



Workplace Culture and its impact on Organisational Efficiency

(BMSW5105)

University of Wales Trinity Saint David

Assignment 1

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Executive summary

The report has analyzed the organizational culture and its impact on organizational efficiency in reference to JD Sports Plc. It discussed that organizational culture is made up of shared assumptions, beliefs, and values about how decisions must be made, how individuals must act and behave, and how work tasks must be carried out. The study discussed some key business environmental scanning or analytical tools and evaluates external environment factors such as PESTEL analysis and Porter's Five Force Model. It has also discussed key drivers for the changes in the business environment related to the impacts of the COVID-19 situation. The study determines ethical dilemmas in the company that influence the business performance. The study suggested that a powerful culture can improve entire business performance by encouraging the workforce and coordinating their behaviour towards specific performance targets and a vision that profits the organization.

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Introduction

At the workplace, culture is recognized as a very powerful factor which deliberately and consciously cultivated and is passed on to the incoming workforce (Varelas and Georgopoulos, 2017). Organizational culture is made up of shared assumptions, beliefs, and values about how decisions must be made, how individuals must act and behave, and how work tasks must be carried out. A powerful culture can improve entire business performance by encouraging the workforce and coordinating their behaviour towards specific performance targets and a vision that profits the organization. The report has one purpose: to analyze the organizational culture and its impact on organizational efficiency. The necessity of effective organizational culture will be discussed in this case study in reference to JD Sports plc. The study will discuss some key business environmental scanning or analytical tools and evaluate external environment factors such as PESTEL analysis and Porter's Five Force Model. It will then discuss key drivers for the changes in the business environment related to the impacts of the COVID-19 condition. In addition to analysis, the study will critically assess the workplace culture of JD Sports plc then evaluate the relationship between the company's present culture and its effectiveness in acquiring both non-finance and finance performance. To briefly understand the business ethics of the chosen company, the study determines ethical dilemmas in the company that influence the business performance. After analyzing the entire study, the report will provide some suggestions to the company from an ethical viewpoint.

Task 1

a) Background to the organization

JD Sports plc is a British Sports Brand founded in 1981 by David Makin and John Wardle which is based in Bury, Greater Manchester, England, and the UK. The key peoples of the company are Peter Cowgill as the Executive Chairman of the board and Neil Greenhalgh as the CFO and executive director (Parkinson, 2018). Under the guidance and management of these key people, the company successfully generated revenues of around 6,110.8 million pounds and a net income of around 250.7 million pounds in 2020. Around 34,885 workers are empowering the company in achieving its business objectives. Its subsidiary brands are Blacks, Chausport, Fishing Republic, JD Gyms, Sprinter, Footpatrol, Scotts etc. the company is presently trading as a retailer of fashionable branded sports and casual wear.

b) Key business environmental scanning or analytical tools

PESTEL framework

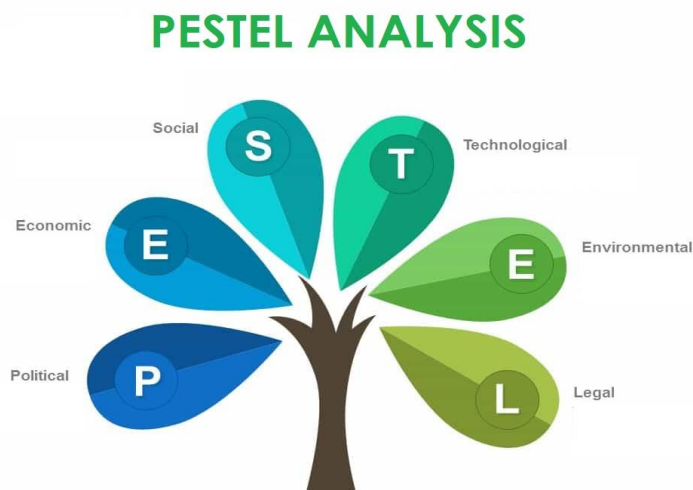


Figure 1: PESTEL analysis (Dockalikova and Klozikova, 2014)

PESTEL analysis is a model and framework that is widely used by businesses across the globe to analyze the key factors that influence business operations and processes. Initially, it was just PEST which was cited by Francis Aguilar (1967). It assists businesses in analysing key factors such as economic stability, political stability, legal terms, environmental factors, technology improvement, and socio-cultural factors (Dockalikova and Klozikova, 2014). These factors influence the business from the outside and PESTEL analysis offers individual professional insights into the macro-environment factors impacting their company. The framework is easy to understand and use so any kind of organization can easily use it in a range of different scenarios. However, the management of the organization uses this tool outcome to guide strategic decision-making of the business (Thompson and McLarney, 2017). It has some advantages as it is simple to use, it facilitates an understanding of the broader organizational environment, it motivates the growth of external and strategic thinking, and it can enable a business to anticipate future business risks and make reactions and take action to ignore or reduce their impacts (Pan, Chen and Zhan, 2019). PESTEL has some disadvantages as it cannot offer the full picture or scenario of the external environment, factors change quickly, simple is not always better, most data is not easily found, it is very time-consuming, and it contains the risk of misleading information.

Porter's Five Force Model

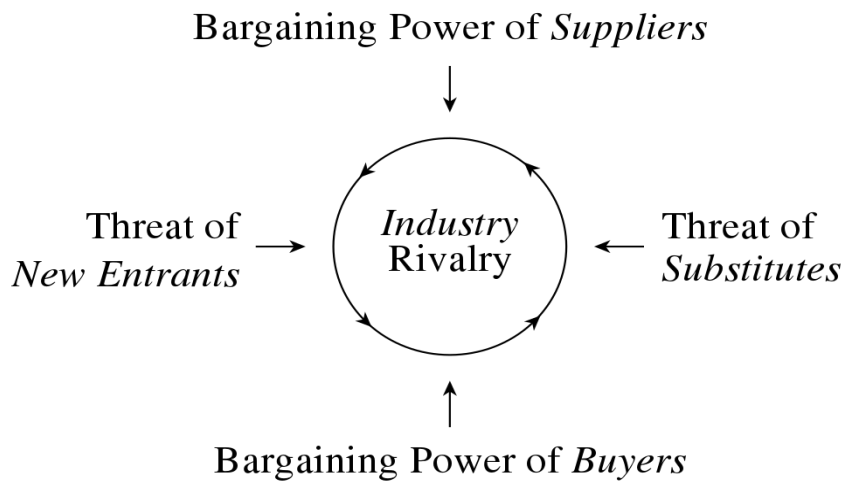


Figure 2: Porter's Five Force framework (Aithal, 2017)

Porter's Five Force framework is an analytics tool that is widely used by organizations to analyze their competitive environment. It mainly identifies the profit potential of a market where a business operating (Aithal, 2017). The framework is introduced by Michael Porter, who found that a business sector is potentially affected by five major forces (Varelas and Georgopoulos, 2017). These five forces are the power of a business's rivals, and substitute products influence a business's profitability, the potential of new market entrants, and the potential of customers and suppliers to influence a business's profitability. The framework assists in determining a business's current and relevant market position in terms of profitability (Bruijl, 2018). It helps in gaining a competitive advantage by acknowledging all forces that can influence the business profitability. It has some disadvantages as it is too general an analytical framework, it contains a lack of quantitative dimensions, it is a one-dimensional framework, it is unsuitable for complex firms, it is inapplicable on non-profit businesses, and it is vulnerable to biased outcomes (Pádraig, 2017).

c) External environment evaluation of JD Sports Plc

PESTEL analysis

Political factor

JD Sports Plc is operating in the retail sector in dozens of nations and explores itself to various political environments and interference (Dockalikova and Klozikova, 2014). Some political factors that can influence the business of JD Sports Plc are political stability, changing policies, bureaucracy and corruption, governance system, trade restrictions, intellectual property protection, and taxation etc. The company is highly required to analyze the political stability of the nation where it is operating as during COVID-19 condition, every country is having its own political tensions that can limit the growth opportunity available for the company. Frequent modifications in regulators policies and bureaucracy and corruption can influence the business performance negatively.

Economic factor

JD Sports Plc is required to understand the economic uncertainty to avoid the negative impact of the economy on its business profitability. The company needs to understand some economic factors such as savings rate, foreign exchange rate, inflation rate, interest rate, economic cycle, labour market conditions as they represent the entire economic environment of the nation. It is essential for JD Sports Plc to understand the industry lifecycle stage and GDP growth rate of the economy to know the ability to pursue its long-term development strategies (Fosher, 2018). The interest rate and exchange rate will assist the company in knowing the ability of customer's spending.

Social factors

Culture of the organization can be influenced by societal values, norms, and trends. JD Sports Plc should understand the power structure, shared beliefs, changing demands, demographic trends, and consumers' spending patterns (Yüksel, 2012). Demographic patterns like socio-economic variables, migration trends, and an ageing population have paramount significance in international business (Fosher, 2018). Culture is recognized as a significant variable as every community has different beliefs and norms on which their thinking and behaviour depends. It assists in identifying changing customer demands and their expectations from businesses.

Technological factors

Technology diffusion and rapid advancement in technology among the world have enhanced the significance of understanding technological factors. JD Sports Plc should consider technological trends like social media marketing, technological innovation and development level, R&D and its impact on cost structure, and shortened product life cycle etc (Pan, Chen and Zhan, 2019). During

this COVID-19 condition, JD Sports Plc ought to use the latest technology to run their business efficiently. It will help the company serving online services to their customers which is the current trend in the market. On both micro and macro levels, the company needs to think about investments made by its rivals in R&D.

Environmental factors

The environmental laws, standards and regulations vary from country to country which can influence the business of JD Sports Plc. Some environmental factors are needed to be considered by the company such as recycling and waste management, weather and climate condition, renewable technologies, people's attitude towards the eco-friendly system, and environmental regulations to avoid resources depletion (Fosher, 2018). JD Sports Plc needs to adopt waste management practices in urban areas as these areas are highly concerned about environmental safety and security. The company should study particular environmental rules and legislation policies of the nation to avoid resource depletion.

Legal factors

Without considering the legal laws of a nation, JD Sports Plc cannot run its business effectively as every nation has different laws and norms for businesses (Yüksel, 2012). Legal laws can put the company into trouble if not considered properly. Some legal factors that JD Sports Plc needs to be considered are employment protection laws, consumer protection laws, intellectual property laws, health and safety of employment laws, product regulations, patent infringement, anti-trust laws, contract law, and immigration laws etc. to avoid some serious legal action against the company (Pan, Chen and Zhan, 2019).

Porter's Five Forces Model

The threat of new entrants (low)

JD Sports Plc is operating in the retail sector so it is constantly under threat of new entrants. However, this threat is neutralized by the company by consistently improving its products and services. The company is liable to enjoy economies of scale while new entrants cannot do this. The company has enough funds to invest in its R&D and improve product quality (Aithal, 2017).

Bargaining power of customers (low)

The customers are always demanding as they ask for high-quality products at a low price which puts pressure on JD Sports Plc. The bargaining power of customers is inversely proportional to

the customer base (Bruijl, 2018). JD Sports Plc can neutralize this force achieving a large customer base from various areas and geographic locations and also by increasing the product portfolio to available more alternatives for customers (Pádraig, 2017).

The threat of substitute products and services (low)

The customers of any industry always look after substitute products and services so that they can fulfil their requirements by getting products and services at a reasonable price (Bruijl, 2018). JD Sports Plc can neutralize this threat making services more significant than goods, and by positioning them in such a manner that service users perhaps have to pay more if they opt for substitute products and services.

Bargaining power of suppliers (low)

It is subjected to suppliers that supply raw material to the organization and has a significant contribution to the business success (Pádraig, 2017). There is such a pool of suppliers in the sector where JD Sports Plc operates which decreases the bargaining power of suppliers (Grebenshchikova and Yakushev, 2017). Instead, JD Sports Plc manages this threat by diversifying their suppliers' list, making contracts with suppliers to provide raw materials and researching more suppliers to minimise the risk of unavailability of raw materials.

Rivalry among existing competitors (moderate)

Competition among businesses in the same field often results in a decline in revenues and profitability. However, JD Sports Plc can overcome this threat by better customer relationship management, enjoying economies of scale, and brand equity (Grebenshchikova and Yakushev, 2017). Apart from this, the fashion sector is growing each year and is expected to continue to do this for a long which provides the company with a way to operate with having a competitive advantage.

Key drivers for the changes

on the basis of the above analysis, it can be concluded that for JD Sports Plc key drivers for change could be plans, operations, strategy etc. from the PESTEL analysis, the report analyzed that JD Sports Plc needs to consider political factors in terms of political stability, government interference, and regulations made by all nation's government with regard to COVID-19 conditions. The government of all countries introduced new rules and regulations in relation to avoiding infection of COVID-19 caused by direct interactions of peoples. As JD Sports Plc is

operating in the retail sector, it cannot allow its customers to come to their stores and purchase offline stuff due to COVID-19 restrictions. To continue to get profits in the business, the company is highly recommended to consider technological factors as it will help them in online selling their products and services. The company needs to change their strategy and then plan for it to get appropriate results in the business. The company needs to understand some economic factors such as savings rate, foreign exchange rate, inflation rate, interest rate, economic cycle, and labour market conditions as they represent the entire economic environment of the nation (Thompson and McLarney, 2017). Due to COVID-19 restrictions, some legal laws have been updated by all nations' governments so, in order to continue to get profits, JD Sports Plc needs to consider employment protection laws, consumer protection laws, intellectual property laws, health and safety of employment laws, product regulations, patent infringement, anti-trust laws, contract law, and immigration laws etc (Yüksel, 2012).

By analyzing Porter's Five Forces, it can be concluded that JD Sports Plc needs to focus on its competitors; however, they are already working towards it. As the company would sell its products online so they will be required to think about those businesses that are already selling online products and services because it will increase their business competition (Thompson and McLarney, 2017). The company needs to make a plan for its new operations and implement some strategies into it to execute the plan. They do not need to think about forces that are explained through Porter's Five Forces model as all forces are weaker forces for JD Sports Plc business. However, due to COVID-19 restrictions, the company is forced to run a business via online mode by which they are required to consider the bargaining power of customers. The online customers look for the product price, details, brand, customer feedbacks etc and then select their purchase (Grebenshchikova and Yakushev, 2017). They have many alternatives in the online market and many substitutes of products are also available for the customers which influence the buying behaviour of customers.

d) Workplace culture of JD Sports Plc

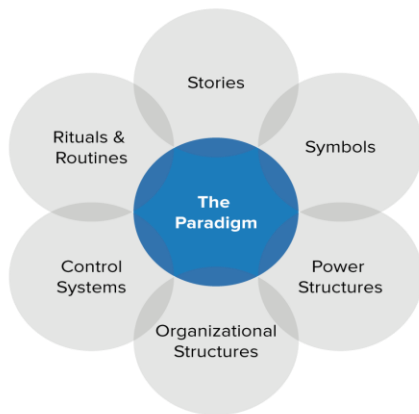


Figure 3: workplace culture (Manley et al., 2011).

The cultural Web has been introduced in 1992 by Kevan Scholes and Gerry Johnson that offers a method for looking at and modifies the business culture. In other words, it is a technique to map the organizational culture as well as is a manner of looking and understanding the distinct influences that impact business. This strategy determines six interrelated components that assist in the cultural paradigm: “the pattern of the model of the work environment” (Manley et al., 2011). By analyzing the factors in each, JD Sports Plc can begin to look what is a broader picture of their culture: what is not working or what is working, and what required to be modified. Some of the components of the framework are as follows with its question and answers

Organizational structure

Q.1 Is the structure flat or hierarchical?

JD Sports Plc followed Team-based organizational culture which is considered as the traditional hierarchy, concerns problem-solving, giving the workforce more control, and cooperation.

Q.2 Formal or informal?

It is a very formal organizational structure.

Q.3 Organic or mechanistic?

High grouping and inter-sharing tools and works activities take place.

Control systems

Q.4 What process or procedure has the strongest controls? Weakest controls?

Cost structures are highly controlled

Q.5 Is the company generally loosely or tightly controlled?

Concentrated on product quality and controls the market by its service quality.

Q.6 Do employees get rewarded for good work or penalized for poor work?

Employees get rewarded for their hard work and overtime and do not penalize them for poor work as the managers of the company are very supportive and believe in learning things without making mistakes (Randall, 2012)

Power structure

Q.7 Who has the real power in the organization?

Peter Cowgill has the real power in the company as he is serving as the CEO (view appendix 1)

Q.8 Who makes or influences decisions?

Director of the board make decisions which are adhered by all

Q.9 How is this power used or abused?

The CEO used his power by making effective decisions and project programs that can be easily fulfilled by employees (Manley et al., 2011)

e) Relationship between JD Sports Plc's present culture and its effectiveness in achieving financial and non-financial performance

According to the above analysis, JD Sports Plc's present culture is focused, traditional, and goal-oriented. JD Sports Plc organizational culture reveals that the organization is more closely relevant to the vertical hierarchy with the disciplined work culture and tall structure (Randall, 2012). The power starts from the board's level and is divided into teams. This shows that the management withholds the decision-making authority and controls the workforce tasks. JD Sports Plc understands that organizational culture plays a vital role in gaining a competitive advantage. They ensure that all workers share common goals and it is perfectly aligned with the greater organizational objective (Stainback, Ratliff and Roscigno, 2011). The organization promotes a

professional attitude among its workers and the difference is appreciated and diversity is promoted. According to the culture of JD Sports Plc, artefacts are open-door policy, office dress code, and office layout for the workforce. The relationship between organizational culture and organizational performance are interlinked to each other. The organizational culture of the company is multi-dimensional and performance is shaped by various criteria.

From research, it was analyzed that corporate culture has an impact on the business long-term financial performance which increases the value of corporate culture in an organization's success. The organizational culture of JD Sports Plc is beneficial in non-financial performance in many manners such as it provides a structure that divides authority and levels of responsibility (Cole, Oliver and Blaviesciunaite, 2014). It provides security to employees in terms of payroll and job satisfaction. It helps in motivating employees and promotes executive decision-making style and reward management. It assists in classifying specialists in teams by which the workforce gain status through continuous work and effort within the decided work role. By concentrating on work, the workforce is more likely to perform better and acquire expected results and achieve expert status in their field (Randall, 2012). It promotes strong relationships as people working within the same team or department are more likely to be close than people working in other departments (Stainback, Ratliff and Roscigno, 2011). The organizational culture of JD Sports Plc is beneficial in financial performance because the company does not properly attain hierarchical organizational culture; rather a tall structured hierarchical culture is currently followed by the company which assist in improving its financial as well as non-financial performance in the marketplace.

Ethical dilemma

The choice among two alternatives where all may bring negative outcomes on the basis of societal or personal guidelines is called an Ethical dilemma. For example, choosing between hitting a dog that has run in front of your car or hitting the emergency breaks at high speed into oncoming traffic to avoid this condition. According to (Cole, Oliver and Blaviesciunaite, 2014), in philosophy, moral dilemmas are also known as "ethical dilemmas which are those conditions where an agent stands under two conflicting moral needs and none of which overrides the other". An ethical dilemma occurs at the time of decision-making when there are more alternatives are available for one condition and these alternatives require an individual to compromise or violate their ethical standards (Stainback, Ratliff and Roscigno, 2011). There are four kinds of ethical dilemmas such as short-term vs. long-term, justice vs. mercy, truth vs. loyalty, and individual vs. community (Jaspers, Houtepen and Horstman, 2013). At the workplace, an ethical dilemma occurs when something at work went against a person's morals, values, and ethics who are working in the firm.

It forces a person to choose between what you know is wrong or what you know is right and being dishonest or honest.

Two ethical dilemmas at the workplace that can influence JD Sports Plc performance

Discrimination and harassment

Discrimination and harassment in the workplace are based on age, sexual orientation, ethnicity, race, and disability etc which is an ethical line that must not be crossed by the firm. A workplace must provide equal opportunity to all individuals working in the firm as some legal laws are made in reference to avoid discrimination and harassment in the workplace. JD Sports Plc business performance can be influenced by legal laws regarding discrimination in the workplace so they are required to be equal employment opportunity employers (Jaspers, Houtepen and Horstman, 2013). The company should hire a diverse workforce and impose some policies and provide effective training to staff that can support an “equal opportunity program” and promote a culture and working environment that can offer value to all kinds of people.

Unethical leadership

It is subjected to the leader's behaviour and actions that violate business morals and ethical standards. It includes abusive, hostile, and oppressive behaviours of leaders. Sometimes, leaders do unethical things which problems to employees or other managers (Cole, Oliver and Blaviesciunaite, 2014). Workforce anxieties, frustration, loss of trust towards the managers, feeling of helplessness, and low job satisfaction affect the employee motivation and private lives by which they do not leave more interested in working effectively.

Conclusion

The finding of the study suggested that a powerful culture can improve entire business performance by encouraging the workforce and coordinating their behaviour towards specific performance targets and a vision that profits the organization. The study discussed some key business environmental scanning or analytical tools and evaluates external environment factors such as PESTEL analysis and Porter's Five Force Model. It also discussed key drivers for the changes in the business environment related to the impacts of the COVID-19 condition. It determines how culture is effective in financial and non-financial performance. The study was based on the organizational culture of JD Sports Plc where it identified that the company has better options in making profits and gaining a large customer base even after such restrictions on businesses due to the COVID-19 pandemic. The report analyzed the relationship between the current organizational culture of JD Sports Plc and its effectiveness in acquiring financial and non-financial profits.

Task 2

Reflection

I am reflecting on my experience what I had during this module. The module was based on workplace culture and its impacts on organizational efficiency which helped me in developing my skills and knowledge about effective organizational culture. This module consists of two frameworks; PESTEL and Porter's Five Forces which is widely used by businesses to analyze external environment that can influence business profitability. By PESTEL analysis I have improved my knowledge about macro-environmental factors that can influence business success. I have learnt that Porter's Five Forces is used to perform industry analysis which is a must to know if I want to become an employer. As by the discussion of organizational culture, I have learnt that organizational culture plays an important role in business ethics which helps in making a better workplace environment. By understanding the importance of organizational workplace culture, I can make effective decisions that could be helpful for both the business and employees.

Appropriate knowledge of workplace culture will help in becoming a good employer in the future and also motivating my employees to work hard for the company to meet its objectives. Throughout this study, I have learnt that the culture web is a technique to map the organizational culture as well as is a manner of looking and understanding the distinct influences that impact business. As JD Sports Plc's management has successfully created an effective workplace culture, I can also create an effective workplace culture for my company in the future which would help me in acquiring desired success in my business. I have learnt about ethical dilemmas and how they impact businesses. An ethical dilemma occurs at the time of decision-making when there are more alternatives are available for one condition and these alternatives require an individual to compromise or violate their ethical standards.

The knowledge about ethical dilemmas will help me being ethical in my business and perhaps I will be able to provide an ethical working environment to my workforce in the future. I have improved my interpersonal skills, professional knowledge, and leadership skills throughout this module as it consists of a lot of data which is important in a professional career. In addition, I have learnt that how to make effective decisions that would be beneficial for both workforce and the business as on the executive level, decision-making skills are necessary. The understanding of organizational culture will help to create an efficient working environment for my firm in the future. Moreover, through this study, I have learnt how professionals work and how I can become a better employer. Through this module, I have improved my practical skills.

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Appendix

Appendix (1)

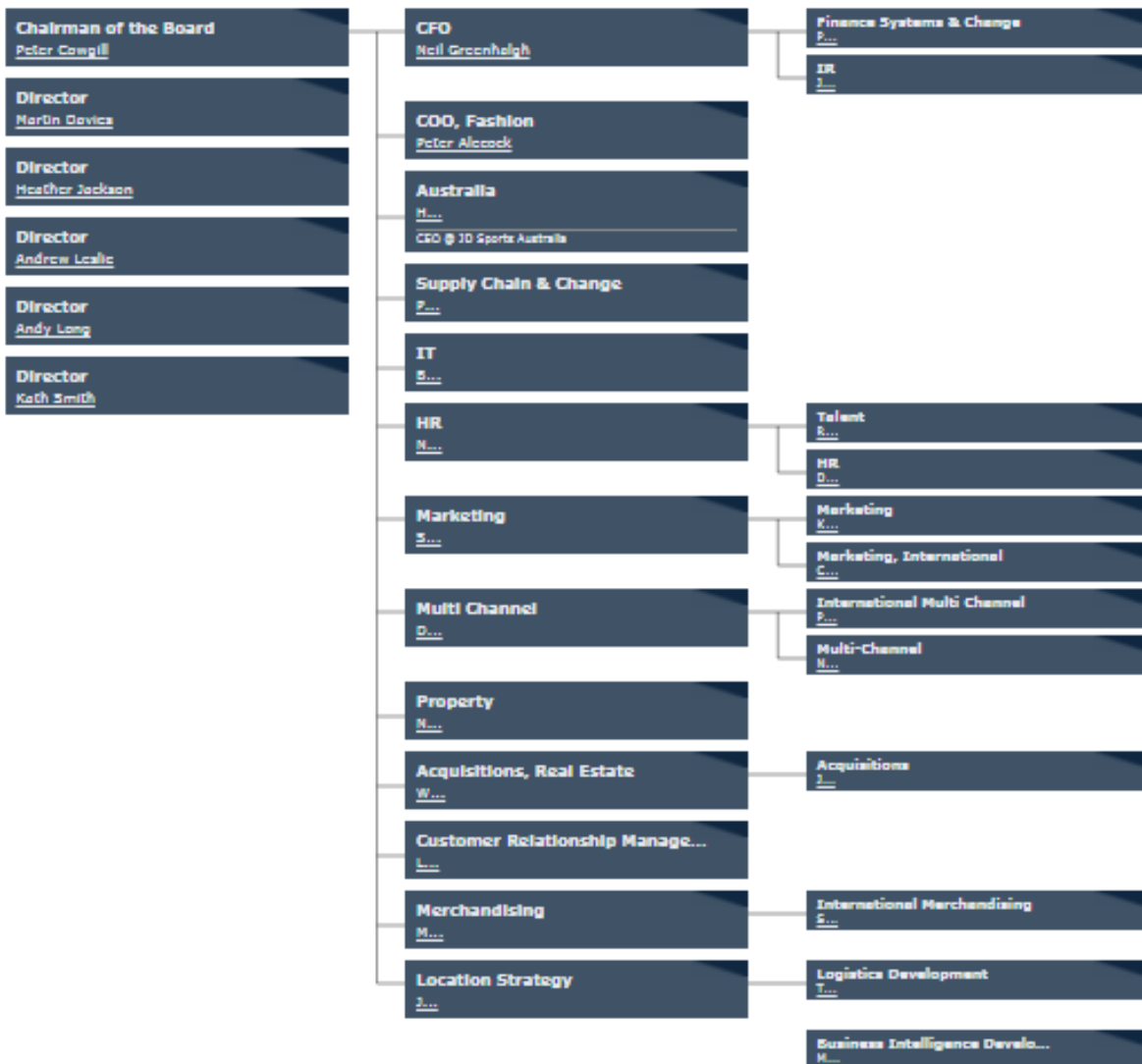


Figure 4: power culture of JD Sports Plc (Parkinson, 2018)