

Case Study of Kellogg's Company

Group Report

Subject: Introduction the Modern Workplace

Project team

The project team is comprised of the following members, listed with their respective parts of this project that they researched and wrote.

	Member	Number	Part Worked on
1.	Denis Nachev	1814720	Company Profile
2.	Mario Nedyalkov	1812413	Project goals
3.	Polina Eneva	1714688	Corporate structure of the company
4.	Kaloyan Koev	1814704	Cultural dimensions (Hofstede's Theory)
5.	Atanas Mihaylov	1814119	Leadership and management (Taylor's Theory of Motivation)

Kellogg Company Profile

Kellogg Company is a leading American manufacturer of ready-to-eat cereals and various other food products. Kellogg's Corn Flakes was one of the earliest and remains one of the most popular cereals for breakfast in the United States. Headquartered in Battle Creek, Michigan in the United States, the company was founded in 1900 as Sanitas Food Company by brothers Dr. John H. Kellogg and W.K. Kellogg (Bell, McLoughlin & Kindred, 2017). The two brothers had develop a method of producing flavorful and crunchy grain flakes which quickly proved to be a popular breakfast food especially among the patients of Dr. Kellogg's Battle Creek Sanitarium. In 1906, the partnership between the founding brothers was halted when W.K. Kellogg bought out his brother and the company was established as the Kellogg Toasted Corn Flakes Company (Bell, McLoughlin & Kindred, 2017).

The company prospered through advertisements and improvements in the quality of the cereals that they produced. A few years later, in 1922, the company's name changed to the current one after the company started making cereals and not just cornflakes. Over time, especially starting in 1969, the company started diversifying and the acquisition of Salada Foods was the first move in this direction, thereby introducing tea and desserts to the company's product line (Bell, McLoughlin & Kindred, 2017). The company would go ahead and buy out other brands such as Fearn International which was a company that made soups, sauces, and other foods in 1970. In 1976, the company acquired Mrs. Smith's Pie Company, and a year later, they bought a company that made nondairy frozen foods called Pure Packed Foods (Sethi & Bafna, 2018). The company continued with its expansionist growth and by the turn of the 21st century, it had refocused its product line completely into diverse categories which included

ready-to-eat cereals, convenience and snack foods including granola bars, cookies, and cracker products. Most of these products were acquired through its purchase of Keebler foods in 2001. The company also started making and selling frozen breakfast foods (Bell, McLoughlin & Kindred, 2017).

Currently, Kellogg's products are available in various markets which include North America, Latin America, Europe, Australia, and Asia. The company competes with General Mills for the leadership position in the United States cereals market (Sethi & Bafna, 2018). The company is a successful global brand today, but even as it works hard to fill the cereal bowls of every other country, most of the company's income nowadays comes from its snacks and convenience brands that it has acquired along the way from the late 1960s (Sethi & Bafna, 2018).

Operations

Kellogg's operates through multiple segments based on product category and geographical location. The segments include snacks in the United States which account for approximately 25% of the total company annual sales, US morning foods accounting for another 25% of total sales and US Specialty accounting for a tenth of the annual sales. Outside the United States market, the company makes 20% of its annual sales from sales in Europe, 12% in Canada, and 5% in each of Asia and Latin America (Sethi & Bafna, 2018).

Geographical reach

Kellogg's Company manufactures its products in more than 20 countries and these are sold in more than 180 countries. However, more than 65% of the company's revenue is generated from the US market and the rest of the world only contributes to 35% of the company's revenues (Agarwal, Chhugani & Wanchoo, 2018). In the United States, the company

operates cereal plants and warehouses in Battle Creek, Lancaster, Memphis, and Omaha, alongside other facilities in Georgia, Ohio, Kentucky, and Michigan. Outside the United States, the company has facilities and operational joint ventures in about 20 European, Asian, South American, and African countries, with the joint ventures being in Nigeria, China, and Turkey. The sales and marketing operations of the company are broadly categorized into Kellogg North America and Kellogg International and different brands are available in different markets (Agarwal, Chhugani & Wanchoo, 2018).

Company Vision and mission

The vision statement of the company is “To enrich and delight the world through foods and brands that matter” (Kellogg’s, 2019).

The purpose of the company is to nourish families so that they can flourish and thrive. The company is one of promises and responsibilities and they seek to create and take opportunities to share their vision with people and to live their purpose (Kellogg’s, 2019). By being committed and mindful of the ideals that govern them, the company upholds the dedication of the founder to people and their wellbeing at all times. Kellogg also promotes an environment where they can push beyond their boundaries and to cross borders where they can extend their food production and help fuel the best in everyone wherever they operate (Kellogg’s, 2019).

The company’s values include integrity, accountability, passion, simplicity, love for success, and humility (Kellogg’s, 2019). The founder of the company established a rich legacy of integrity and the company has done a lot to honor the legacy, which has comprised the major part of the company’s success. One of the components of the legacy of the company is the company’s

global code of ethics and K values which are lists of values that guide the operations of the company and shape the ethical culture of the company (Kellogg's, 2019).

Goals of the project

The primary goal of this project is to study the workplace in the Battle Creek-based manufacturer of ready-to-eat cereals and various other food products. In this project, the team will highlight the profile of the company, sharing its brief history and a brief description of the successes that the company has made since its inception. To get a clear picture of the workplace in a Kellogg's production plant, the project team will begin with an analysis of the company profile, including the company's mission and vision statement, which are the core providers of the direction that the company takes at the workplace. The tasks in this project are distributed amongst the five members of the team, each member assigned a specific task starting from the introduction and company profile, the goals of the project and how these were reached the analysis of the company structure of Kellogg's, and the company's corporate structure.

The team will also analyze the cultural dimensions of Kellogg's Company, using Hofstede's Theory of Cultural Dimensions. This analysis aims to consider and highlight the intercultural aspects that take place and affect the company's productivity, and explain how these intercultural aspects are of significance to the company. Therefore, the team will be looking to ascertain why Kellogg's as a multinational company needs to be open to multicultural activities and management styles and the relevance this has to production and market performance.

After analyzing the cultural dimensions, the next goal of this project will be to consider the company's leadership and management behaviors, with a specific aim of this goal being to ascertain how the company approaches human resource management. The project team will, therefore, apply Taylor's Motivation Theory, also known as the Theory of Scientific

Management. The team will seek to expound on the components of Taylor's theory and highlight in the parts of the theory that Kellogg's applies today and those that it does not apply. In this essence, the team will also briefly highlight the downsides of using the Scientific Theory of Management and the impact it may have on a firm like Kellogg's if it is put into operations fully.

Justification for these goals

While considering a modern workplace with the view of having a global overview, it is necessary to consider a company that is a world-renowned brand and which is present in many places and different cultures. Kellogg's fits this description given that the company is available in more than 100 countries on all parts of the world and that the company employs almost as many nationalities in its vast production and supply chain. Kellogg's as a company has been in existence for almost 120 years since its official inception in 1900, and as such, the company has grown and evolved from a small company based in Battle Creek to the multinational corporation that is Kellogg's today. Along the way, Kellogg's has changed cultures gradually and it has improved the way it carries on its business in a bid to retain market competitiveness and to keep its position in the market. This growth makes Kellogg's ideal choices for a company in which management and leadership have been at the heart of the company's development. Therefore, a focus on the modern workplace in Kellogg's can give an insight into the company's handling of its employees and its approach to human resource management. Therefore this project highlights the company, its leadership, its culture, and motivation of employees.

Corporate Structure of Kellogg's

Kellogg's is a well-known global company that is popular for its snacks and other nutritional products available all over the world. The success of this company makes it essential to focus on the structure of its management as well as the possible theoretical framework upon

which the company is based and therefore to be able to understand the success that the company has had over the course of history (Agarwal, Chhugani & Wanchoo, 2018). Essentially, Kellogg's has very able management, since that is the spine of a company that remains competitive in the market for decades. The brand is not only competitively available in all parts of the world, but it has also become a symbol that is synonymous with snacks, cornflakes and other breakfast or morning food-related products (Agarwal, Chhugani & Wanchoo, 2018). To remain in this competitive nature, the company needs a significantly well-performing management and leadership structure which consists of three levels of management; entry-level executives, mid-level executives, and several senior levels of management.

The different levels of the company management handle different tasks in the leadership of the company, and up to different extents in each of these tasks. The management follows a strict organizational or hierarchical structure that seeks to ensure that everything within the company remains as orderly as possible and that all the responsibilities and roles in the company leadership and operations are adequately assigned and properly distributed amongst the members of the management team. The corporate hierarchy of the company incorporates several levels, starting with the company's CEO, then the CFO, the chief corporate communications officer, general counsel, global head of brands, head of public relations, member of management board in charge of global company operations, and a member of the management in charge of global Kellogg's sales. The chairman of the board and the vice-chairman, followed by the employee representative, who also plays the role of the vice-chairman of the supervisory board, and members of the supervisory board make up the management structure of the company (Agarwal, Chhugani & Wanchoo, 2018).

Kellogg's management structure and operations are based on verifiable theoretical frameworks. Using the theories of organizational structure helps understand the organizational success that the company has enjoyed for most parts of its existence. These theories pretty much influence on how the company allocates the resources it has and also describes its interactions with the environment and the market. In this essence, the company operates in a structure that can best be said to be a combination of the classical organization theory and the neoclassical organization theory. The classical organizational theory is a way of bringing together scientific management and administrative theory with bureaucratic theory. The scientific management part is solely focused on getting the best out of the equipment and people working for the company, as well as performing scrutiny of all the operations in the company. The bureaucratic theory establishes a framework for the company to divide its labor as well as to establish product specialization as a production and marketing tool for the brand. The administrative theory is responsible for the company's established management and operational principles. However, this theoretical framework lacks something vital in production, and that element is motivation.

The neoclassical theory of organization is based mostly on the consideration of the working environment within an organization. With the knowledge that productivity is highly boosted in an environment that has a coherence of values and purpose, this theory serves to support the classical theory by establishing motivation not just as a function of economic rewards, but as a necessity for productivity in the company (Gowdy & Winston, 2016). This theory describes a framework that enhances the cohesive environment in an organization in which the subordinates accept the managerial authority and more so, they do their best to serve the company in their capacities. The theory recognizes that at times in the company's operations, the response to authority may be unpredictable, but for the most of it, there will be cohesiveness

which will seek to pull resources and efforts together for the good of the company (Gowdy & Winston, 2016).

With the theoretical managerial framework well defined, it is easier to look at the responsibilities of the brand's leadership and appreciate the success that each of the people responsible for running the company has enjoyed. Apart from setting up the managerial skeleton for Kellogg's, these theoretical frameworks establish the company's executive board as the pinnacle of the company that is responsible for the entire management with a specific focus on strategic management, financial control, compliance, and risk management. The CEO of the company is sufficiently the company's head, being also the company's executive board chair (Gowdy & Winston, 2016). Over the years, the organization composition of Kellogg's has experienced some changes that are meant to have the company aligned with the market demands in all the countries where it operates (Gowdy & Winston, 2016). In order to become more receptive to the current trend in the global market where a globally integrated working environment is of preference, Kellogg's currently employs more than 33,000 workers from more than 20 countries, and with a necessity to become a younger brand that aligns itself with the target customers, Kellogg's continues to hire younger employees with its average employee age being about 30 years which is significantly lower than the industry level (Gowdy & Winston, 2016).

Hofstede's Cultural Dimensions of the company

One of the most significant aspects of marketing in the modern global market environment is the understanding of the culture of different markets. This understanding enhances the ability of a company to communicate its e-commerce effectively, as well as respond to different market demands with the significance they demand. For a company like

Kellogg's which has operations in most countries in the world and which employs people from many different countries and cultures, the importance of understanding the culture and cultural differences in the market cannot be overstated (Bakir et al., 2015). One of the models that are best used to identify cultural differences in the market is the Hofstede's Cultural Dimensions model, which consists of a series of different indices that company leadership can use to rank themselves in the market. Kellogg's seeks to broaden its strategy and market perspective by using a varied approach to cultural backgrounds of the people it employs and their life experiences as a pivot to its understanding of the consumer needs and feelings regarding different products from the company (Bakir et al., 2015).

The world is today becoming more globalized than it has ever been in the past, and a great number of multinational companies, including Kellogg's, are employing people from different countries and as a result, there are mixtures of cultures, personalities, and working styles in the same company (Bakir et al., 2015). There are no frameworks of how a company can best create a culturally diverse team since every situation in a company is different. Some managers view the essence of creating teams of diverse cultural backgrounds as being the source of unnecessary friction in the workplace, thus leading to a loss of efficiency in the operations of the company. However, more market survey data indicate that the organizations that have a well-managed culturally diverse team have more benefits than those that do not have such diversity (Bakir et al., 2015). Kellogg's is one of the companies that have considered diversity as one of its main strategies and as a result, the company has set a incorporated a significant percentage for women in management teams and also ensures that design centers are as diverse as the rest of the company. The management of the company believes that having people with different strengths, ideas, cultural backgrounds and interests can enhance the creation of a more creative team that

can thus aid the company in achieving its goals. The result of this recognition and inclusion of diversity is that Kellogg's has over the years achieved many rewards for its product innovation, a sector in the market that it continues to lead to this day (Bakir et al., 2015).

However, even though the benefits of cultural diversity are well documented by many consultants, there are many great challenges that leaders face as they create diverse teams. Hofstede's cultural dimensions theory explains the differences that occur between societies' cultures on the values dimensions. This theory focuses on an analysis of six major factors which include power distance (PDI), individualism (IDV) versus collectivism, uncertainty avoidance (UAI), masculinity (MAS) versus femininity, time perspective, and indulgence versus restraint (IVR). In this essence, the theory focuses on how personal needs and goals of individuals are prioritized against the needs and goals of the team at a workplace, how comfortable or uncomfortable people are with changing their working routines and the roles for men and women in the team. Also, Hofstede's theory focuses on the acceptance of inequality in power distribution in a team, perspectives regarding planning for the future, and the extent to which people can be allowed to have gratification as their primary driver for increased production. Hofstede's theory cites that people's behaviors are closely connected with the six factors and as a result, a member of a team may feel easier or difficult to communicate others who do not share their culture since these people do not approach their daily routines from the same point of view (Beugelsdijk, Kostova & Roth, 2017).

If the team leader fails to manage to observe the differences in the cultures of the people in his or her team, and therefore fail to make the right decisions in the arrangement of the team or of the entire company's workforce, it becomes very difficult for the team and the company to achieve its set goals. Kellogg's recognizes the need to have their workforce as diverse as

possible, and the team leaders are required to recognize and essentially respect the cultural differences in the members of their teams (Beugelsdijk, Kostova & Roth, 2017). This, therefore, means that each of the team members plays a significant role in the company's creative and successful performance since the company operates in a market that needs people with more different experiences and insights to serve increasingly diverse target consumers. Kellogg's has continued to successfully executed the Hofstede's theory as the company has largely been able to reach its production goals based on being creative and being able to respond to many individual tastes of consumer groups and that may explain why the company has maintained its leading position in the market shares (Beugelsdijk, Kostova & Roth, 2017).

Leadership and management behaviors

Leadership is a skill that is learned and in many cases, it is a skill that takes time to learn and develop through practice. Most of the world's greatest brands and organizations are known for their success in their respective industries, and all these organizations have one thing in common in that they have able and efficient leadership (Waring, 2016). The leadership of Kellogg's is by no means different from those successful ones, given the fact that the company is currently one of the most successful companies in the world. The leadership of this great company is based on a series of management principles, but most importantly, the company has a distinct culture of leadership which puts a lot of emphasis on tapping the unlimited gains of collaboration, creativity, and confidence.

Kellogg's is synonymous with Morning foods and snacks, and for this reason, the company has had a culture of management that inspires and gets inspiration from events that attract healthy living and that are best fit for healthy people, such as sports (Waring, 2016). In this essence, sports management has many incredible stories of underdogs that rise to the

occasion and produce performances that shock even the most formidable opponents and these stories and performances seem to be inspired by the 3Cs of collaboration, confidence, and creativity. Such teams have their secret in leadership, and Kellogg's has its secret in leadership too. Each team is a group of players with varied abilities and talents who complement each other, and with proper management putting the team together as a force towards success (Waring, 2016).

The leadership culture in Kellogg's is based on continued development and frameworks that outline the rules with which the company plays the game in the industry. In an international setting such as the global market in which the company operates, this means the establishment of a shared global language that transcends multiple countries and cultures and offering a common method of development and management (Waring, 2016). The company appreciates that collaboration makes the organization stronger in the industry and that establishing a team that trusts in each other's talents and abilities is essential in developing a team that plays for success. The leadership of the company is one that culturally has the confidence to test their limits and get out of the comfort zone in order to try and make new trends happen as a leader in the market. These strategies are among the strengths that have propelled the company to the heights it has soared to this day (Waring, 2016).

Taylor's Motivation Theory - Scientific management

This was one of the first theories of motivation in the workplace. This theory focuses on how managers can boost the motion and productivity of their teams and especially attempts to come up with the most efficient way for the team to perform a job (Thompson, 2017). Taylor believed that there existed universal laws that governed efficiency and that these laws were not in any way dependent on human judgment. Therefore, the goal of the scientific management

theory is to come up with this one most efficient way of performing a task. The same theoretical approach has been applied in productivity and companies like Kellogg's have applied sections of this approach in their operations in that they also seek to find the most amicable way to produce their items and to remain as profitable as possible (Thompson, 2017). Essentially, the notion of Taylor was that as workers seek more wages from their employers, the employers are conversely seeking high productivity and high quality of goods so that their businesses remain profitable (Waring, 2016).

One of Taylor's opinions is that for ease of management, specialization and breaking the production teams into small manageable teams is necessary so that the team leaders can have an easier task of accounting for each of their members' contribution (Thompson, 2017). He also suggested that workers be paid according to their productivity and for training to be issued to employees so that a standard way of production can be established. Kellogg's has encompassed all these in its production strategies and most notably the company has specialized in a great way in a way to minimize the phenomenon that Taylor referred to as natural soldiering where employees will seek to perform the easiest of tasks given to them while avoiding the difficult ones. Kellogg's uses this model for competitive wages and mass production, while also incorporating creativity with an established standard of quality products (Thompson, 2017).

Disadvantages of Taylor's Motivation Theory

The theory has been used in many parts of the world, but it has not been without its critics. Taylor argued that employees are naturally lazy, and thus the employers needed to be concise in whatever they wanted to be done and how they wanted the employees to do the tasks (Waring, 2016). This makes the theory closely related to an autocratic style of leadership, and this is a style known for limiting creativity in many cases. It is also criticized for creating

monotonous tasks and limiting autonomy as the employees cannot think for themselves, this being in addition to the fact that the model was perceived to bring equal gains for the employees and the employers, but the reality differs from this as employers gain far more than the employees (Waring, 2016).

References

- Agarwal, P., Chhugani, R., & Wanchoo, V. (2018). Analysis of brand valuation techniques for cereal brand: Kellogg. *International Journal of Education and Management Studies*, 8(1), 31-34.
- Bakir, A., Blodgett, J. G., Vitell, S. J., & Rose, G. M. (2015). A preliminary investigation of the reliability and validity of Hofstede's cross cultural dimensions. In *Proceedings of the 2000 Academy of Marketing Science (AMS) Annual Conference* (pp. 226-232). Springer, Cham.
- Bell, D., McLoughlin, D., & Kindred, N. (2017). Kellogg Company/eighteen94 capital.
- Beugelsdijk, S., Kostova, T., & Roth, K. (2017). An overview of Hofstede-inspired country-level culture research in international business since 2006. *Journal of International Business Studies*, 48(1), 30-47
- Gowdy, J., & Winston, A. (2016). Evaluation of General Mills' and Kellogg's GHG Emissions Targets and Plans: Independent Assessment conducted by Winston Eco-Strategies for Oxfam's Behind the Brands Initiative.
- Kellogg's company (2019). Retrieved from:
<https://investor.kelloggs.com/CustomPage/Index?KeyGenPage=1073753435>
- Markel, H. (2017). The Secret Ingredient in Kellogg's Corn Flakes Is Seventh-Day Adventism.
- Sethi, R., & Bafna, P. (2018). A case study on ipr infringement: Kellogg's company V/S national biscuit company. *ZENITH International Journal of Multidisciplinary Research*, 8(7), 339-342.

Waring, S. P. (2016). *Taylorism transformed: Scientific management theory since 1945*. UNC Press Books.