn -Ever-increasing scrutiny directed towards companies' footprints. Best position is away from this with electric and hybrid vehicles

Overall, critical elements of PESTLE for Ford to address are the rise of the eco-friendly car and the eco-lobby; market saturation and attempted penetration by foreign manufacturers in North America and the opportunity of expansion into emerging markets elsewhere and the issue of post-pandemic inflation affecting the company's bottom line.

Organisational culture

Organisational culture is defined as a 'solution created by an organisation for the demands set by a core task'. (Reiman & Oedewald, 2002) Determining it requires the study of the corporation's values, practices, artifacts and its core task. Here, Edgar Schein's theory comes into play – values, practices and artifacts are within the two most visible layers of the iceberg while core tasks can be seen as both obvious and hidden in terms of specialised functions (trade secrets and the like).

Charles Handy explains organisational culture by using four diagram-based archetypes: a power, role, task and person culture. An analysis of Ford strongly implies the presence of a role culture – key indicators are a traditional corporate hierarchy, coordinated by a small group at the top; three regional divisions, each headed by an executive; and a broad range of functional groups. (Smithson, 2018) Handy's role culture archetype uses a 'greek temple' diagram, featuring pillars representative of chains of command; the organisation is managed by a small group at the top and the role being fulfilled is generally more important than the person fulfilling it. (Handy, 1976) This culture functions best in a stable environment. Ford's SWOT and PESTLE analysis points toward massive uncertainty – a pandemic has shaken consumer confidence, alternative fuel vehicles are becoming more cost-effective and a generation hyper-focused on the environment is coming of age and entering the market. As role cultures are slow to adapt, This economic and social turmoil will undoubtedly hit Ford hard.

Another prominent business model is Hofstede's Cultural Dimensions Theory, which dictates that there are five dimensions by which cultures can be scored; Power Distance Index, being the extent that less powerful members of the culture accept that its power is distributed unequally; individualism, as opposed to collectivism, promoting loose ties and self care as opposed to cohesive groups; masculinity, as opposed to femininity, representing assertiveness versus caringness; Uncertainty Avoidance Index, representing tolerance of ambiguity; and long-term orientation, promoting thrift and perseverance as opposed to tradition. (Hofstede, 2003) For context, this is the score and ranking of Ford's home country, the USA:

	Score compared to highest	Rank
PDI	40 /104	38
Ind.	91 /91	1
Masc.	62 /95	15
UAI	46 /112	43
LTO	29 /118	17

(Hofstede, 2003)

The Panmore Institute's research into the company's 'One Ford' plan shed light on its culture. Key findings were that the company recognises excellence and encourages its employees to improve and contribute, teamwork is of top importance accompanied with personal development, key values expected of employees are initiative, courage and citizenship, and there is a focus on achievement. (Lombardo, 2017) This suggests the presence of a semi-collectivist, semi-masculine culture with a low-to-mid PDI, a mid-range UAI and a mid-to-high LTO. These findings are corroborated by Essay48's Hofstedian analysis of Ford – Ford has a low PDI, a mid-range individualism score, a low masculinity score, a low UAI and a healthy mixture of long-term and short-term orientation. (Harvey, 2020)

Concluding this section, Ford has been shown to have a role culture, defined by its traditionally long chains of command and regional divisions to cover its worldwide ground. A comparison of Ford's lineup with Hofstede's Cultural Dimensions Theory with that of its home country reveals both similarities in terms of its low PDI, independence score and slight lean towards a lower UAI as well as differences in terms of semi-collectivist nature and a healthy mixture of long-term and short-term orientation, making it roughly comparable to the USA. These scores are important because they intertwine with Schein's idea of basic assumptions at the core of a business – like a foundation, they are practically immovable and they dictate what preventative and/or remedial measures will or will not work effectively. For example, opening a hard-cohesive group-based department would be unlikely to result in a positive outcome for Ford, which is a semi-collectivist firm, as it challenges one of its key assumptions.

Human resource management

Human resource management is aptly defined by ScienceDirect as a 'strategic approach towards the effective employment and development of a ... workforce to achieve the company's objectives'.

(Hecklau et al, 2016, p2) These objectives may be limited to shareholder returns or growth, as expected of a private company, or more 'people-centric' goals that may be observed in many modern corporations. Different goals mean different methods of working towards these goals – this will have a bearing on any company's day-to-day and long-term decision-making.

What are Ford's objectives? In the Strategy and Governance section of its 2021 Integrated Sustainability and Financial Report, it follows that Ford's objectives are high quality, customer satisfaction, operational excellence and growth. (Ford & Farley, 2021) Ford's 'Our Purpose' page talks about the existence of a 'higher purpose' to improve lives (Ford, 2014) while its 'What Purpose Means to Me' page makes mention of a 'Ford family' binding employees together. (Ford, 2021)

What this means for Ford's operations is that everything that is done must be done with the above goals in mind – 'keeping your eye on the prize' in other words. Every process, in every system, making up every business function at Ford is done with quality, customer satisfaction and top-line growth in mind. After examination of over 40 employee reviews on Glassdoor and Indeed, the following common workplace tropes have been noted, many of which agree with the hypothetical conditions created by such goals:

Positive	Negative
Friendship, community	Tiring
Perks/remuneration	Shift length
Good pay for industry	Micromanagement
On-the-job training	

(Glassdoor, 2022) (Indeed, 2022)

Ford's Careers page alludes to the fact that it takes a soft human resources approach: the company proudly displays its status as a Stonewall diversity champion, a disability confident employer and a member of the employers' network for equality and inclusion. (Ford, 2018) Another strong indicator of this approach being utilised is in Ford's code of conduct, which features an elaborate reporting and investigation system, guides for speaking up and instructions for 'People Leaders' to help foster trust and security in the system. (Ford, 2021)

Concluding this section, Ford is in a good place with regards to its human resource management procedure – it is well-aligned with its Hofstede's Cultural Dimensions scores as a caring and paternal system and seems elaborate enough to work well for its desired purpose. One thing to note, however, is that a system so dictated by functions and processes may not cope well in the event of dramatic change such as that observed in the political and economic climate today.

Conclusions

As each section under Main Findings featured a conclusion of its own, this section will tie together individual conclusions to form the culmination of this report. With this, it is possible to examine Ford's overall position in its environment and devise solutions to help the company move forward during these unprecedented times.

What is the problem to solve? The SWOT analysis indicates that banking on the ever-increasingly saturated North American market would be an oversight when emerging markets in Africa, the Middle East and South America are a rare glimpse of gold dust for a company so well-established as Ford. Furthermore, acting upon the forthcoming eco-engine revolution is comparable to either driving straight into a brick wall or changing course to avoid it, depending on Ford's actions now – the company can continue as it is and face a nasty shock as it witnesses the relegation of the combustion engine to the history books or take action now to set up its own future success. Lastly, the impact of employee motivation on overall productivity is not to be ignored; for context, the Chartered Institute for Personnel and Development reports that 41% of private sector survey respondents listed improving productivity as a main objective, making it the third most commonly chosen objective behind growth and cost management. (Beatson & Zheltoukhova, 2015, p25) In this context, looking at employees' common complaints about the tiresome work, shift length and micromanagement may be an important step in improving morale and moving forward.

To start, any solution has the ability to use Ford's world-leading position as leverage for change, seeing as the company is a Fortune 500 member, employs 184,000 people and is connected to a network of over 10,000 dealers. As a market trend-setter, Ford has the power to nudge others in its general direction, including those on its supply chain – this can be used both for the greater good as well as for enhancing quality, customer satisfaction and top-line growth in line with its objectives.

However, it must be noted that any potential solution *must* work with respect to Ford's climate as judged by its Cultural Dimensions scores and its role culture archetype. A solution that goes against the grain would only be counterproductive due to employee pushback and improper implementation brought about by a cultural mismatch.

Recommendations

This report will give Ford two recommendations to help the company reach a solution for its current market impasse.

The first recommendation this report offers is that Ford dedicate resources to further expansion into Africa, the Middle East and South America – the ‘gold dust’ emerging markets. In line with the theme of this report, the human cost of such an endeavour is to be considered beforehand, including whether Ford’s Cultural Dimensions scores line up with the cultural attitudes of potential employees in these geographical areas. Assuming that prospective employees will be lining up to fill vacancies at a multinational company is a misnomer in this day and age, reports Sage. (2020, p15)

The second recommendation offered by this report is that Ford conduct an investigation into human productivity in its innovation departments. This investigation is beyond the scope of this report into Ford’s globally-applied human resources approach. The purpose of this recommendation is to both ensure that Ford unlocks the ability to remain a market frontrunner well into the era of the eco-vehicle and also unlock insights that can be used to alleviate employee complaints about the workplace.

Ultimately, these two recommendations will give Ford a sound long-term growth plan, through both expansion-related top-line growth and productivity gains from positive changes in the workplace.

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