

Sample essay on general motors

[Business](#), [Company](#)



Managers are accountable for the performance of any given company. They are the overseers of the capital of the shareholders. They have been given the mandate to invest this capital at satisfactory rates of return so as to increase the value of the shareholders. The recent past global financial crisis put to test managers in various companies with regard to the responsibility of maximizing the value of the shareholders. General Motors managers are a perfect example in this particular case. The managers of the Company failed to fulfilled their responsibility of maximizing the value of the shareholders. It can be argued that the financial problems of General Motors emerged as a result of the global financial crisis, which affected almost every company in all parts of the world. However, the failure of the managers of the company is evident taking into consideration the events that took place before the onset of the global financial crisis (Alex, 2013). Arguably, the company was already financially vulnerable before the crisis. It recorded a significant amount of losses in 2005, approximately \$10.6 billion, and this led the company to seek government financial aid the following year to support its programs. The failure to obtain this aid saw the company make more losses in 2007, amounting to approximately \$38.7 billion, followed by a decline in sales in 2008 by approximately 45% (Alex, 2013).

All these happened because of the miscalculations of the managers of the company in their investment activities. They failed to read the market dynamics even before the onset of the financial crisis, and when the crisis started the company was already on the downfall, which made it difficult for it to sustain itself in the market. Based on this analysis, it can be argued that

the managers of General Motors failed to fulfill their responsibility of increasing the value of the shareholders.

Reference

Alex, A. (2013). How General Motors was really saved: The untold true story of the most important bankruptcy in U. S. Retrieved from [http://www. forbes. com/sites/danbigman/2013/10/30/how-general-motors-was-really-saved-the-untold-true-story-of-the-most-important-bankruptcy-in-u-s-history/](http://www.forbes.com/sites/danbigman/2013/10/30/how-general-motors-was-really-saved-the-untold-true-story-of-the-most-important-bankruptcy-in-u-s-history/)