

Major bonuses to general motors workers

[Business](#)



All of these developments come in the wake of a massive downturn in the demand for automobiles in the United States, which in turn nearly led to complete insolvency of the major automobile companies by the U. S. government. As a consequence, GM received approximately \$49.5 billion in loans to help bail out the company. However, it is the case that GM experienced a remarkable return towards profitability and has thus far repaid \$23 billion.

The consequence of these actions is that a number of concerns have been raised from the industry, the employees, the government, and the American taxpayer.

From the industry perspective, other American car companies were not far behind in providing bonuses to their employees as well. Ford (Which did not receive a bailout) paid out \$5,000 to each of their factory workers, and Chrysler will pay out a smaller bonus of less than \$750 to their factory workers (Despite the fact that the company is currently losing money). The reasoning behind why these bonuses are being given out is largely because these companies are hoping to retain workers that are likely to defect to other automobile companies.

From the employee perspective, one could argue that the bonuses would indeed help to keep their employees loyal and help to build a positive rapport with the unions where it would be presented that profits are being spread across the whole company.

On the other side of the spectrum would be the concerns from the government and American taxpayer. Understandably, some government and civilian representatives seek to have their entire loan repaid before bonuses should be sent out. Whilst there is merit to this argument, it is also the case <https://assignbuster.com/major-bonuses-to-general-motors-workers/>

that there is a loan repayment schedule that GM is adhering to and any excessive profits could theoretically be used to either repay the loans faster or reinvest in a new property, plant, and equipment. In essence, these bonuses could be argued as an investment in the company human capital as it helps to retain some of the most skilled labor.