

Global Issues of General Motors Company (GM)

Name

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Introduction

General Motors is a multinational company which holds various subsidiaries and has interests in many countries across the world. Although this company has been holding a remarkable reputation in motor vehicle industry, there are numerous challenges and opportunities that this company has been facing in the global market. International market has many challenges and opportunities that are not available in the domestic market, hence subjecting General Motors to a challenging business world (Sperling, 2010). Business environment changes with the change of location, holding the fact that there are many factors that the company is ought to analyze before making a relevant market entry in a given market segment. General Motors has, therefore, many subjects to handle in a global market, some being of advantage to the company while others challenge company's viability in the global platform. Some of these issues are globalization, finance, management, political business interference, competition, and social challenges. These subjects affect the company directly or indirectly hence being reflected on the company's performance at the end of every financial year (Sperling, 2010). General Motors is a multinational corporation; therefore, it is influenced by several global factors like culture, different financial systems, political differences, and global competition among them.

Globalization

Due to the fact that General Motors is a multinational company which has a significant presence in the global economy, globalization has added value to the company. Effects of globalization have helped the company to extend its horizons even more, making more returns thereafter. It is with the help of globalization that willing buyers are not able to access company products easily as well as making it possible for the company to reach out to the possible willing buyers. The company has established online services where customers from all parts of the world

are able to buy General Motors products. This is a single benefit that General Motors has achieved from globalization. As compared to the time when costs of production and transaction were higher, globalization through the help of technology has simplified these areas. Cost of production and that of transaction has reduced hence increasing the company's profit margin. The company, therefore, has managed to make good returns through the diversification of its products.

With international picture in mind, General Motors has managed to come up with different makes of its products. This has been necessitated by the increase in customers who have different tastes and preferences. This development has turned to be a point of diversification. Different automobile interests among the company's customers all round the globe have pushed the company need to produce more. In recent reports, General Motors has intensified as well as increased its sales in the developing countries. These regions were previously not favorable for the company's products (Sperling, 2010). With the help of technology and globalization, these customers are able to notice and realize the company's products hence creating interests in them. Product make diversification has also made it possible for the company to reach out to all customers, irrespective of the customer's interests. The company has, therefore, identified and grouped customers according to the market segment, making it possible to serve them better. For instance, General Motors has provided enough of big capacity motor vehicles to the developing regions of Africa and Asia (Sullivan, 2010). The reason behind this initiative has been brought forth by the developing nature of the regions where transport of goods and services is an issue. At the same market zone, there are those customers whose economic position is different and they need comfort in their means of transportation. All these varying interests have helped the company to increase or to produce at a bigger scale hence benefiting from the economies of scale. In the other parts (developed nations), small and economical cars are in demand. At the

same time, General Motors is working around the clock to make sure that its customers are served well. Holding all factors constant, globalization is changing people way of living hence making the company to change its approach to its targeted market region and focus instead on the general market and its changing needs (Sperling, 2005)

Financial Issues

For General Motors, as a multinational company, financial matters is a major concern because its financial capacity and performance affects almost all economies in the world. The company has been facing financial crises hence making it to perform ineffectively in the world market. The company, as a result, has recently closed some of its subsidiaries in economies that have experienced hard hit by economic meltdown in the year 2008 and later recession (Sitkin, 2010). Due to these reasons, General Motors' profitability has decreased in many extensions. The company's profitability decline has been brought forth by the customer financial capacity, which can be considered as decreased due to the increase in the cost of living. In the developing nations where liberalization was not clear and open, 2008 economic meltdown was less harmful as compared to the developed nations and, especially, the Euro-zone region. This market segmentation has helped the company to remain on track mainly because the production and consumption of the company's goods and services remained steady hence playing as a major boost to the company's economic performance. To avoid such challenges, it is important for the company to build up production plants and zones in developing and developed nations. This will help to mitigate risk exposure while operating in one region and later supply its products to the others. Also, with globalization where all economies need each other for development, General Motors should extend its operations as well as entering markets that are owned by its competitors

in order to make a big market scope with different factors of influence; hence, reducing financial risks and other risks that are attached to the production (Sitkin, 2010).

The company has been facing tough financial challenges in areas where the company's goods and services are not well established. In Africa, most willing buyers go for cheap products. Holding the fact that General Motors' products are of high quality, the cost of acquiring them has turned to be a challenge to the company. This has resulted to a low market profile hence low economic gains. To benefit from the already existing market in some of these market regions, General Motors should produce goods and services that match to all of its target customers' interests and buying capabilities. This will improve financial constraints in some of the subsidiaries in developing nations. Quality in developed nations such as euro region should not be compromised because most of the willing and able buyers in this region prefer quality as one of the major reasons for that customer to forego other available products in the market and settle on the product of choice. This is a major challenge that the company is managing and it could be appropriate if the company would continue to assess its target market in order to understand customer needs.

Management

Prudent management is a very essential concept to the company's growth. Holding the fact that General Motors is a multinational company, its management style has turned to be a major challenge to the operating subsidiaries across the world. The company operates with a centralized type of management where decisions are made at the top and implemented at the ground level of organization. This has complicated growth in some of the areas. Some of the subsidiaries face different financial and social factors hence becoming the challenging reasons for them to implement decisions at the ground. With changing market trends in the region, subsidiaries should be let alone to make and implement decisions as long as they are within the

company's goals and objectives. Although the global market is turning to be a solid structure, customer's preferences are unique and diverse hence making it reasonable for respective managers on the ground to make decisions alone.

Holding all factors constant, operating in some of the regions like in India gives the company an upper hand. This is because costs of operations are low hence making management not strained to make decisions or in implementing decisions that come from the head office. On the same hand, this region is highly populated and, therefore, is creating room for all kinds of customers to be available in a single market zone. With this advantage at hand, the company's management is able to achieve the company's goals and objectives.

Political-Legal Issues

Different regions have their political and legal structures, which are in one way or the other turn to be a challenge to the General Motors' interests. In some regions, an investing company must fulfill so many legal requirements before it is given license to operate in the market. In some developing nations, for instance, it is very difficult for a foreign institution to start operating in that market. In most cases, General Motors has been facing such challenges, making it to undergo heavy costs while initiating an interest in these market zones.

Beside entry challenges that multinational companies face while entering a new market, there are other uneconomic challenges that these companies face. Developing and even developed nations tend to preserve the interests of the domestic companies by crafting legislation that gives them priority in the market. This discourages fair competition and products quality in the region as well as discouraging production. These legal acts should be discouraged, although they hold economic meaning to the locals who wish to have a stable economy with the growth of their own companies. For instance, in automobile industry, most of the companies that participate in the production secure their home towns as their own markets, and this concept is well guarded

by the governments of the region. Multinationals, in this case, find it challenging to operate in this region. In China, for example, General Motors cannot move its products fairly irrespective of the market ability to consume (Sitkin, 2010). Most of customers believe in promoting local companies as a way of making sure that their economy remains relevant in the global arena.

Regional politics have also affected General Motors' performance in the world market in major ways. It is widely known that General Motors cannot sell its products in some regions. Due to the fact that General Motors is closely associated with Americans (Christians), other regions which oppose Americans' agendas in the world platform find it not necessary to consume American products. This political move has affected General Motors' performance. It is perceived by the opponents that by consuming America-associated products, it is a way of strengthening a possible opponent hence discouraging their people to buy and consume anything associated with the opponents. Holding the fact that this market segment has a big potential, General Motors becomes a victim of these political differences between the two sides (Herman, 2010).

Competition

Currently, General Motors is facing the toughest ever competition in the auto market industry. Toyota and other companies have improved the quality of their products as a strategy to edge General Motors out of the market. Most of the market regions that General Motor was holding as its strongholds are now flooded with competitors • products which are being sold at a relatively low price. This has diverted attention of possible buyers with most preferring cheap products, especially in these hard economic times (Cook, 2010). In the world market today, General Motors must come up with a new strategy to eliminate the strongly growing competition in the market. Irrespective of this challenge, General Motors should stick with quality as its marketing tool, and with time customers will turn to the company.

Some of the advanced ways the company can beat its rivals is to invest in innovations that would make its products superior. Customers like products that can satisfy several needs and perform different tasks; thus, incorporating more features is a sure way of earning more customers. They should also implement new methods of operation which would allow them to cut cost and eliminate waste, therefore making their products cheaper too. In this new world where consumers are more conscious of their environments, investing more in vehicles that pollute less or do not pollute at all is a good marketing strategy.

Cultural Issues

Different parts of the world have different cultural issues, some of which directly affect business in the area. In this case, General Motors has found it a challenge to operate in culturally rich regions. Most of the developing nations have a lot of preservation in areas which do not accommodate growth of the economic infrastructures. With little or no infrastructure in a region, it discourages General Motors operation mainly because the demand of the company's products is limited (Zheng, 2010). Globalization has created a revolution in these areas hence opening them for development. General Motors has, therefore, found this green region productive and it has started extending its interests to these areas. This will in future help the company to grow hence promising high returns.

Conclusion

General Motors, as being a multinational company, is subject to several influences ranging from financial systems to the different political and cultural backgrounds of the various nations where it has established its presence. The company can take advantage of these influences and adapt its products according to the needs of the local consumers. The company should stick to quality as well as to effectiveness as its marketing strategy as a way of offsetting competitors' effects. It is, therefore, expected that this company will remain the most attractive

provider of automobile products in the world. A blend of quality, cost cutting, and consumer awareness is likely to put General Motors back at the top.

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GENERAL MOTORS

11

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