

# Critical business decision essay examples

[Business](#), [Company](#)



## **Question One: Factory Location**

The factory should be located in Ireland. There are a number of considerations that ought to be made. Foremost, in making the company decisions, it is imperative to appreciate the overriding factor which is that of profit making. In addition, companies often intend to maximize the wealth of the shareholders. In that vein, any decision made would be based on the pursuit of profit and maximization of the shareholder's wealth. In this paper's view, the factory should be located in Ireland. This is because Ireland offers the highest NPV. The total NPV is \$ 35, 000, 000. On the other hand, the United States of America only offers \$ 1, 000, 000 and Canada offers \$ 10, 000, 000. Given the main consideration is financial profiting, the company should settle for Ireland. Finally, the tax regime in Ireland is the lowest meaning the costs incurred on taxation would be lowest as opposed to the other two countries.

Be that as it may, it may be necessary to consider other factors such as the impact on the United States economy. The exit of the company from the United States would mean employees based in America loss their jobs.

However, as argued earlier, the company's decision-making would consider the best interests of the shareholders. The provision of employment opportunities is irrelevant to the company's decision-making mechanism. It is equally essential to consider the fact that the company is threatened with bankruptcy. In that regard, the financial position of the company needs to be maximized. The investment in Ireland stands to maximize the company's financial returns.

## Question Two: Stakeholders

There are several stakeholders in the decision-making process.

Unfortunately, the stakeholder's interests often conflict. It is, therefore, necessary to consider the weight of the interests and strike a balance. The stakeholders in this particular case fall into three broad categories. These are shareholders, employees and the public. As alluded earlier, the shareholders' interests are primary. Their interest in this case is the maximization of wealth. The same could only be done with the pursuit of profit. In that regard, the salient consideration would be the NPV of the projects. As it stands, Ireland offers the highest NPV hence the decision. The second category is the current employees. The employees would lose employment if the American plant is closed. Be that as it may, the American plant offers little in return. In that vein, an investment in the same would only earn little for the company. Therefore, the decision to stay in the American market would not necessarily benefit the company and by extension the employees. In that context, the risk of unemployment would still be evident. It is, therefore, imperative to make a decision that would endure the times ahead. In that regard, the employees will have to lose employment. It is suggested that the employees are old. In that regard, they may start on early retirement and earn their benefits. In the alternative, they could transfer their skills and input into other concerns.

The third category relates to the public. The company operations benefit the public in two ways. First, as taxpayers, the company contributes in raising revenues for the government. Secondly, the company offers employment opportunities to the public, and consumes products within the country. As

such, the public in general are stakeholders as the company's activities have a bearing on their lives. In that line, they need to be considered. Given the company is American it would be in the best interest of the American public that the company remains operational in America. However, as explained earlier, the same does not augur well for the shareholders who are in the business of maximizing their wealth.

### **Question Three: Responsible Stewardship and Integrity**

The decision to set the factory in Ireland has a number of connotations especially for the stakeholders. This is because of the conflicting interests. For the shareholders, the main consideration ought to be that of profit maximization. That approach is mutually exclusive to the employees' interests. In that regard, it is imperative to consider the stewardship and integrity as seen from the context financial management. From a financial management point of view, it is imperative to note that the stewardship role on the part of the management is owed primarily to the shareholders. In that context, the shareholders' needs should be addressed. In that context, the decision addressed the shareholders' needs, that is, profit maximization. Be that as it may, from the integral point of view, it may be argued that the decision should have embraced the needs of the employees. In that line, a decision to settle in the United States of America would have been convenient. However, while that approach addresses the needs of the employees, it leaves the shareholders with an alternative that does not maximize their wealth. The critical question thus how to address the conflict of interest. The paper argues that given the state of circumstances, financial

stewardship demands the resolution of the shareholders' interests over those of the employees.

## **References**

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