

Pacific brands case study

Business



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In the global economy, resources, markets and competition are worldwide in scope.

The term ' external environment' refers as stated by Robbins, Bergman, Stag and Coulter to forces and institutions outside the organization 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 the economic factors In the general environment that can affect management practices In an organization. Robbins, Bergman, Stag and Coulter- Management 5 2009 chi: 85) In the case of Pacific Brands it is the global uncial 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.

Shoehorning, Davidson, Poole, Simon, Woods, Chaw – Management Foundations and Applications 1 SST 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. L Shoehorning, Davidson, Poole, Simon, Woods, Chaw – Management Foundations and Applications 1st Salsa – 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 Morpheme she received a promotion within her position from General Manager of the underwear and hosiery Loves to Pact Brands CEO wanly gelatinously collage wilt 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. Lea Gibbs March 27 2012 in you working life, Employment in Australia doom and gloom or time o 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 organizations that deal successfully within the world's constantly changing economic climate. In the case of Sue Morpheme 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/HER relations were poorly managed. Instead of just 'cutting jobs', a well thought out and structured HER/PR plan should have been instigated to protect the creditability of the company and instill 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 would 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.

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Managers must recognize the special interest groups that attempt to influence the actions of organizations and in the case of the decision made by Pacific Brands the ACTA, 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 riskier 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 coloratura, demographic, technological, global and economic conditions.

Trends in the evolution of social values to ever-increasing demands from government Ana toner organizational stakeholders require Tanat managerial echelons rennet ethical as well as high-performance standards. Today's worker's and managers must accept personal responsibility for doing the 'right' things. Shoehorning, Davidson, Poole, Simon, Woods, Chaw 2011: 157-8) Decisions must always be made and problems solved with ethical considerations and high performances objectives combined. As public demands grow for organizations to be accountable for social, ethical and economic performance, it is becoming increasingly more difficult for per management decisions to protect the interest of the organization and employees under the current economic climate.