

MPH_AHMR Human Resources Management
PAC RESOURCES CASE STUDY
SWOT ANALYSIS
17.10.2016

Team n°4: Anna ARUTIUNYAN - Thibaud BREGER - Jasna BRKIC - Marion WARTELE

PAC Resources is an American manufacturing company founded in 1994 by David Dukakis. It is specialized in high-quality specialty components for the computer industry. PAC Resources now employs 835 full-time workers.

STRENGTHS

Strengths are internal factors which company is good at and that are advantages for the company.

One of the most significant strengths of PAC Resources is the fact that the company manufactures high quality, specialized components with ISO quality certification. This fact allows the company to be at the top of their industry field, it insures the quality of their products in their niche.

PAC Resources has an active wellness program, tuition reimbursement, management trainings, etc. A meta-analysis of the literature on costs and savings associated with such programs, shows that it is actually beneficial for the company to investment in employee wellness. First, such programs might lead to reductions in health care costs and thus health insurance premiums. Second, healthier workers might be more productive and miss fewer days of work.

Also, these benefits improve the ability to attract new workers and keep the ones that already work there.

Furthermore, PAC Resources has an annual performance goals set for each employee for bonuses. This strength encourages the employers to be the best at their work and to improve the company's standards, services and products in order to gain more money and prestige, which is beneficial to the worker as well as the employer.

Company is well known in the community as a good employer, which is an important strength for attracting and attaining the best people in the company.

In order to stay competitive regarding salaries for the employees, company is doing the salary surveys every three years in order to pay fair salaries to their employees.

Also, another company's strength is that they tried to and put effort in improving the HR department with different activities such as introducing trainings, seminars, blogs, chat and shacks on Fridays, combining people from different teams in order to solve problems, and

introducing the policy that departing people are sharing the knowledge and work habits to all employees.

WEAKNESSES

Weaknesses represent factors that the company could improve or avoid.

One of the greatest weaknesses of PAC Resources is that they only have one big customer. Indeed, this customer represents 83% of the sales. PAC Resources is therefore dependent on this customer.

Another weakness is about the atmosphere and general relations between employees. Actually, they are working “in silos”, that is to say that there is no communication between functions. The company has seen the internal atmosphere change: employees are complaining about unfair practices, they also asked and requested help from unions.

The poor management and leadership are not helping in this situation. Indeed, most of the managers do not ensure their role of leader. In case of any issue, they settle for forward problems to their boss without thinking about it or without trying to solve it first. They are waiting for their boss instructions. Moreover, the CEO (who is supposed to show the example and be the first ambassador about values) is totally absent from the company and does not monitor daily operations. This reinforced the idea of a lack of a strong management and leadership in the company.

Concerning costs, PAC Resources had to do financial cutbacks which are probably a reflection of a weak economic and financial situation for the company.

PAC Resources had many workers compensation claims, especially due to the working conditions. Plus, the person in charge of safety and security management is a specialist in ergonomics and just focus on this topic. He also has no experience in this kind of position. In a difficult context like PAC Resources one, “he seems ill-prepared to manage the entire safety department”.

Even if HR department try to innovate and find some solutions to problems, their initiatives are often not well received by the employees, at least, in the first instance. Furthermore, PAC Resources did not have any contingency plan for the layoffs, which is reflecting a kind of lack in organization and plans.

OPPORTUNITIES

Opportunities are external forces which affect positively a company.

The global market for components is worth \$ 1400 billion. This market is constantly growing and expects a high growth because components are needed for the production of all electronic devices as solar panels.

Components market is a strategic sector: indeed end markets include identification markets, passports, telecom, security of military communication where local production is essential.

Some companies are supported by public financing: the New York State has allocated an estimated \$ 1.2 billion in Global Foundries for there to locate a fab.

Components industry need high level of investment that can discourage future newcomers to penetrate this market.

Researchers have permit to find the way to reduce the use of scarce metals in the production of components that is a good point to be more competitive.

In the US, the components industry creates jobs and it is again largely export, including to China. US companies are generally more competitive than European companies in the components markets.

US dedicated about five times more spending for production of electronic components and about ten times more spending on research and development than the European Community. This is a great opportunity because the research permits the obtention of patent that can ensure the perennity of a company.

THREATS

Threats are external forces which can affect company negatively.

One of the company's biggest weaknesses is that it relays on one big customer which represents 83% of the total sales. This is also a threat because if this customer decides for any reason to cut down production, that can seriously affect the company and therefore they can lose a lot of sales, and even go out of business. And the situation for this customer at the moment worries very much the company. The sales of finished products of this customer are down and cutbacks are expected.

Company's reputation is in danger because of the laying off newly hired employees, and this will have negative effect on recruiting people again when economy gets better.

Another threat for this company is legal issue (lawsuit) that can arise from problems one employee reported regarding sexual harassment at work. Since nobody did anything to help her, she resigned and hired attorney, who is now calling a company for a meeting and possible settlement.

As this is a niche activity which need significant investment there are a lot of mergers. It can affect negatively the market share of the PAC company.

There is a strong competition in the components markets but only three companies are able to produce products with the finest engraving sizes. This is a kind of monopoly.

Components circuits are made with scarce metals as gold and platinum. These metals are scarce and their prices are growing rapidly so that can increase the final product's price and become less profitable for the company.

Also, big threat is that the reports for their industry show declining in sales.

Number of words: 1167

Literature:

1. Baicker K, Cutler D, Song Z . Workplace wellness programs can generate savings. Health Aff (Millwood). 2010;29(2):304–11.
2. https://www.metallurgie-cfecgc.com/sites/default/files/ckeditor_files/4_fiche_composants_electroniques_mai_2015.pdf