

The Modern Workplace

UWTSD

Introducing the Modern Workplace

Structure and Culture – Zara

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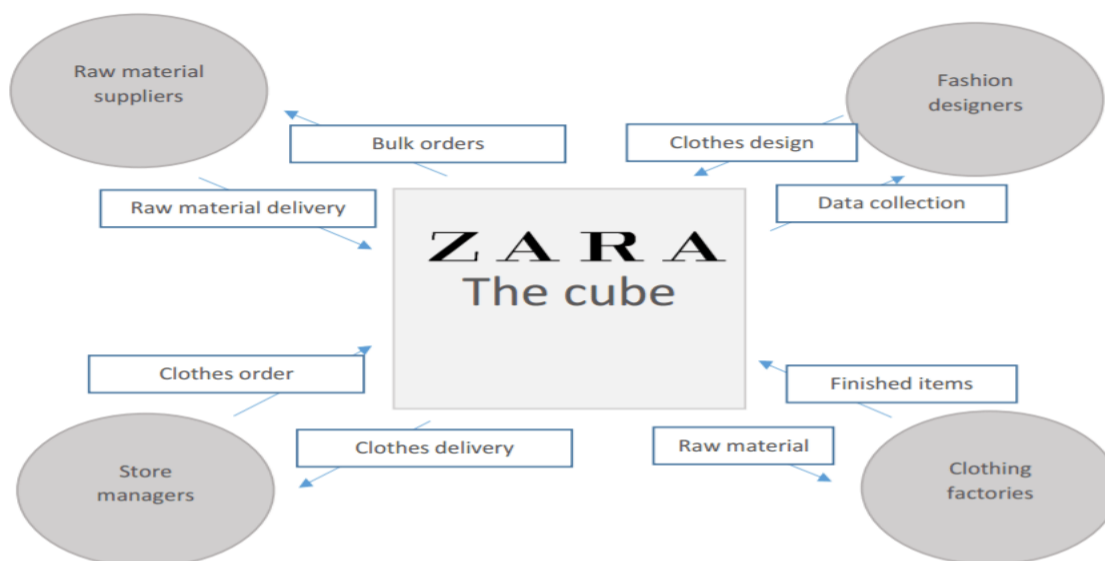
Introduction

The organisational behaviour is the study of the overall attitude of people who work in a company and how they use their knowledge and skills along the way to achieve the overall goal. According to Warren Buffet – ‘‘Culture, more than rule books, determines how an organisational behaves’’ (Berkshire Hathaway Letters to Shareholders). This quote is very accurate , but not only it is vital for a company to work with smart , honest and hard-working people, but the relationship between hierarchical structure, rules and culture is also essential. With the identification of the company structure and culture we can look at effective management in depth. All this together with the leadership, motivation, strategy and vision of a company gives us a complete picture in the right pathway to success.

In the case of this essay, the very well established company Zara is a practical example. Present report will lay emphasis on structure and culture followed by Zara. It will also show the impact on how these factors communicate the performance level of the company. Zara is the most famous of the eight brands of the largest retailer in the world, Inditex. The company is specialized in fast fashion, including clothing, accessories, shoes and perfumes. (Zara, 2020)

Zara’s successful business model

In the centre of a small Spanish town in Arexio, there is a glass building surrounded by greenery. This cube – shaped building is the headquarters of Zara. Zara is the company which introduced the idea of ‘‘fast fashion’’ and then developed a highly centralized system – design, production and distribution. (Berfield and Baigorri, 2013)



The workers in the cube think of it as the brain and they are driven by the extraordinary idea – agility and customer satisfaction are more important than expenses. Zara has the capability to control its inventory from Arexio. This is a key element of its successful business model. Even if Zara decides to locate, they have two brains with which to make important solutions. Zara produces 450million items per year for their 1770 shops in 86 countries. Outside the cube is the distribution centre (5 million-square-foot). No matter where the dress is produced whether in China or Morocco then it must go back to Spain before being delivered to the store. Zara has 11 owned factories, which are located outside the distribution centre. From there through 124 miles of track automated underground monorail, all the clothes produced are dispatch to distribution centre. (Berfield and Baigorri)

This model allows Zara to design and provide its customers with more than any other retailer. The secret of the company's success lies in the continuous flow of communication between teams of designers, shops, cents, logisticians to market their products based on consumer preferences in different global areas.

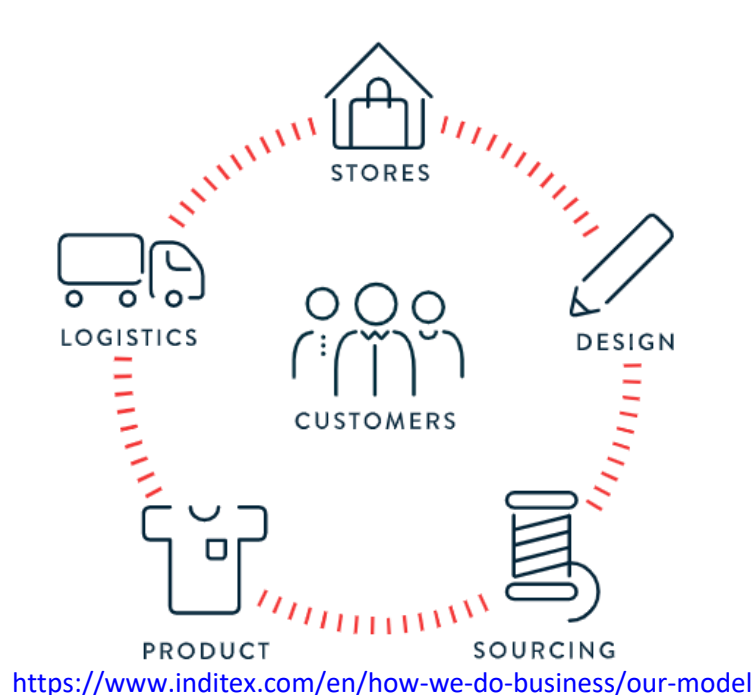
Organization structure

The structure aims to distribute the work among the employees in the organisation and coordinate their activities to achieve the goals of the company. The companies are groups of people working together towards common goal. In order to achieve this successful purpose, individuals need to be organised within the best possible structure. Zara built all it production facilities, headquarters and distribution centre in Spain. This structure makes sure that everyone works closely. Zara is a global company that does not operate locally. ‘‘The secret to their success has been centralisation’’ says Felipe Caro, an associate professor at the University of

California and business adviser to the company. This way they can make decision in a very coordinated manner. (Berfield and Baigorri, 2013)

The advantages of the centralization are firstly a full control of the management activities and easier implementation of the main policy of the company. It is especially effective for better generalisation and coordination between the particular individuals and links. It prevents the separate links becoming too independent. Another benefit is encouraging the leadership which is strong and effective. The higher management is highly professional and experienced that leads to more productive and efficient decision making. Another strong point is optimisation of the working process and results within the team. Centralization is particularly practical in stimulating the distribution of the leadership, so that the employees can learn, improve and uncover something new.(Mullins,2005)

According to Mullins (2005) the hierarchical distribution of tasks works well when the central planning works well. It is believed that does way is effective, because this structure does not give people a chance to develop. The hierarchical organizational structure of Zara is little different, because there are several levels of structured communication and shared responsibility. The communication flow is two-way and this creates a strong sense of belonging and dedication in the job.(Soloaga and Manjo, 2010)



The customer is at the center of Zara's business model. Customer satisfaction is the core idea of the company. Presently Zara has a strict organization, a very careful attitude to detail and an industry-leading IT in every part of its structure. Excellent logistics has been created to meet the needs of customers with new models in Zara stores twice a week. Good delivery organization to the end customer. Zara stores cater to customers' needs and Inditex's logistics centres serve stores. (Inditex, 2018)

Structure of Zara and its comparison with H&M: It has been analysed that Fatehi has divided organization structure on five bases: functional, geographical, product, mixed and matrix. The company can include designing the structure according to their preferences. It has been analysed from the research, that Zara has been involved in following the functional structure. Zara has been involved in dividing and distributing the roles and responsibilities on hierarchical basis. That way the employees know about to whom they need to report to and this structure is really helpful and easy for workers to communicate with their peers. This organizational structure has increased the operation and its efficiency and productivity, as the roles and responsibilities are cleared to each employee and that has reduced conflict.

On the other hand H&M follows the Matrix organization structure. It has been analysed that general meeting is the highest authority in company which takes decision on their basis. They provide share holders with forum where they can exercise their rights and duties. Under Swedish law, the employees have the right to appoint employee representatives with deputies to the company's board. It has been analysed that Share holder has been provided with the power to make ultimate decisions on behalf of company. It is taken during annual general meeting.

Organizational behaviour, mission management and leadership: According to Boddy, governance is an activity that everyone undertakes while managing his or her daily routine and shaping the performance of organizations. This includes tasks such as planning, organizing, leading and controlling. It is really essential for a company to have a better organizational behaviour. (Boddy, 2011) Zara has been engaged in continuously enhancing the way of the employee's behaviour within the firm. They have been engaged in making an environment which is flexible so no type of issues is being faced by employees in the company. Zara is been involved in maintaining and building trusting relationship with their employees, so that organizational behaviour can be strengthened. This has assisted the company in growing.

It has also been analysed that mission and vision of Zara is been made clear to all employees. Company has provided employees with clear roles and responsibilities, so that no conflict among workers exists (Kava and et.al., 2018). This has assisted Zara in making their organizational behaviour better by having a proper management related to mission and vision. The roles and responsibilities of workers have been linked with goals and objectives of company. The aim of Zara is to give consumers what they want and to get it faster than anyone else. In order to achieve this, they are been engaged in providing training to employees so that their motivation is been increased and they are able to gain competitive advantage.

In an organisational context, quality refers to creating those conditions under which motivation, commitment, shared ideas, energy, creativity, dignity, interdependence, control and cooperation can flourish. With a little sunshine these seeds can sprout the policies and procedures, the

structures and designs, the new ideas that enable organisations to survive if not prosper. (Franklin Becker, 1990)

Organizational culture

The primary task of the founder is to create an idea, a goal and employ workers have the same interest and belief as him. Once the team is gathered and they all agree with the concept, then they can concentrate on the other crucial factors. (Schein, 2004)

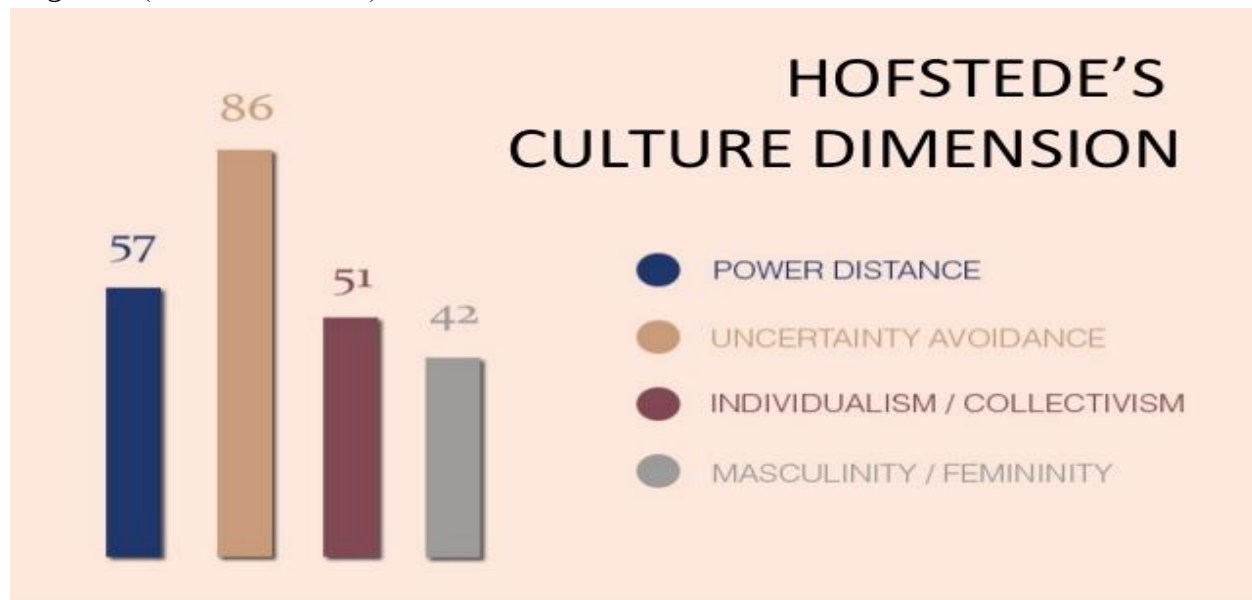
Like many top brands, Zara owes its success of the identity to its founder, Amancio Ortega. His goal was to maximize customer satisfaction and respond quickly to fashion trend.

The employees of Zara share the common passion in the developing of the brand. Their affection work towards the same goal in achieving the best quality in their products as well as the effective customer satisfaction. The company employs innovative strategies in adopting a culture where the employees can contribute to new ideas. The company creates working environment that motivates and encourages continual professional growth. (Inditex, 2017)

Zara takes good care of her employees. In order to get the desired employee according to their standards, they provide them with training. This type of training allows them to understand what is happening in the store, how they can interact and thus feel part of the company and the community as their opinions and observations are important and encouraged in order to help better the brand. (Inditex, 2017) With providing its employees with training, benefits and career development, Zara makes its workers satisfied and this reflects in customer satisfaction.

The Hofstede model identifies 5 factors that affect workplace culture. Power distance- it is the power that is distributed among the employees. Uncertainty avoidance- it takes into account the level of tolerance in different situations. Individualism/ Collectivism- this index is determined by the beliefs that individual or teamwork is more productive. Masculinity/Femininity- this refers to the masculine and feminine values in the culture of the organization. Long term orientation- the focus here is on the long-term investment of employee relationships and whether their goals are

long-term.(Hofstede's, 1997)



<https://www.slideshare.net/carrinekezia/zara-study-case>

Power distance: The hierarchy is well received in the company. Those who hold higher positions have more privileges for their position and also subordinates expect control of their boss, and the chiefs need the information of their dependent.

Uncertainty avoidance: Spanish people think that it is very important to have strict codes, most people want stability in their work and life, and confrontation is dismissed

Individualism/ Collectivism: Spanish people are more collectivist than other European countries. There is no need for strong motivation on the part of the bosses towards their subordinates because teamwork is natural. Compared with other areas of the world, Spain's score is inclined to be more individualist.

Masculinity/Femininity: Zara is inclined more femininity and more gentleness. The company's employees have the ability to avoid conflict and work without confrontation, but with compromises. The managers have a human attitude to their competitors.

Culture of Zara and its comparison with H&M

According to Hofstede the cultural dimension model Zara is involved in following the corporate culture. That what they are working towards the development of dynamics of the team, using open communication.(Gordon, 2017). By developing and enhancing the abilities of its team, Zara engage in increasing customer satisfaction. Zara is also been involved in motivating their

employees to bring more innovative and creative products and services so that their goals and objectives can be achieved. This has assisted them in growing.

On the other hand, H&M organizational culture according to Hofstede model is based on driven working (González-Rodríguez and et.al., 2019). They make sure that tasks are been provided to all employees who are working with them. This has assisted them in development skills and abilities of all employees. It has made the employees more productive and making the organizational culture better. H&M makes sure that no type of workplace policies is been taking place as this will reduce the efficiency of the workers. It can also increase the stress and makes employees unsatisfied. It will also lead to hampering, the organization culture. They are also engaged in analysing their skills and abilities so that workers and organization can grow. They work towards development of the value and also motivate employees to follow the ethical code of conduct. (Driskill, 2018)

Conclusion

We live in a globalized world of managed organizations and every day we are convinced of the importance of good management and leadership. In this way, we express our ability to shape and direct the world, not just to respond to it. In conclusion from the theory discussed above with the practical example Zara it is clear that success is achieved when a company has a close relationship between a clearly established structure, a high value culture of behaviour of all people, good communication and precise goals in the organizational performance. This machine cannot function without the force of the people, with their discipline and dedication on the way to the ultimate goal. Amancio Ortega was a huge success because he was able to change the way things work, and through his speed, in his strategy, distinguished Zara from all other companies in the fashion industry. Zara is the Spanish success story!

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