



## **SWOT Analysis:**

### **Pac resources, Inc: A case study in HR practices**

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## **1. Strengths:**

### **1.1 - Focusing on core business:**

For any business surviving in the market is not just a word to say, in such an <sup>1</sup>economic downturn time, while many organizations are struggling to stay in market. Therefore, “basic strategy for weathering an economic downturn involves focusing on your core business and strengths, reigning in unnecessary costs and doing more with less. The same has been practiced by the PAC Resource, Inc. in an economic downturn.

### **1.2 - Competitive salary and compensation programs**

Generally, the motivation is not about the compensations, but the compensation should support motivation framework in the organization. “Even the best managers in the world are not able to keep highly motivated teams, when the compensation strategy is not in line with the job market. The employees usually know the common levels of salaries in the industry and when the organization is below the median or the average, it has to compensate the difference in other area.

In addition, “The current competitive conditions in the business world make it difficult to acquire and retain the top talents. Hence, the compensation strategy is the extremely important piece of the overall HR strategy to keep the company competitive and successful<sup>2</sup>.

### **1.3 -Beneficiary Training programs**

As is obvious that any employee who receives the necessary training is better able to perform his/her job. They become more aware of safety practices and proper procedures for basic tasks. The training may also build the employee’s confident because one has a stronger understanding of the responsibility of his/her job. This confidence may push him/her to perform even better and think of new ideas that help them excel. Continuous training also keeps the employees on the cutting edge of industry developments<sup>3</sup>. Moreover, as its technologies era, telecommute is the better way to overcome the distance working problem and ease the work to be done at home.

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<sup>1</sup> Talent management practices to help you survive a downturn

<http://www.halogensoftware.com/uk/learn/how-to/7-talent-management-practices-to-help-you-survive-a-downturn>

<sup>2</sup> Why is compensation strategy important?

<http://www.simplehrguide.com/why-is-compensation-strategy-important.html>

<sup>3</sup>The Importance of Training & Development in the Workplace, by Shelley Frost, studio

<http://smallbusiness.chron.com/importance-training-development-workplace-10321.html>

### **1.4-Good management practices**

Several examples of good managers can be shown in PAC. They were promoting innovation, creativity, experience sharing and communication skills for betterment of employees.

## **2. Weaknesses:**

### **2.1 - Small customer base and lack of R&D department**

Current major dependence on one customer (83% of total revenues) may bring significant future risks such as negative impact on innovation by responding only to customer needs. Likewise, possible stumble of their business consequently induces domino effect for PAC Resources and that level of customer concentration makes company highly vulnerable. Company should take into consideration creation of R&D department in order to prepare for product diversification.

### **2.2 - Poor management skills**

Another problem to be addressed is poor management with a history of inconsistency of enforced policies, abused system of reward and inequitable treatment with regard to employee career possibilities. Lack of equitable incentives and recognition usually leads to poor performance. According to U.S. researchers, from the University of Iowa, <sup>4</sup>workers who took part in training were more likely to stay only if they saw attractive advancement opportunities. If not, they felt little loyalty to their company and their new skills made them more attractive to other firms.

### **2.3 - High level of employees' compensation claims**

Ergonomic injuries and illnesses contain important ratio of costs for company's health issues. A community-based study of workers with CTS in Maine <sup>5</sup>indicated that 20% of workers were out of work for 6-month period, and 14% at the 18-month follow-up, because of CTS symptoms.

### **2.4 - Employee unrest**

Frightening atmosphere in general concerning future layoff and misuse of policies triggered possible union creation by workers in order to secure their jobs and find collective strength. This would lead to potential low productivity, strike actions and difficulties for dismissing employee for contract violation.

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<sup>4</sup>Antecedents and Outcomes of Organizational Support for Development: The Critical Role of Career Opportunities. Maria L. Kraimer, Scott E. Seibert, Sandy J Wayne, Robert C. Liden, Jesus Bravo, *Journal of Applied Psychology*, 2011, vol 96, 485-500

<sup>5</sup> Katz JN, Lew RA, Bessette L et al. Prevalence and predictors of long-term work disability due to carpal tunnel syndrome. *Am J Ind Med* 1998; 33:543-550.

### **2.5 - Poor communication, weak impact of HR department. Inflexibility**

There is a huge discrepancy regarding communication between managers and workers due to no input from HRM (annual goals set up without influence of workers). This obstructs efficiency and causes lack of enthusiasm and motivation and even production of poor quality. Also company didn't develop flexible basic plan for potential downsizing.

## **3. Opportunities:**

### **3.1 - Exploring new markets**

The economy of our new age, is based on services and everything is computerized, so you can totally say that a high tech company like PAC may take the opportunity to spread itself in Europe and Asia, where their technology can get credits, and unavoidable new profits.

### **3.2 - Made in America products**

To be part of the greatest economy has its virtues. American culture in the way we do business would affect everyone. And Pac philosophy in producing Made in USA products has its great advantage. You are guaranteed for the quality of American products and lots of regulations aim for that<sup>6</sup>. You will get a step closer in getting your deal everywhere in the world because of the good name of creating "Made in America way"<sup>7</sup>.

### **3.3 - Niche market**

The best thing of niche marketing, it is that it's focused in a special and concentrated target of a market. It is probably part of a product that is poorly supplied and maybe not even at all<sup>8</sup>. Pac has an opportunity to focus on such a market because of its special electronic part of computers. It may be a source of success if you get to cover a specific niche market uncovered before, in the same time you can get to be a monopoly in supplying.

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<sup>6</sup> FTC- "Federal Trade Commission" regulations

<sup>7</sup> Made in America quality, Connectronics <http://www.connectronicscorp.com/blog/the-benefits-of-products-made-in-the-usa/>

<sup>8</sup> Why is Niche Market important – Track Maven integrated marketing analytics platform.

## **4. Threats:**

Good times are far behind and PAC resources is facing the threats and experiencing the pain of 'falling from the sky'. Once successful and aggressive business is now facing the challenges that they should've been prepared for since latest downturns in the industry. According to Ten areas that threat can arise<sup>9</sup>, we emphasize on industry trends, economic trends and labor market.

### **4.1 - Industry trends**

Computer industry is characterized by its fast-paced and ever-changing nature. US R&D spending in Computing and Electronics sector was the biggest (55 billion USD) compared to other Chemicals and Energy (10 billion USD) or Consumer (5 billion USD)<sup>10</sup> in 2010. So there is always risk of the product to be outdated.

### **4.2 - Economic trends**

Economic downturn is affecting overall industry. Because PAC resources is in B2B business, they are more sensitive to it, thus more risk.

### **4.3 - Keeping up with the quality**

Another result of the tension among workers was decrease in quality. While Cliff said "it is quality of our workforce that garnered our success", on the other hand "product damage is up, and production's hitting the skids".

### **4.4 - Talent or Knowledge**

Lay-off is forcing the PAC resources to choose from Talent, which the company put much resource to find and recruit, or Knowledge of long-time employees.

### **4.5 - Company reputation**

There are several cases that can affect company reputation. Two lawsuits, for now. And laying-off the newly hired employees could also harm reputation.

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<sup>9</sup> Definitive business plan: Revised 2nd edition, Richard Stutely, 2002

<sup>10</sup>The Global Innovation 1000: Comparison of R&D Spending by Regions and Industries, PwC

## Literature and electronic sources overview:

- 1) Talent management practices to help you survive a downturn  
<http://www.halogensoftware.com/uk/learn/how-to/7-talent-management-practices-to-help-you-survive-a-downturn>
- 2) Why is compensation strategy important?  
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- 3) The Importance of Training & Development in the Workplace, by Shelley Frost, studio  
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- 4) Antecedents and Outcomes of Organizational Support for Development: The Critical Role of Career Opportunities. Maria L. Kraimer, Scott E. Seibert, Sandy J Wayne, Robert C. Liden, Jesus Bravo, *Journal of Applied Psychology*, 2011, vol 96, 485-500
- 5) Katz JN, Lew RA, Bessette L et al. Prevalence and predictors of long-term work disability due to carpal tunnel syndrome. *Am J Ind Med* 1998; 33:543–550.
- 6) FTC- “Federal Trade Commission” regulations
- 7) Made in America quality, Connectronics <http://www.connectronicscorp.com/blog/the-benefits-of-products-made-in-the-usa/>
- 8) Why is Niche Market important – Track Maven integrated marketing analytics platform.
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- 10) The Global Innovation 1000: Comparison of R&D Spending by Regions and Industries, PwC