

## Executive Summary

The potential departure of the United Kingdom from the European Union, also known as Brexit, has significantly impacted the government, various industries, and economies all around the world. One of the most significant industry's affected was automobile. This report will be delved in more specifically into General Motors (GM). Although GM is an American company, significant changes had to be processed in order to combat the resulting blow that affects the company and suppliers directly. Throughout the report, a deeper investigation will take place on whether GM properly executed decisions related to Brexit and improvements of how items could have been dealt with differently. The largest altercation occurred very quickly after the Brexit decision took place. GM had decided to sell off their Opel and Vauxhall divisions of automobile (the largest GM division in the U.K.) to rival PSA (Peugeot). The reasoning behind this decision came from years of profit loss within the division and the effect Brexit would have on incoming increase importation costs. The profit losses include \$18 billion over the past 15 years, however only \$300 million of that is related directly to Brexit. This raises questions about the true reason behind GM's departure of the division in whether Brexit was used more as a scapegoat.

This report first considers the organizational structure of GM along with its external environment. As a multinational corporation, GM has a matrix organizational structure consisting of geographical and functional structures. Thus, GM operates its European operations with an independent subsidiary company GME (General Motors Europe). With regards to the external environment, an analysis of the state of the external environment before and after Brexit outlines its impact of different sectors such as economic conditions, technology and the industry.

The report will then consider various findings pertinent to the effect of GM's decisions in the wake of Brexit as well. By analyzing GM's international business, specifically its economies of scope and scale, GM strives to sell similar vehicles across all its companies by mass-producing similar units with only minor aesthetic modification. This allows GM to leverage its scale to produce low cost vehicles and its scope to customize the modification to specific markets. By considering the inter-organizational relationships it has been found that GM is currently a Population Ecology type of inter-organizational relationship due to the competitive relationships they have with other organizations in the industry. With regards to GM's ethical standings, the company's due diligence with regards to employee job security and well-being standards were delved into. Based on the findings, GM has confirmed that they will fulfill all existing pension obligations.

It can be concluded that the shutdown of GM's European operations was caused by the continuous losses in profit and market share that has been ongoing since 2002. Some of the recommendations and actions to improve GM's market competitiveness and reduce operational costs include restructuring the organization, extensive investing in product development and research and development and focusing on joint ventures. GM should also be selective in entering new markets to flourishingly re-establish its reputation as one of the top global automobile manufacturers.