

Management competencies and current perspective essay sample

[Business](#), [Management](#)



A US-based private equity firm is considering an investment of US\$100 million (a 35% stake) in a privately-owned timber flooring company in China. The Chinese company's major assets include: i) seven factories in China that produce timber flooring; and ii) three sizeable timber plantations – two in China and one in Guatemala. The company sources 50% of its timber requirements from suppliers globally. It is currently one of the top five timber flooring companies in China (90% of sales are domestic), and has started to aggressively enter new markets; exports are currently 10% of sales and growing. It has targeted North America, Europe, Australia, Japan and other high-income countries for rapid expansion. Its product is high quality and cost competitive. The timber flooring company has grown quickly (it is less than 15 years old), has a small team of local managers (around 30 in total, mostly in sourcing timber, production, R&D and sales and marketing), and has focussed on growing sales.

Although managers understand how to sell flooring in new markets, they have little to no understanding of issues outside of production, marketing, and sales. CSR is not understood at all. The PE firm has a timeline of 3-4 years to take the timber flooring company to market, with a target IPO in Hong Kong. Required: Assess the key CSR issues that may arise in this investment and provide an executive summary of those issues for the private equity firm involved. You should pay particular attention to social and environmental issues that may pose a risk to the investor. The PE firm has confirmed that the growth outlook is good; but are there any strategic issues beyond financial concerns that it should be aware of? Your executive summary should provide the PE firm with a clear and concise review of all

potential CSR issues it may need to consider or research further before it makes a final decision and provide brief recommendations as appropriate.

Refer to the readings and in-class discussion for the Foxconn-Apple case.

Required: Should Foxconn workers be allowed to work as many hours as they want each week (assuming that work is available)? Yes or No? Why? Your essay response to these questions should include identification of all parties who have a stake in this decision, brief discussion of these stakeholders' likely concerns and how they may be affected by this decision, and a clear and well-supported conclusion.