

Financial pressures



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As we can see, the main opposition to relocation is that it will mean loss of jobs. However, considering the actions of the competitors and keeping in mind the company's balance sheets, it is the best course of action to be taken. The unemployment caused by this action is temporary as most workers will find alternative employment. Based on this analysis of all the stakeholders, we can identify those stakeholders who would support outsourcing and those who would oppose it. We can also identify those who are currently neutral but can be influenced to take either position.

We have also identified arguments which can be used to swing the bench sitters. To summarize, employees and labor unions will always be against outsourcing as they are the once who will be immediately affected by this move. However, just about every other stakeholder supports the move and will directly or indirectly benefit from the relocation of production facilities. Although, the suppliers feel threatened, they can be convinced that the move will not hurt them. Similarly, politicians can be negotiated with to support to move.

Based on this stakeholder analysis, Electrocorp should go ahead with the plan to relocate since most of the stakeholders will benefit from the move. The next issue to be solved is which of the three countries Electrocorp should relocate to. If we look at the financial reasons and the ease of setup, Philippines is the best option. Even from a future standpoint, Electrocorp is likely to face the least troubles in Philippines where labor unions are not very active and there is not much public awareness about health and safety and environmental issues.

Looking at it from a purely business perspective, Philippines is the best option. Despite all the positives, the biggest drawback of relocating to Philippines is its distance from the US. Importing the finished products could prove expensive and somewhat offset the benefits of this low cost country. In this regard, Mexico is a much more favorable option. The conditions in Mexico are comparable to those in Philippines but since Mexico is near US, Electrocorp would save on transportation cost. South Africa is not an option, South African markets being similar to US Markets.

The one advantage that Philippines has over Mexico is the lack of citizen awareness regarding the carcinogens produced by companies like Electrocorp. Although neither Mexico nor Philippines require the expensive solvent recovery system, as a conscientious operator, Electrocorp would use the system regardless of legal requirements. It must be noted that the system can be setup at a much lower cost in either of these countries, so Electrocorp will be able to save money even after installing the system, even though it is not required.

Hence the advantage that Philippines has over Mexico is meaningless. Hence, keeping all these factors in mind, Electrocorp should relocate its production plant to Mexico. Ethical Analysis: Given the strong financial pressures which Electrocorp is facing, taking a Utilitarian decision is not practical. Although the suggested option is a practical one, Electrocorp will have a hard time explaining the loss of jobs to the general public of the United States. The decision is also not based on the principle of moral rights.

However, while the decision is of benefit to some it is also harming others. It can be argued that in the long run, even the workers who are laid off will

benefit from the decision as most of them will re-train and get better jobs. Hence, it can be said that the decision will distribute benefits and harm among people, fairly, equitably and impartially. In other words, the decision can be considered to follow the justice rule principle of ethics. Reference Jarvis, C. (2005).

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