

Oec case study

Business



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EEOC will start instructing its first factory in early 1999, which will import personal computers and printers and assemble them locally. With the construction of the factory, EEOC will employ about 150 employees to work for them as Peru offers an abundant supply of cheap labor.

The construction of the plant will be supervised by U. S. Technical team and a U. S. Expatriate will be assigned to direct the production. This director will work hand in hand with the new managing director and reports to him or her about the matters such as, accounting, finance and labor relations.

But In 1997, the managing director (U. S. Cantonal) of EEOC suddenly announced that he will leave within 1 month. EEOC now have select EAI t Internal conflates to replace NV Tort Nils post as a managing director in Lima, Peru. They are Tom Zimmerman, Brett Harrison, Carolyn Moyer, Francisco Caber, and Juan Moreno.

They are off different nationalities (3 U. S. Nationals, 1 Mexican and 1 Peruvian), background, experience and each having great performance at EEOC. It has been increasingly evident to EEOC that international experience is an important factor in deciding who will be appointed to top corporate positions.

EEOC need to select the most suitable candidate to replace the ex-managing erector.

They not only need to be able to fulfill the roles that he or she was assigned for but also taken account the other factors such as political turmoil and instability in Peru, language barrier (communication) etc. Problem Statement

The list of problems that arise from the case study are as follows: 1. Time constraints in selecting the new managing director The current managing director suddenly gives notice to resign from his position and leave in a month.

With only a short amount of time, it will be a challenge for the committee in finding and selecting the best and suitable candidate that are able to fulfill all the requirements needed to fill in the soon be available position. 2. Selecting a managing director that is able and suitable to work in Peer's political turmoil The current managing director was able to improve sales and profitability even with the political turmoil and even at times when a full scale war erupts.

Will the new managing director be able to perform as well as the current one? Moreover, within the candidates, there are some that are married and have children of their own.

Will the candidate be willing to accept the job and include their family in the transfer? 3. To select a managing director that is able to communicate in Spanish as well as English. The new managing director will work with the local employees as well as staffs from the U. S.

In sales and marketing, communication is important to be able to convey their messages accurately. As to not create a language barrier between each other, one of the criteria of the candidate is the need to be multilingual. 4. EEOC puts international experience as an important factor in deciding who will be appointed to top corporate positions.

In this case study, EEOC puts international experience as the most important factor in selecting for the managing director session. But among the 5 candidates, most of them had little or no experience at all.

The committee needs to consider this and put into account just how much of importance of this criterion in selecting the most suitable candidate. Is this criterion outweighing the other criteria in the selection process?

Compensation package Tort ten new managing Loretta As the different candidates have different current salaries, EEOC needs to figure out the best salary to offer for the new managing director.

The differences in cost of living between U. S. Or Mexico is different from that to Peru. How do they calculate it or it to be appeal and suitable for them to offer the salary to the new managing director? Which exchange rate they need to offer? Aside from that, they also need to take into account on the candidates that have family and would want to take them along.

From the list of problems, we can conclude that the main problem is selecting the best candidate that fulfill all the criteria and requirements needed by EEOC for the managing director position in Peru within 1 month time.

Alternative Strategies To choose the best candidate for the managing director, we need to first identify the criteria needed. The criteria are as follows: 1. Being able to speak Spanish and English As the new managing director, he or she needs to be able to communicate well with their employees or colleagues to be able to understand and work with each other better in an efficient manner. Most of the employees are locals and speak

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Spanish, moreover in Peru the mother tongue is Spanish so the new managing director need to be able to understand the language to get by.

The U. S. Expatriate that was assigned to direct the construction of the factory needs to communicate with the new managing director in terms of accounting, finance and labor relations, so it is important for the new managing director to be able to communicate in English. 2. Cost of compensation package The salary for the new managing director need to be well thought so as to fulfill their needs and cover the cost of living in Peru as well as take into consideration of those who wants to take their family with them.

Higher the compensation package, the higher cost EEOC will need to spend on the new managing director. 3. Capability on developing and improving EEOC in Peru The current managing director shows a great performance in improving sales and pronto aspect ten political turmoil Tanat NAS Eden going on. Based on ten past experience of the candidates, the new managing director should be able to be on par with the current managing director. With the construction of the new factory, he or she also need to be able to show their capability in further improve EEOC.

4.

Mobility Out of the five candidates, only one is local. The other is U. S. Nationals and a Mexican.

Almost most of them are married and have families. With the political turmoil and occasional full-scale war, this is important factor to be considered. 5.

International experience EEOC is an international company having branches in eight countries. The top managers will commonly rotate between countries and handle international relations more often than usual.

The new managing director needs to be able to adapt to the culture in a foreign and new territory as well as maintain and bring in the culture of EEOC.

It will give a benefit to EEOC to those that have an international experience.

6. Local experience The culture as well as relations and network in Peru are important for the new managing director in order to have sales and profits. It is best to have someone that knows the conditions and market of Peru.

Take into the consideration of the political turmoil in Peru. 7. Employees relation As EEOC is mainly doing sales, employees relation is an important factor to have within a managing director.

The new managing director needs to have the skill to maintain employer to employee relationships that contribute to satisfactory productivity, motivation, and morale. The importance of the criteria can be classified as follows: Local experience (extremely important) Cost of compensation and international experience (very important) Being able to speak Spanish and English (important) Capability on developing and improving EEOC in Peru (somewhat important) Mobility and employees relation (less important)

To choose among the five candidates for the new managing director post, an PEG model of management approach is used. PEG stands for ethnocentric, polytechnic and also geocentric.

1 . Ethnocentric management approach Ethnocentric approach is a staffing policy that is used in companies that has primarily international strategic orientation. Ethnocentric is generally adopted by nonstarters Day sensing employees Trot ten none or parent countries to ten most country.

Ethnocentric approach is best used when teams from a certain home country are sent to a new location to help direct and assist due to their experience. From this approach, three candidates can be considered.

They are Tom Zimmerman, Brett Harrison and Carolyn Moyer. All three of them are U. S. National. From here, we can look into their criteria to be selected as the new managing director.

Tom Zimmerman Strength Weakness A veteran with more than 30 years of experience Well versed in all the technical and sales aspects required in the Job Visited various of the company's foreign facilities as part of sales teams Considered competent His children are grown and living with their own children in the US Zimmermann present position will become redundant because the operation he heads is being urged with another He has never worked abroad for EEOC Will retire in about four and a half years Neither he nor his wife speaks Spanish Currently is in charge of an operation that is about the size of that in Peru after the new factory begins operating. In terms of the cost of compensation in USED Present annual salary- \$70, 000 Cost of living – \$28, 000 Housing allowance – \$15, 000 Foreign service premium – \$21, 000 \$21 , OHO (deduct) Peru income taxes – Total \$113, 000 Brett Harrison 40 years old, has 15 years of experience at EEOC. Considered highly competent and capable of moving into upper-level management thin

the next few years Has worked for the last three years in the Latin American regional office and frequently travels to Latin America.

Has never been based abroad He and his wife speak Spanish adequately, and their two children, ages 1 4 and 1 5, are just beginning to study the language His wife holds a responsible marketing position with a pharmaceuticals company Present annual salary – \$33, 750 Schooling allowance- \$18, 000 \$22, 500 (deduct) Total – \$140, 250 Carolyn Moyer Have 12 years' experience at EEOC Have MBA from a prestigious university. At 37, she has already moved between staff and line positions of growing accessibility. She was second in command of a product group that was about the size of the newly expanded one in Peru for 2 years and was excellent in her post.

Currently, she works on a planning staff team.

When she joined EEOC, she indicated her interest in eventual international responsibilities because of her undergraduate major in international affairs She has recently expressed interest in international duties because of a belief it will help her advancement Speaks Spanish Unmarried Has no experience working abroad. Present annual salary- \$65, 000 \$22, 750 \$12, 100 Foreign service premium- \$19, 500 19, 500 (deduct) \$99, 850 Based on the cost of compensation, Tom Zimmerman is the highest followed by Brett Harrison and Carolyn Moyer. Each of them has the criteria in capability on developing and improving EEOC in Peru. But in terms of mobility, Carolyn Moyer has the advantage as she is unmarried.

In international experience, Brett Harrison is the only one that has enough exposure abroad, while Tom Zimmerman has little experience as he visited foreign facilities before. Carolyn Moyer has no international experience but has the strong desire and interest in international relation moreover in terms of employee relations and ability to speak Spanish, she is the best among the three.

2. Polytechnic management approach Polytechnic approach to international management is the policy involved hiring and promoting employees who are colleagues at ten country Tanat most Ana operates ten company. The polytechnic approach is best used in order to maintain low hiring costs.

Communication is easier and companies run smoother due to the fact the employees are all related in their geographic location.

Aside from the lack of experience that he had as well as no international experience in terms of work experience, he fulfill all the criteria needed for him to be appointed as managing director of Peru. Such as the local experience, capability to improve and develop, being able to speak Spanish as well as English, have great employees relation as well as low cost of compensation.

3. Geocentric management approach Geocentric staffing approach is used when companies implement a transnational orientation. In such an approach, rather than maintaining the same groups of people or transferring people, employees are selected regardless where they come from.

The geocentric approach recruits the best of the best; this approach is consisting with building a strong unifying management network.

A firm should take into consideration one, the immigration policy and whether or not they are able to recruit from certain countries, two, if the area they wish to be located in has workers who are capable for the job. With this approach, all of the candidates are qualified to be considered in the selection process. To compare between them, the deciding criteria need to be evaluated in each of the candidate. The importance of the criteria is shown as follows: Local experience cost AT compensation Ana International experience (very Important) Being addle To dissect their qualification and suitability for the job of managing director, their strengths and weaknesses of each candidate are stated as follows: Candidate Tom Zimmerman new factory begins operating Brett Harrison regional office and frequently travels to Latin America.

Has never been based abroad He and his wife speak Spanish adequately, and their two children, ages 14 and 15, position with a pharmaceuticals company Carolyn Moyer Francisco Caber 5, currently is an assistant managing director in the larger Mexican operation, which produces and sells for the Mexican market Has experience of arrears in EEOC He holds an MBA from a Mexican university and is considered to be a likely candidate to head the Mexican operation when the present managing director retires in 7 years He is married Walt Tour CNN Renee (ages 2 to 1) Ana speaks English adequately does not work outside the home or speak English Never work abroad Juan Moreno HIS wife The cost of total compensation package for each candidate is as follows: Candidates Total (SAID) \$95, 800 On Local experience, only Juan Moreno have to most advantage because he is a local

and is assume to know the place better in terms of its culture, sales market, networking, economic and political conditions, environment, and so on.

But as the same company usually apply the same work culture and management, in terms of managing people (scale of that in Peru) and sale. All of them are qualified enough for that matter. On cost of compensation, Juan Moreno has the advantage over all the others as he has the least cost. As he is a Peruvian, he does not need to be compensated in terms of transfer aside from that he is still single and does not need hat much money and commitment. On international experience, only Brett Harrison had frequently work abroad before. Tom Zimmerman did travel a few times to visit the foreign facility, and Carolyn also expressed great interest in acquiring international experience through EEOC.

Only Carolyn, Francisco and Juan can speak Spanish well, but Francisco English is not at a satisfactory level. On their capability of developing and improving EEOC in Peru, with the competence and positions of the current candidates in their respected workplace, they have proven to be able to develop and improve their respected place. Especially Brett, Carolyn and Francisco, that are qualified enough for them to show capability of possibly move to the upper level In ten next Tee years. On modality, Carolyn Ana Juan Is ten most module AT all AT the candidates as they are unmarried and have lesser commitment in terms of family matters. Although Tom also are mobile enough, he is a veteran and will retire soon.

On employees relation, Carolyn and Juan strength highlights employees relation the most out of all the other candidates. This is important to such

that to be able to have a relationship with the employees and gaining their support and satisfactory. Evaluation of Alternative Strategies In ethnocentric approach, the choice of candidates can be narrowed down to three people. EEOC will save time and the committee will have more time in deciding and evaluating each of the candidates again in order to select the best person as the new managing director in Peru. In terms of experience and competencies, ethnocentric approach succeeds in giving the choice of very capable individuals to lead and manage an organization such as in Peru.

But the downside, with this approach, the two most important criteria which are the local experience is not in the strength of the candidates in this approach.

In polytechnic approach, it successfully narrowed down by only one person which was Juan. Criteria in terms of local experience and also cost of compensation, Juan seems like the most suitable person to be selected, but still his experience is only 4 years. Which is much more lacking compared to the other candidates. Furthermore, as EEOC aware of the importance international experience, by hiring a local, it will hinder the rotations that they commonly do between the managers among foreign and U. S. Locations.

In using geocentric approach, all five candidates are still able to be considered to replace the current nagging director. With this, all the criteria for deciding the new managing director will be available as one candidate have the advantage between another. A broader and clearer possible candidate based on the criteria given can be seen with this approach. This is

because the most important criteria which is local experience and also The downside is with the five candidates, this approach did not consider the limited time EEOC have to appoint a new managing director. The Best Strategy and Justification Among the alternative strategies discussed, after evaluation, we choose ethnocentric