

**Shell**

## **Structure and Culture**

**Module code :LCBB4003**

**Introducing the Modern Workplace**

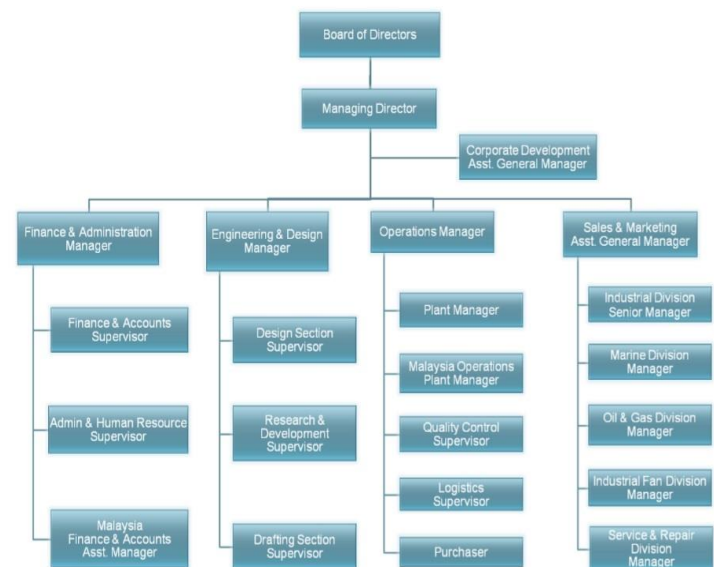
**Teacher : d-r Kenny Tang**

## Introduction

In the last few years the concept called organizational culture has become quite popular. Businesses have started to accept this concept and have associated it with the aspect of business. It is very important to have a favorable environment inside the workplace as that helps to improve the productivity of the employees. Every aspect that can efficiently improve the productivity of an employee needs to be given the utmost attention. Organizational culture mainly refers to the beliefs and values that an organization holds on to, these beliefs and values help the employees understand the objective of the organization as a result of which the employee can effectively make efforts to achieve the objectives (Alvesson and Sveningsson, 2015). The culture of an organization can be identified as an aspect that helps to distinguish between the members of two different organizations. The meaning of culture that we understand in terms of the nation is quite different from the organizational culture. Every employee needs to identify their function in an organization and organizational culture contributes towards identifying the same (Dove, 2002). In this assignment there will be discussions based on this topic for the organization called Shell. The royal Dutch Shell Plc is commonly referred as Shell, is the Dutch organization of oil and gas industry which was established in 1907. Headquarter of the company is in Netherland and also in the United Kingdom. Shell is among one of the six majors of international oil and gas market and also the third largest organization in the global market in terms of revenue generation.

## Structure

The organizational performance involves the actual results or output of the organization in comparison to the planned output of the organization. As per the Ljungholm (2016), the organizational performance includes three particular areas of the organization which are financial performance, market performance and



the share holder value. The image and ranking of organization in all these three fields collectively defines the performance of organization. The production of the goods and services in organization is resulted by the utilization of resources and appropriate operations designed in structural. The structure of an organization describes the hierarchy of the functions and operations in an organization and is designed as per the industry, product and size of the organization. (Fatehi, K.1996) Shell is a 112 year old organization and among leading company of the international market. This organization mainly deals with natural gas, petroleum, lubricants, LNG and petrochemicals. They have about 82,000 employees associated with this organization. The appropriate structure of the organization helps the company in smooth operations and effective production by utilization of resources. The organizational structure of Shell is hierarchal which consist of the distinct level of the authorities among which higher level manage and control the lower level. The top level of the hierarchy takes the decisions and in such structure the managers and leaders play very important role in managing and motivating lower level. This structure of the Shell is effective in managing resources and creating effective outcome which can be seen in the output and position of the organization. The aim of designing appropriate structure is to create an effective product in the market (Driskill, 2018). The performance of an organization majorly depends on the product of the organization. As per the product life cycle theory every product has 4 stages in the market among which it enters in the market and then disappear which influence the all three fields of organizational performance (Stark, 2015). In the first product is introduced in the market for creating demand and enhancing the sale and in the second step the sales achieve growth and improve financial performance of the organization. The third step is the maturity sage in which the product covers maximum market and on the epitome of earning profits. In the last stage the condition of saturation is achieved in the market and the product lost its popularity and starts declining. The structure of an organization plays vital role in motivating employees and balancing business operations and activities so that there will be minimum impact of first and last stage of product on the performance of organization (Joseph, *et al.*, 2016). The hierarchal structure of Shell enables the management and leaders of the organization to take decision according to the product lifecycle and impose it on lower level for maintain the organizational performance.

## **Culture**

The resources are very important factors for the output of the organization and human resources have significant importance among all other resources that are required for the production. Shell is the organization of oil and gas industry in which workforce is the most important resource as maximum of the operations are performed by workforce. As Shell is a global organization, the workforce of the company is from various cultures and is diverse so it is very important for the organization to create a culture which removes the conflict among the workforce. The Gullestrup model of dynamic culture describes the dimension which is horizontal, vertical and dynamic to illustrate the impact of culture and the forces that can change the culture along with its influence on organizational performance. The horizontal dimension describes social and political institutions; language, technology, ideology, communication and socialization are the forces which influence the culture of an organization (Sanda and Kuada, 2016). In terms of Shell, communication, language, technology, economic, social and political institutions have impact on its culture which also influences the performance of Shell. The vertical dimensions involve value and philosophy for life and for Shell the influence of this dimension of culture is very low on its performance. The factors in third dimensions are internal that is development in technology, research, trade and external that is human nature and other cultures influences the performance of organization. Shell fosters a culture which involves conduct of ethical behavior and principles of integrity, respect and honesty to people. These business principles effectively promote teamwork, faith in team members, professionalism and encourage the employees to take pride in whatever they do and how the activities are executed. The company also has its code of conduct guiding employees about business principles and to follow laws and policies associated with the procedures that the business employees are expected to abide by. The code of conduct provides a practical image of how these policies can be complied while dealing with colleagues or customers (Kjaer, *et al.*, 2016). The laws associated with anti-bribery, data privacy, corruption and many other important aspects are also a part of the culture of Shell. Shell thoroughly encourages diversity within the work culture. They take all the necessary steps to ensure that every individual is being valued and respected within the working environment. Such culture not only manages and motivates the workforce but also create a positive image of the Shell in the market which positively influence the market performance and share holder value for the Shell.

## Hofstede

The Hofstede cultural dimensions describe the factors by which any geographic location impacts the culture of the people. The six dimensions of the Hofstede cultural theory illustrates the framework which causes cross cultural diversity and these factors are power distance index, individualism, uncertainty avoidance, masculinity versus femininity, indulgence versus restraint and long term versus short term orientation (Mazanec, *et al.*, 2015). These factors describe the type of society, needs of the people, perception of individuals, priorities and others which collectively form culture. The application of



|                         | Shell | UK | Bg |
|-------------------------|-------|----|----|
| 1 Power Distance        | 80    | 35 | 70 |
| 2 Individualism         | 55    | 89 | 30 |
| 3 Masculinity           | 45    | 66 | 40 |
| 4 Uncertainty Avoidance | 50    | 35 | 85 |
| 5 Long Term Orientation | 56    | 51 | 69 |
| 6 Indulgence            | 40    | 69 | 16 |

Hofstede cultural dimension helps the organization in understanding the culture which also provides knowledge of the choice of customers, regulations and laws by the legislations and

policies of the government in a market (Alvesson and Sveningsso, 2015). The influence of culture and these factors on the business environment of the organization impacts the culture and performance of the organization along with its structure because of which the various business units of Shell have certain modification in its structure, regulations, culture and policies of the organization according to the countries. It helps the Shell in smooth function and production so that the organization can earn profits.

In order to function smoothly every organization divides all its functions to the employees who can efficiently get it done. Hence, considering the functions the roles have been classified. The manager is considered to be performing the role of leadership. In an organization there is a significant requirement of effective leadership as leadership can effectively contribute towards improving the return rates of an organization (Pegg and Zebey, 2013). Employees know their function and were hired considering that they have the skill set suitable for their position, however, it is essential that they are being guided and monitored in order to ensure that everything is in place. Apart from guidance and monitoring there is another important function that is being performed by the managers which is to keep the employees motivated. It is a basic requirement for the employees to work efficiently and it is quite normal for a human being to feel de motivated from time to time. The managers ensure that the employees feel motivated about their work and take pride in doing so. The organizational performance of an organization is directly dependent on the effective management as well as effective leadership skills. These skills are usually developed through experience and relevant studies. Every activity that is conducted within the organization is first planned and then executed and then monitored to ensure that the plan has been successfully implemented, the manager is directly involved in all these tasks, as a result of which the role played by a manager is significantly important in terms of contributing towards the improvement in the performance of the organization (Brown *et al*, 2019). The leaders are supposed to develop a relationship with the employees in order to understand them better and to make use of their capability as well. The employees too expect to get the opportunity to develop their skills sets which will help them achieve progress in their professional career. Managers provide the employees with the opportunity to perform better which are both helpful for the organization as well as the employee. In Shell the managers have a unique way to perform their tasks to ensure that they attain success in terms of completion of the task on time with absolute accuracy.

## **Conclusion**

This assignment deals with the aspect of structure and culture in business management. The organizational performance of a company is directly dependent on the structure as well as the culture that prevails in the workplace of the concerned organization. All these aspects were analyzed considering the oil and natural gas Company called Shell. In today's modern world it is quite challenging for any organization to sustain the competition that prevails in the market. However, if the employees have the cooperation and will to excel in the tasks that they are assigned to do then it will be easy for these organizations to complete these tasks with ease. Shell being in the market for such a long period of time is very strict when it comes to company policies and ethical compliances. They pay extra attention in order to ensure that everything is in place. The conclusion that can be obtained from this essay is the organization fosters its culture depending on the regulation, laws, product and people for promoting ethical behavior and equality in the workplace and design its structure in a way by which it can obtain effective production along with proper management of human resources which is related to the performance of the organization.

## References

- Alvesson, M. and Sveningsson, S., 2015. *Changing organizational culture: Cultural change work in progress*. Routledge.
- Brown, E., Bullock, R., Hobson, C. and Little, M., 2019. Making residential care work: structure and culture in children's homes. Ashgate.
- Dove, R., 2002. Response ability: the language, structure, and culture of the agile enterprise. John Wiley & Sons.
- Fatehi, K. (1996) *International Management: A cross-cultural approach*, Upper Saddle River, NJ: Prentice Hall.
- Driskill, G.W., 2018. *Organizational culture in action: A cultural analysis workbook*. Routledge.
- Joseph, J., Klingebiel, R. and Wilson, A.J., 2016. Organizational structure and performance feedback: Centralization, aspirations, and termination decisions. *Organization Science*, 27(5), pp.1065-1083.
- Kjaer, L.L., Pagoropoulos, A., Schmidt, J.H. and McAloone, T.C., 2016. Challenges when evaluating product/service-systems through life cycle assessment. *Journal of cleaner production*, 120, pp.95-104.
- Ljungholm, D.P., 2016. Sustainability implementation and organizational performance. *Review of Contemporary Philosophy*, (15), pp.139-145.
- Mazanec, J.A., Crotts, J.C., Gursoy, D. and Lu, L., 2015. Homogeneity versus heterogeneity of cultural values: An item-response theoretical approach applying Hofstede's cultural dimensions in a single nation. *Tourism Management*, 48, pp.299-304.
- Pegg, S. and Zabbey, N., 2013. Oil and water: the Bodo spills and the destruction of traditional livelihood structures in the Niger Delta. *Community Development Journal*, 48(3), pp.391-405.

Sanda, M.A. and Kuada, J., 2016. Influencing dynamics of culture and employee factors on retail banks' performances in a developing country context. *Management Research Review*, 39(5), pp.599-628.

Stark, J., 2015. Product lifecycle management. In *Product lifecycle management (Volume 1)* (pp. 1-29). Springer, Cham.