

1. Introduction

The Automobiles industry starts to develop its products, especially at vehicle and auto parts (Law, 2018). The automobile industry faces many challenges on management, finance, innovation, and environmental issue (Stefano, et al., 2016).

2. Rationale

The automobile industry is the most important in terms of global economic growth which does not only show the effect of gross domestic product in every country but also to other industries (Law, 2018). Toyota Motor, Hyundai Motor and General Motors Corporation are the leading of auto manufacturers in the world (Barron, et al., 2017). On the other hand, Toyota is facing about the frequent product recalls (Marketline, 2018) while Hyundai is declining in profitability (Marketline, 2018) and General Motors is facing the highest debt increasing by 31%, Toyota rose 1.42% and Hyundai rose by 6.76% for the period 2016 to 2017 (Marketline, 2018).

3. Research Question

Do economies of scale give an economic advantage to larger companies to perform better. How do encountered issues influence the performance of the companies in the Automobiles Industry?

4. Aim and Objectives

The purpose of this study is to examine the effect of encountered issues towards financial performance.