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MODULE: Workplace Culture and its Impact on Organisational Efficiency

MODULE CODE: BMSW 5005

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**ASSIGNMENT TITLE: Individual Project Report With Practical (Oral)
Performance**

Workplace culture and its Impact on Organisational Efficiency

Introduction

In this report I will be exploring workplace culture and how it can impact efficiency in the workplace. I will be using 'McKinsey 7S Framework', 'PESTLE Analysis', 'SWOT Analysis' and 'Kotter's 8-Step Plan' to examine organisational cultures effect on organisational efficiency.

Culture is the character and personality of your organisation. It's what makes your business unique and is the sum of its values, traditions, beliefs, interactions, behaviours and attitudes.

Positive workplace culture attracts talent, drives engagement, impacts happiness and satisfaction, and affects performance. The character of your business is influenced by everything. Leadership, management, workplace practices, policies, people, and more impact culture significantly.

The biggest mistake organisations make is letting their workplace culture form naturally without first defining what they want it to be.

Importance of Workplace Culture:

Culture is as important as your business strategy because it either strengthens or weakens your objectives. Positive culture is significant, especially because:

- **It attracts talent-**
Job candidates evaluate your organisation and its climate. A strong, positive, clearly defined and well communicated culture attracts talent that fits.
- **It drives engagement and retention-**
Culture impacts how employees interact with their work and your organisation.
- **It impacts happiness and satisfaction-**
Research shows that employee happiness and satisfaction are linked to strong workplace culture.
- **It affects performance-**
Organisations with stronger cultures outperform their competitors financially and are generally more successful.

[1] Forbes, How To Create A Positive Workplace Culture

What impacts culture in the workplace?

A wide range of factors play a role in developing workplace culture, including:

Leadership - The way leaders communicate and interact with employees, what they communicate and highlight, their vision for the future, what they celebrate and recognise, what they expect, the stories they tell, how they make decisions, the extent to which they are trusted, and the beliefs and opinions they reinforce.

Management - How the organisation is managed - its systems, procedures, structure, hierarchy, controls, and goals. The degree to which managers empower employees to make decisions, support and interact with them, and act consistently.

Workplace Practices - Practices related to recruiting, selection, compensation and benefits, rewards and recognition, training and development, advancement/promotion, performance management, wellness, and work/life balance (paid time off, leave, etc.), as well as workplace traditions.

Policies and Philosophies - Employment policies including, but not limited to, attendance, dress code, code of conduct, and scheduling, in addition to organisational attitudes such as hiring, compensation, pay for performance, and internal transfer and promotion.

People - The people hired - their personalities, beliefs, values, diverse skills and experiences, and everyday behaviours. The types of interactions that occur between employees (collaborative versus challenging, supportive versus non-supportive, social versus task-oriented, etc.).

Mission, Vision, and Values - Clarity of mission, vision, and values and whether they honestly reflect the beliefs and viewpoints of your organisation, how inspiring they are to the employees, and the extent to which the mission, vision, and values are stable, widely communicated, and continuously emphasised.

Work Environment - Objects, items, and other physical signs in the workplace. These include what people place on their desks, what the organisation hangs on its walls, how it allocates space and offices, what those offices look like (colour, furniture, etc.), and how shared areas are used.

Communications - The way in which communication occurs in the workplace. Importantly, the level, type, and rate of interaction and communication between leaders and employees, and managers and employees, including the extent of transparency in sharing information and making decisions.

[1] Forbes, How To Create A Positive Workplace Culture

What defines workplace culture?

Many company's let workplace culture form naturally without defining what they want it to be, and that's a mistake. For example:

- They create policies and workplace programs based on what other employers do rather than making sure they fit the work environment.
- They may hire employees who don't fit in.
- They allow management styles that threaten employee engagement and retention.
- They do not create and communicate a clear and inspiring mission, vision, and set of values.
- The work environments are dull.
- They do not consider how everyday actions (or inactions) as leaders are affecting the formation of culture.

For these reasons, it's important to step back, evaluate, and define the workplace culture - both what it is now and what you want it to be in the future and how all of these factors either add or take away from the desired workplace culture and efficiency.

Observation, examination of workplace behaviour, meetings, discussions, and interviews can expose workplace environment. Employees can then have an open a dialogue with the leadership about it.

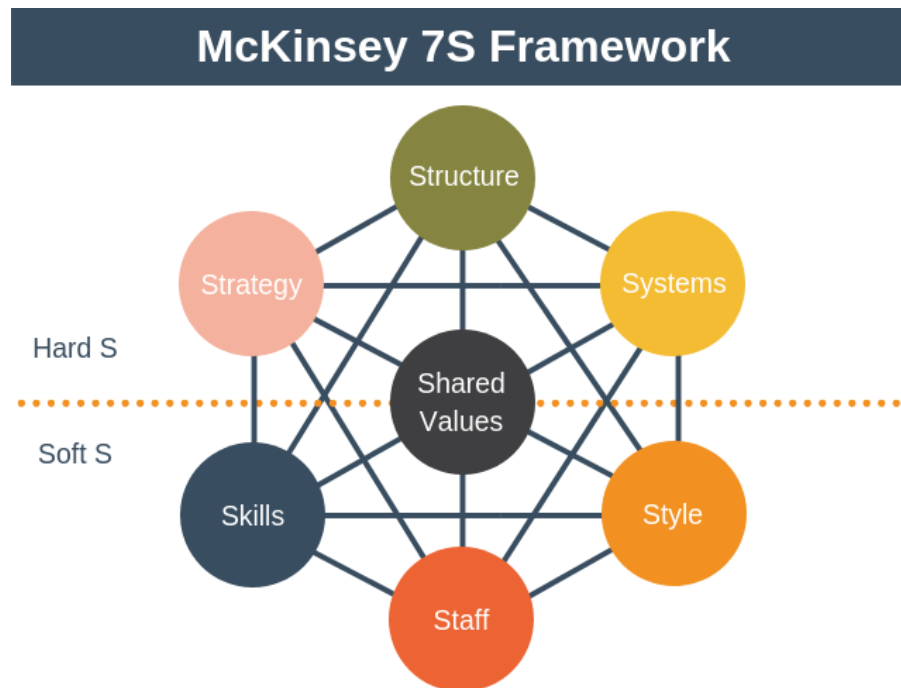
Culture is always a work in progress. It can and will change. Making culture as important as a business strategy is key, positive workplace culture is the vital to organisational efficiency.

[1] Forbes, How To Create A Positive Workplace Culture

McKinsey 7S Framework

The McKinsey 7S Framework is a management model developed by business consultants Robert H. Waterman, Jr. and Tom Peters in the 1980s. This was a strategic vision for

groups, to include businesses, business units, and teams. The 7 S's are structure, strategy, systems, skills, style, staff and shared values.



[2] Figure 1 – The McKinsey 7s Model

Source: <https://www.intology.co.uk/the-mckinsey-7s-framework>

The McKinsey 7S framework. Developed in the early 1980s by Tom Peters and Robert Waterman, two consultants working at the McKinsey & Company consulting firm, the basic premise of the model is that there are seven internal aspects of an organisation that need to be aligned if it is to be successful.^[2]

The 7S model can be used in a wide variety of situations where an alignment perspective is useful, for example, to help you:

- Improve the performance of a company
- Examine the likely effect of future changes within a company
- Align departments and processes during an acquisition
- Determine how best to implement a proposed strategy

This model shows how 'staff' play a key part in a company and all the other S's also effect employees and this in turn effects organisational effectiveness.

PESTLE Analysis on Kashmir Restaurant:

FACTOR	IMPACT ON PERFORMANCE	IMPACT ON ORGANISATIONAL CULTURE
POLITICAL	• Due to Brexit there are fewer staff available • Can not get staff that have come to this country from abroad on a work permit • New minimum wage of £35,000 needed for staff from abroad – too high to afford	• Demanding job – more to do but fewer staff • Higher wage expenditure as the years go on, especially after Brexit • Cost of ingredients and other expenditures are always increasing
ECONOMIC	• Before Brexit – people are afraid to spend too much, not going out to eat as much • After Brexit – number of customers has increased very slowly but people are still afraid as details about Brexit have not been confirmed yet	• Brexit – means employing less people • Can't afford wages for staff as there is not enough sales income coming into the business.
SOCIO-CULTURAL	• People are more health conscious - look for organic options • Vegetarianism/veganism is increasing • People look for locally sourced food which has high costs	• Different healthier cooking methods • Means more training to teach staff
TECHNOLOGICAL	• Increase in food delivery apps/companies • These companies take a cut	• Busier at peak times due to these food delivery

	of profits from sales • Increase of people who enjoy eating in the comfort of their own home – leads to ordering online	apps/companies • Profit margin is smaller as these delivery companies take 10-20% cut of sales – 20% fall in sales income
LEGAL	• Ensure five star environmental health hygiene rating	• Make sure hygiene is always kept up with every task staff do
ENVIRONMENTAL	• Being more green – environmentally friendly is important • Making changes in use of plastic - try to swap plastic for greener options	• Being more environmentally aware and making changes to be more green • Using motorbikes for delivering takeaways – better for the environment • Encouraging customers to come in to the restaurant to collect their food to get a 10% discount on their food

PESTLE is a method of analysis, it give a view of the whole environment from many different angles that a person wants to check and keep a track of while planning a certain idea/plan.

This is a PESTLE analysis on Kashmir Restaurant which is where I work. It shows the Political, Environmental, Social/Cultural, Technological, Environmental and Legal impacts on both performance and organisational culture.

Political:

We can see how Government imposed changes have impacted the business. Since the start of Brexit we have seen a negative effect on revenue and on the business environment in general. It has also effected the culture.

Economic:

These factors are always changing however at the moment in time they have also had a negative effect on the business as they have caused us to have fewer customers resulting in reduced revenue but also increased spending in some area due to inflation in day to day costs such as ingredients. This also impacts the organisational culture as it results in employees not having much to do, lowering moral.

Social/Cultural:

Cultural trends and demographics, population analytics etc. are always changing this effects the food business all the time and at Kashmir Restaurant we feel these changes. We can see changes in peoples food habits and a big shift towards being more health conscious so we have had to implement new cooking methods and dishes in the restaurant to ensure we are appealing to this customer base.

This has had a positive effect on culture as it draws customers in and allows employees to provide excellent customer service.

Technological:

Technological changes have had the biggest effect on the food industry, allowing customers to order online through delivery services. At Kashmir Restaurant we have used these services to bring in more revenue to the business however it isn't always a positive impact on revenue as these companies take a 10-20% cut off sales income.

We get busy at peak times during the evening which gives an insight into our organisational efficiency and how having a positive workplace culture is very important for tasks to run as smoothly as possible.

Legal:

Legal factors that effect this business is making sure hygiene standards are at the highest standard which means all employees have to stick to the rules and work together at all times.

Environmental:

Changes in environmental factors such as having a reduced carbon footprint is important to Kashmir Restaurant. We are always looking for ways to be more green, this has had a positive impact on workforce culture allowing employees to discuss ideas and brainstorm together.

SWOT Analysis on Kashmir Restaurant:

STRENGTHS • Trusty local Indian restaurant • Mixture of staff to keep the business multi-cultural • Enthusiastic team • Modern and relaxing environment • Outstanding customer service	WEAKNESSES • Confusing menu – too many items • Can have long waiting duration when busy
OPPORTUNITIES • Health conscious trend • Provide more vegan options • High exposure location – town centre • Loyal returning customers	THREATS • Competitors always doing promotions • Competitors located nearby • Competitors offer bring your alcohol promotion

SWOT Analysis explores the Strengths, Weaknesses, Opportunities and Weaknesses of a business, here I have used it to analyse Kashmir Restaurant.

This analysis shows how being aware of each area will allow business to work on becoming better and working with employees to stay efficient in the workplace.

Kotter's 8-Step Plan



[3] Figure 2: Dr Kotter's 8-Step Process for Leading Change

Source: <https://www.kotterinc.com/8-steps-process-for-leading-change/>

"The 8-Step Process for Leading Change was cultivated from over four decades of Dr Kotter's observations of countless leaders and organisations as they were trying to transform or execute their strategies. He identified and extracted the success factors and combined them into a methodology, the award-winning 8-Step Process for Leading Change."**[3]**

Kotter's 8-step plan, this model can be used to help leaders change strategies within their companies and using this plan they can follow the steps for efficiency.

This model highlights how culture in the workplace plays a big role in implementing change and doing it efficiently, it highlights in step two, how cooperation from employees is the most constructive approach. In steps five and six you can see how clear communication with employees and making them feel like they have input in the task will ensure that there is a positive culture in the workplace. A change will only become part of the corporate culture when it has become a part of the core of the organisation.

Change does not come round by itself. Values and standards must agree with the new vision and the employees' behaviour must provide a seamless match. Employees must

continue to support the change. Regular evaluation and discussions about progress help consolidate the change, this is step eight of Kotter's model and shows how vital positive culture in the workplace is the organisational effectiveness.[3]

Conclusion

In this report I have looked at workplace culture and its impact on the organisational efficiency using four different methods of analysis. I have used 'McKinsey 7S Framework', 'PESTLE Analysis', 'SWOT Analysis' and 'Kotter's 8-Step Plan' to examine organisational cultures effect on organisational efficiency and in relation to Kashmir Restaurant. I have found out that a positive workplace culture has positive impact on customers and in turn a positive effect on efficiency in the workplace. A strong organisational culture will generally attract the customers and make loyalty to the organisation. At Kashmir we can see how strong the effect of workplace culture is on efficiency, having a good balanced culture allows employees to feel like their being heard and that their opinions and suggestions are considered by managers.

We can also see how having a balanced relationship with employees is also important, making sure that rules are put in place and that they are not left to make up their own structure is also important to the success of a business and its organisational efficiency. After the analysis of the impact of workplace culture on efficiency, I believe organisations with healthy, positive workplace culture benefits long term and is more successful.

Word count: 2,341 [Including Quotes]

References

[1] <https://www.forbes.com/sites/pragyaagarwaleurope/2018/08/29/how-to-create-a-positive-work-place-culture/> [Accessed 04/03/2020]

[2] <https://www.intology.co.uk/the-mckinsey-7s-framework> [Accessed 04/03/2020]

[3] <https://www.kotterinc.com/8-steps-process-for-leading-change/> [Accessed 04/03/2020]

Figure 1 <https://www.intology.co.uk/the-mckinsey-7s-framework> [Accessed 04/03/2020]

Figure 2 - <https://www.kotterinc.com/8-steps-process-for-leading-change/> [Accessed 04/03/2020]