

The Organisational Structure of Rolls Royce

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Introduction

The purpose of this report is to analyse the organisational structure of Rolls Royce.

Rolls Royce is a private engineering and car company established in 1904 by Henry Royce and Charles Rolls (Royce, 2019). Rolls Royce produce cars, engines, naval support, compact aircraft and power the Royal Navy's submarines and space operations (Royce, 2018).

Rolls Royce started as Royce Limited an electrical and mechanical business, ran by Henry Royce in 1884. Royce later met Charles Rolls who owned a quality car company called CS Rolls & Co. Rolls then began working with Royce to manufacture exclusive cars, which developed Roll Royce (Royce, 2018).

The importance of understanding organisational behaviours

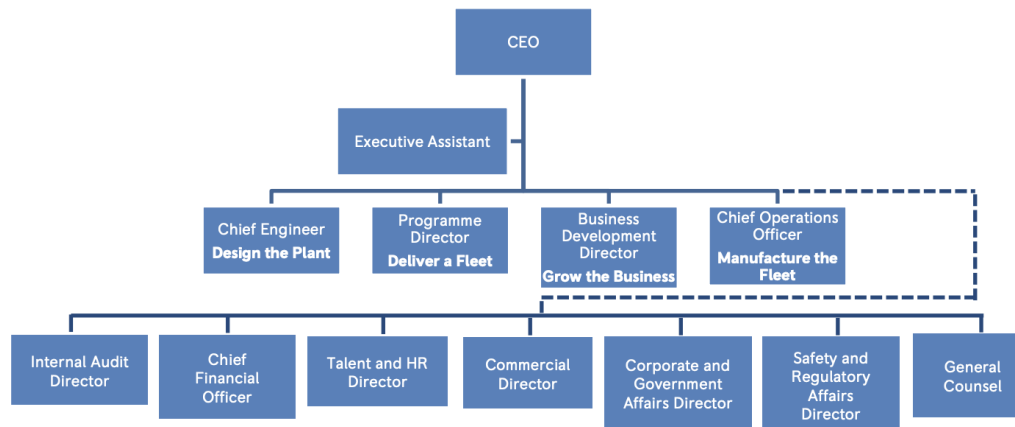
Organizational behavior investigates how employees work within an organization and looks for ways that departments can cooperate or communicate to create efficiency and increase performance (Cotton, 2022). It is important for businesses, including Rolls Royce to understand organizational behavior as it creates the most fitting working approaches for an organization and their staff, through this employee's productivity will be at its highest creating customer satisfaction as tasks will be completed at their best. It also creates trust between a company and its employees as the employee feels considered and the employer can be certain tasks will be completed.

Rolls Royce's Approaches to Organisational and Management

There are four main organisational and management approaches; Classical, Human Relations, Systems and Contingency. Rolls Royce mainly uses aspects of the classical and systematic approach within their organisational and management approach; however, they do not use one specific approach within their business. The classical approach bases behaviours around formal structure, hierarchy, and technical requirements. Focusing on planning, decision making, efficiency, rules, and authority. The system approach bases behaviours around structure, behaviour, variables, and multiple channel interactions. Focusing on external and internal factors.

Rolls Royce said in order to continue as a highly competitive and profitable business they will be disciplined, agile and systematic, and will focus on their priorities, commercial discipline, and efficiency (Royce, n.d). These goals apply themselves to both the classical and system approaches as Rolls Royce set variables and plan in order to reach their goals as well as aiming to be efficient and disciplined.

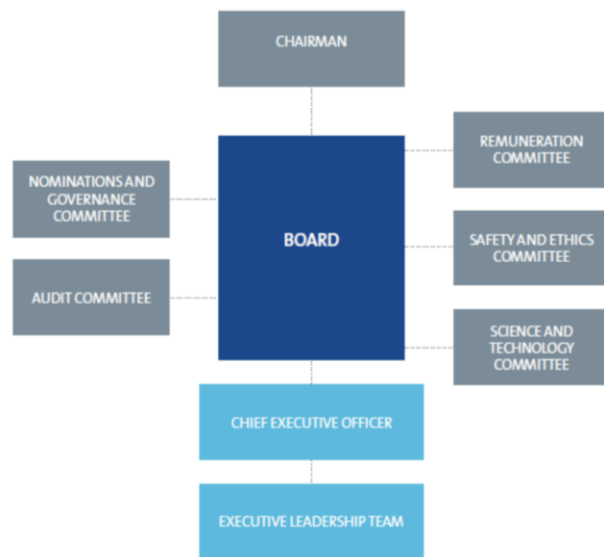
Rolls Royce's high-level structure shown in Figure 1.1 (Partner Document Issue n/a 2023)



Theorist Max Weber believed in a classical approach theory that based itself on an authority management style where decisions were made through rules and regulations and impersonal relationships were held between officials, employees, and customers. Roll Royce relates their practices on this theory as they operate in a hierarchy structure with rules and regulations in place for each department. Figure 1.1 shows their higher-level worker's structure and how there are different departments and lines of work to manage each part of the business. This way Rolls Royce can communicate affectively between each department and can work towards different aims to create a more efficient workplace.

Rolls Royce also has a board governance that works with all areas of the business including authorities and powers. The board is Rolls Royce's overall leadership and deals with shareholders, customers, suppliers, and employees as well as its social, environmental, and legal responsibilities shareholders, employees, customers and suppliers, and its social, environmental, and legal responsibilities.

Rolls Royce's Board Governance Structure Figure 1.2 (Royce, 2015)



Work and Motivation

Laurie Mullins (2002) describes motivation as a ‘driving force’ through which people strive to achieve their goals and fulfil a need or uphold a value.” (The Open University, 2019).

Motivation is an important factor in the workplace as it can increase performance and productivity, decrease employee turnover, and create a positive work environment and culture. However, Theorist Robert Kreitner proposed that there are more factors to job performance than motivation, which relates to Rolls Royce’s motivational approach. Kreitner believes that employee's skill and knowledge level, feelings, and emotions, and facilitating and inhibiting conditions that are not under employees' control, play a larger role than motivation in employees job performance. (Kreitner & Kinicki, 2007)

Rolls Royce fosters Kreitner's approach by providing employees with supportive training and development in order to improve their knowledge and skills. Heightening employees' knowledge will lead to new opportunities within Rolls Royce and escalate their careers, motivating staff to engage in upskilling, Roll Royce also help employees set plans for future ambitions.

Rolls Royce also motivate their employees by understanding the importance of collaboration. Rolls Royce management ensures that they are communicating and engaging with their team, to ensure employees feel valued, heard, and empowered within their work. Rolls Royce’s focus on collaboration and communication links to Kreitner's believes of feeling and emotions playing a part in performance, as well as allowing employees to communicate with managers who can take further steps that are not in other

employee's power, which relates to 'facilitating and inhabiting conditions that are not under employee's control.' (Royce, n.d).

Rolls Royce also motivates their employees through rewards and benefits. Rolls Royce has an employee scheme in place called 'TotalReward' which gives their employees access to life insurance, private healthcare, breakdown coverage, gym memberships, car leasing, retirement savings, and other local discounts (Rolls Royce, n.d). During the Covid 19 pandemic Rolls Royce saw a large decline in their jet engine services. After the pandemic Rolls Royce introduced a transformation program in hopes of increasing these sales after the decline, which resulted in increasing shares to an all-time high. As a result of this increase Rolls Royce wanted to give back to their employees for their contribution and gifted 150 shares to their 42,000 worldwide employees (Smith,2024). Awarding these employees with these rewards and benefits relates to theorist Farrens belief of extrinsic and intrinsic motivation. Farren believed that motivation and job satisfaction can be adopted through rewarding employees with tangible rewards (extrinsic motivation) and physiological rewards such as positive recognition (intrinsic motivation).

Rolls Royce understands the impact that diversity plays on innovation and performance and ensures they promote diversity as a crucial part of their workspace to create a good work environment that can improve staff satisfaction as employees feel welcome and respected.

Rolls Royce also offers flexible working to their employees, through varied hours, hybrid, or flexible working arrangements. This can increase their employees' job satisfaction as it promotes a work-life balance, and values employee's needs, lifestyle, and commitments (Rolls Royce SMR, 2024).

Rolls Royce adopts Clayton Alderfer ERG motivational theory throughout their work and motivation approach. Alderfer theory suggests that motivation is based off existence, relatedness, and growth. Existence focuses on basic survival, which Rolls-Royce provides by offering flexible working and complying with minimum wage. Relatedness focuses on community and relationships which Rolls-Royce provides collaboration, communication, and diversity. Growth focuses on self-development and potential, which Rolls-Royce provides by offering training and upskilling as well as rewards and benefits. (Project, 2019) (Alderfer, 1969)

Perception and Communication

Having clear communication and perception within a business is very important as it sets out expectations for how a business treats its employees and expectations for how a business is run. This is something that Rolls Royce imbeds well and without it, employees

would not be able to reach common goals, create relationships or share information. Out of 4,165 Rolls Royce employees, 78% would recommend working at Rolls Royce and 67% have a positive outlook for the business, (Glassdoor, n.d) this shows that the business implements and understands the importance of perception and communication as majority of their employees have had a good experience with the company.

Theorist W. Charles Redding believed that businesses and organizations need to communicate through multiple methods to ensure employees gain appropriate information for their department. Redding also emphasized that nonverbal communication can lead to many different interpretations and messages and should be avoided. Redding believed that trust, support, collective decision making, confidence, openness and credibility are all crucial factors organizations must consider when looking at their communication (Redding, 2013) (Books, 2024). Rolls Royce applies Redding's beliefs when looking at communication and perception.

Rolls Royce regularly communicate and engage with their stakeholders to be certain that the business is being managed and run in a way that supports all stakeholders involved or impacted by the business and that all stakeholders have a clear understanding and perception of Rolls Royce's policies, aims, and expectations. Rolls Royce communicates with their stakeholders through methods that best suit individuals, this could be through publications and documents, press releases, websites, one-to-one, surveys, consultations, events, telephone, and social media networks. Having more than one method of communication ensures that all stakeholders have the opportunity to state their views and receive a response (Rolls Royce Guidelines, n.d).

Rolls Royce have created a clear list of behaviors that employees must obey by, to guarantee employees are interpreting expectation correctly this way employees can work together and understand each other and common goals. 4 key behaviors Rolls Royce expects employees to follow are; put safety first, do the right thing, keep it simple, and make a difference. Rolls Royce prioritizes staff and product safety and encourages employees to speak up. They also 'do the right thing' by listening, receiving feedback, and acting with integrity in all aspects of work. Rolls Royce 'keep it simple' by sharing ideas and solutions by working together and 'make a difference' through thinking about the impact of choices and decisions and delivery quality (Rolls Royce, 2024).

Conclusion

This report sought to study the organization function of Rolls Royce and how the management at the organization approaches these aspects. Rolls Royce displays an element of the classical management approach and uses factors from Max Weber's

authority style theory to set out its hierarchy structure and importance of rules and regulations.

Rolls Royce also displays an element of the systematic management theory by setting out business plans to reach goals and stay disciplined. As well as communicating with stakeholders through multiple channels to enhance communication and work relationships.

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