

Pacific brands

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



Pacific Brands is Australasia's leading manufacturer and wholesaler of apparel and home and sporting consumer brands including Berlei, Bonds, Clarks, Dunlop, Everlast, Grosby, Holeproof, Hush Puppies, King Gee, Slazenger, Sleepmaker and Tontine. Pacific Brands has substantial scale with sale of \$A1.5 billion and 7000 employees, and was the second largest MBO completed in Australia at the time of completion. 'Catalyst Investment Pty Ltd 2010 case study, Pacific Brands Nov 2001 to April 2004' Globalisation is the worldwide interdependence of resource flows, product markets and business competition.

In the global economy, resources, markets and competition are worldwide in scope. The term 'external environment' refers as stated by Robbins, Bergman, Stagg and Coulter to forces and institutions outside the organisation that potentially can affect its performance. Interest rates, inflation, changes in disposable income, share market fluctuations and the stage of the general business cycle are some of the economic factors in the general environment that can affect management practices in an organisation.

In the case of Pacific Brands it is the global financial crisis and the after effects on the country's economic environment. The global financial crisis was a consequence of sub-prime mortgage defaults in the United States in 2008 and culminated in a worldwide recession. In early 2009, as the effects of the global economic crisis and the downturn in the Australian economy began to bite, the company announced plans to relocate its manufacturing operations overseas and closed several Australian factories which resulted in the sacking of 1850 Australian workers. Schermerhorn, Davidson, Poole, <https://assignbuster.com/pacific-brands/>

Simon, Woods, Chau – Management Foundations and Applications 1st Asia – Pacific Edition 2011: 56)

What also occurred was the reported simultaneous awarding of millions of dollars in pay rises to the company's top 13 executives. This in turn resulted in unprecedented emotional response that Pacific Brands actions evoked. The company insisted that it would not back down, releasing a statement that to do so would mean the loss of another 7000 jobs in the current economic climate.

It was announced the company would move ahead with its decision as Australians want to pay less for their clothes, ' long long gone are the days when Australians are actually prepared to pay more for Australian made goods. '1 Schermerhorn, Davidson, Poole, Simon, Woods, Chau – Management Foundations and Applications 1st Asia – Pacific Edition Management is therefore facing the harsh reality of the effect of the global economic crisis and has had to make some very emotional and cutthroat decisions to keep the company afloat.

Obviously these decisions have not been accepted kindly by the public with the simultaneous awarding of substantial pay increases for the companies top 13 executives. Unfortunately for Sue Morphett she received a promotion within her position from General Manager of the underwear and hosiery division to Pacific Brands' CEO which simultaneously coincided with increase in wages, but this was not released by the media to this effect.

Instead she was crucified for the hard decisions she had to make and the media scrutinized and twisted her words. There is a long term downward trend within the Manufacturing industry that represents a fundamental shift in Australia's economic structure rather than a declining economy. The reasons that relate to company closure are normally often complex and usually have little to do with overall economic health. Leah Gibbs March 27 2012 in you working life, Employment in Australia doom and gloom or time to move.

Businesses all operate differently under different management structures and or theories, this in turn strongly influences the decisions made by company executives to correctly identify the most strategic business plans and or decisions to benefit the company. Competitive advantage and distinctive competency can only be achieved by organisations that deal successfully within the world's constantly changing economic climate. In the case of Sue Morphett and Pacific Brands, a continuous decline in sales and strong competition presented the company with a harsh business decision to make.

From a strategic business point of view, the decision to move offshore to cut costs was an effective move, but from a PR perspective the deliverance of this decision and the handling of Customer/HR relations were poorly managed. Instead of just 'cutting jobs', a well thought out and structured HR/PR plan should have been instigated to protect the creditability of the company and instil faith by the remaining employees that their best interests

were being taken into account, and they were not just another number on the factory floor.

The 1850 employees that lost their employment should have been protected by Pacific Brands with a well thought out and executed plan created by the brands Human Resources team that would not only have protected the vested interests of the employees but also the credibility of the company and its shareholders. In various stories relating to this, it is portrayed that the employees were given no notice and no indication of the companies intentions to move offshore, no indication of their intentions to ‘sell off the Australian Brand’ and become a mere importer of overseas products.

Managers must recognise the special interest groups that attempt to influence the actions of organisations and in the case of the decision made by Pacific Brands the ACTU, Government bodies and corporate Australia all had something to say citing the Company was cynically moving offshore to increase profits, despite receiving government subsidy over the past two years to reskill and retool. Successful management should adapt their practices to the changing expectations of the society in which they operate.

As social values, customs and tastes change, successful Business Managers must also change to fit in with sociocultural, demographic, technological, global and economic conditions. Trends in the evolution of social values to ever-increasing demands from government and other organisational stakeholders require that managerial decisions reflect ethical as well as high-performance standards. Today's worker's and managers must accept personal responsibility for doing the ‘right’ things.

Decisions must always be made and problems solved with ethical considerations and high performances objectives combined. As public demands grow for organisations to be accountable for social, ethical and economic performance, it is becoming increasingly more difficult for upper management decisions to protect the interest of the organisation and employees under the current economic climate.

The harsh cutthroat decision to move production offshore, award significant pay increases and join the other Australian Iconic companies lead in selling off the ' Aussie Brand' seems destined to have damaged the reputation of one of Australia's leading manufacturing companies.