

Workplace Culture and its impact on Organisational Efficiency Case Study John Lewis PLC

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Task 1

Executive summary

John Lewis is a chain of retail stores and the biggest in the United Kingdom. The retail store was founded in 1864 by John Lewis (Aliyev, 2015.p.1). The retail store that has over 150 years of history opened its first shop in London's Oxford Business Street. The retailer has presently spread throughout the United Kingdom, with some of its stores located in Stratford City's Westfield shopping centre. John Lewis showcases the latest and most outstanding fashion, home, beauty, and electronics products. John Lewis has strived to integrate the best concepts to give its customers a pleasurable and memorable shopping experience. The brand focuses mainly on promoting customer loyalty which it seeks to achieve by offering delicious foods and personal services to its customers. The department store also hosts special events geared at enhancing customer loyalty. John Lewis has helpful and knowledgeable partners who ensure that consumers leave the premises with merchandise that aligns with their needs. It has made the enterprise perform well in the market as presently, it has high market shares that most of its competitors envied. Customers are attracted not only to the store because of its achievements but its model, which is unique, and thus deserves accolades. One important thing to note about the store is that the employees control it. Initially, the retail store was owned entirely by the Lewis family. However, in 1929, the prominent family members were removed from the enterprise's board and gave the employees the right to control the business through the shares they held, which immensely helped the store's success. Currently, the retail store has branch stores in the Oxford Street business district and shopping malls throughout the Kingdom. The paper analyses John Lewis's workplace culture and how it has influenced enterprises' efficiency and the PESTEL and Porter's Five Forces Model in the enterprise

environment. The paper will also discuss the ethical dilemmas that affect John Lewis and give recommendations on how to resolve the ethical dilemmas.

PESTEL and Porter's Five Forces as the Key Business Environmental Analytical Tools

Business analysis is crucial in helping businesses reach their strategic goals by recognizing and executing specific changes. Moriah (2022), notes that organizations can outline existing problems through business analysis and develop strategies to overcome these challenges. Tools used in business analysis vary significantly in their application, structure, and benefits. The tools can be applied by managers and professional business analytics keen on determining problems and formulating future strategies. Although there are various analytical tools, the report will focus on PESTEL and Porter's Five Forces.

The University of Sydney defines the PESTEL Analysis as a compelling analysis of the environmental factors influencing an organization (2022). It is a strategic business analysis tool that offers a vivid representation of businesses by analysing the macro environment to establish business decline, market growth, and emerging trends. The strategic tool analysis factors include political, economic, social, technological, legal, and environmental, all of which, when analysed, help create knowledge on how to manage an organization's macro-environment. The macro-environment denotes the economic circumstances rather than a specific region or sector. Therefore, PESTEL Analysis thus looks at elements such as fiscal and monetary policy, spending, employment inflation, and gross domestic product (GDP). In a nutshell, the PESTLE analysis offers relative information about the direction of the business, risks such as pandemics, growth targets and brand positioning, and the overall impact on the organization's productivity. Moreover, the tool aids in determining the validity of prevailing services and products and defining the development of new products.

As a ground-breaking progress in strategic management, Porter's Five Forces model is the accepted pick for assessing an industry's strategic outlook. The basic principle of the concept is that competitiveness within a particular industry defines the strategy employed by businesses and organizations. The analytical tool is crucial in understanding the powers lying in a business setting to establish the corporate strategy by assessing the attractiveness and profitability of the industry. Michael E. Porter's five forces defining the state of competition in the industry determine the profitability and attractiveness of this model. The substantial strength of every force in the model impacts a company in marketing strategies such as pricing. According to Porter (2008), the threat of new entrants, the bargaining power of buyers, the bargaining power of suppliers, the threat of substitutes, and competitive rivalry are the five forces presented by Michael E. Porter (pp. 80-85).

In this report, the business environment of John Lewis will be analysed and assessed by looking at its PESTEL and Porter's Five Forces.

PESTLE Analysis of John Lewis

John Lewis's PESTLE Analysis assesses the brand's business strategies. It analyses the external factors that, include political, economic, social, and technological factors, that impact its operation alongside its legal and environmental factors. John Lewis's PESTLE Analysis underlines the diverse external situations impacting brand operations. John Lewis's PESTLE analysis is a crucial structure to the organization as it aids in comprehending the market dynamics and continuously enhancing its operations.

Political Factors:

As noted earlier, John Lewis is one of the major retail stores in the United Kingdom. However, like many other businesses, John Lewis's operations are impacted by different trade policies, such as export and import regulations and rules. It is necessary to note that John Lewis is

not based in the United Kingdom only as it has established itself in over fifty other countries globally. As such, the government policies in these countries play a crucial role in the business's strategic operations. With the emergence of disasters and pandemics like the Covid-19 pandemic, which has resulted in many changes and uncertainties in global foreign trade, John Lewis must be agile and swift in its activities to maintain its resilience in the market (MBA Skool Team, 2021). The outbreak of Covid-19 pandemic resulted in most countries and governments instituting and enacting policies that guide business operations to curb the spread of the virus. Covid-19 impacted the political environment in most countries significantly, thereby affecting the profitability of businesses. John Lewis was not exempted as government regulations meant that people did not visit its premises frequently and only relied on online sales. Political factors are crucial for the profitability and success of businesses like John Lewis operating in foreign countries.

Economic Factors

Economic factors play a crucial role in consumers' purchasing power. A rise in economic fluctuations results in changes in consumer spending. Rising duties and taxes, inflation, and recession impact the profitability and performance of John Lewis. At the height of Covid-19, John Lewis was affected by the lockdowns that resulted in low sales because of the store's shutdown (MBA Skool Team, 2021). The current situation is not bad with the slowdown in the pandemic. The company must change its strategies and entice more customers through diverse promotional strategies. As the macroeconomic situation steadies, customer spending increases, resulting in more sales and profits for John Lewis.

Social Factors

With varying societal behaviours and traditions, individuals tend to purchase rigorously and regularly. The demographics influence people's choices and lifestyle approach toward brands

and products. John Lewis must focus more on their product's hygiene, safety, and quality, particularly during this Covid-19 pandemic, where people focus more on hygiene (MBA Skool Team, 2021). The enterprise must also focus on correct market positioning, target, and segmentation. It is crucial to recognize the needs of the consumers and strategize properly, which will be crucial in appealing to the customers. It is imperative to consider enhanced competition from local and private labels as it is a crucial factor in the success of businesses. John Lewis can use its distinctive selling proposition to challenge its competitor's market share and gain profitability.

Technological Factors

Currently, businesses rely on technological innovations; hence John Lewis must embrace digitalization. John Lewis is currently enhancing its consumer reach by investing in artificial Intelligence and mobile technology that would enable it to obtain relevant data. MBA Skool Team (2021) notes that John Lewis has strategized on how to meet the expectations and demands of its consumers by partnering with Wipro, a company that offers consulting and information technology services digitally. The company also focuses on product innovation to give its customers high-quality and safe products. This enterprise is all about innovation and technology, which sets a customer experience strategy that drives the sales and marketing of its products.

Legal Factors

In the retail luxury industry, legal factors play an essential role. John Lewis must take note of all regulations connected to the sector, be it its health, safety, consumer privacy laws, anti-trust laws, discrimination, and patents (MBA Skool Team, 2021). Customers must be safeguarded from any illegal activities and practices. Businesses must abide by consumer privacy guidelines to attain

the consumers' trust. Lawful business conduct can enable John Lewis to gain a considerable market share and competitive advantage.

Environmental Factors:

Environmental factors play a crucial role in a brand like John Lewis's gaining a continuous competitive advantage. In gaining sustainability, John Lewis needs to look at factors such as minimizing the emission of greenhouse gases that cause pollution, reducing carbon footprint, engaging in recycling activities, and managing waste. MBA Skool Team (2021) states that John Lewis is doing all it can to minimize wastage by implementing novel, durable wrapping produced from 70% of materials that have been recycled. The company has also minimized its plastic hanger waste and urges its clients to come with their bags while shopping with them. It demonstrates that the company is engrossed in functioning sustainably to drive effective performance and profits in its targeted market.

In a nutshell, John Lewis's PESTLE Analysis underscores the different features impacting performance. This thought aids the company in critically evaluating its external entrepreneurial factors.

John Lewis Porter's Five Forces Analysis

John Lewis's Porter's Five Forces analysis covers its competitive landscape and factors affecting the industry. The analysis measures the company's position based on forces such as the threat posed by new entrants, the threat from substitutes, buyers' bargaining power, suppliers' bargaining power, and competition from rivals (SWOT and PESTLE.com, 2022). John Lewis's Five Forces analysis helps assess the business's present status in the market based on several external and internal factors such as suppliers, financial strength, customers, and competitors.

Threat of New Entrants

John Lewis trades general merchandise in its warehouse clubs, hypermarkets, supercentres, and convenience stores. The products traded by John Lewis and businesses of its shape are purchased from established firms. Therefore, it is challenging for new entrants to alter the mindset of consumers. Moreover, the significant amount of capital required during investment might be an obstacle for new entrants. The threat from new entrants is a weak force for an established enterprise like John Lewis (MBA Skool Team, 2022). The new entrants need to invest more in development and research, which drives the requirement cost higher. Moreover, marketing campaigns employed by John Lewis would be hard to replicate by the new businesses, thus weakening the threat by the new entrants.

Threat of Substitutes

John Lewis's product portfolio caters to the overall merchandise requisite of the consumers. Most of these products lack substitutes that cater to consumers' daily needs, as customers typically use economic products. The product's quality breaks and makes the deal; thus, the current brands cannot compromise on this. Generally, we have products of different quality and price tags, which change continuously (MBA Skool Team, 2022). Therefore, consumers may be going for low-cost but quality products. John Lewis has to provide customers with these products through its marketing campaigns. John Lewis should also attempt to differentiate its products from the rest in the market, making the customers stick to it. Nevertheless, substitutes pose a moderate threat to John Lewis.

Bargaining Power of Customers

Naturally, the customer's prices are sensitive as economical deals entice them. It means that customers' bargaining power is high when purchasing general merchandise. Such products are

suitable for meeting the everyday needs of consumers (MBA Skool Team, 2022). Therefore, there is minimal differentiation between John Lewis's products and those of other brands. The bargaining power of customers is further weakened by the fact that most sellers sell products of the same quality. However, consumers prefer aligning themselves with recognized brands which make brands such as John Lewis prosper as they purchase their products regardless of the price tag. It affirms the weakness of this force as it relates to John Lewis.

Bargaining Power of Suppliers

Several suppliers offer general retail merchandise similar to that of John Lewis at the same prices, which significantly lowers the supplier's bargaining power. John Lewis primarily outsources its products to regional manufacturers, making it hard for these manufacturers to negotiate the prices of their commodities with the brand; hence, they lack control over the process. Product quality also has a relative influence on the prices as the commodities are for the common good of the consumers (MBA Skool Team, 2022). It means that it is hard to differentiate the products in the market, which consequently reduces suppliers' costs for recognized brands, hence reducing suppliers' bargaining power. Moreover, John Lewis enjoys the goodwill of its customers, which encourages the suppliers to associate with it, thus reducing the supplier's bargaining power. Generally, this force is weak when relating to John Lewis's operations.

Competitive Rivalry

MBA Skool Team (2022) notes that House of Fraser, Debenhams, Asda, and Mark and Spencer are among John Lewis's rivals which are similarly strong businesses that provide similar products offered by John Lewis at the same prices. All these businesses operate in the same environment that is already saturated; hence there is no growth. The products offered by these enterprises have attained sufficient market reach as they serve the daily needs of consumers.

Therefore, any company needing a competitive advantage must break the impasse through intensive advertising and marketing campaigns. However, this is risky as people's fashion trends may change anytime. Both enterprises provide top-notch products; hence a breakthrough will only be achieved by companies that invest in intensive research.

John Lewis's Workplace Culture

An organization's culture refers to an organization's operations, relationships, and behavioral patterns as it develops over time. The people working within the organization, including the workforce and managers, develop the workplace culture. An organization stands for its values and the dreams it aims at turning into reality, which is crucial in developing a fundamental and active culture. Organizations with high-performing cultures comprise individuals who share a similar vision and values and trust each other's contributions.

John Lewis's organizational culture revolves around employee ownership which is highly successful and distinct. The workplace culture employed by John Lewis is market-driven. A market-driven culture is a form of corporate culture that stresses competitiveness between the enterprise and its market competitors and between the employees. Market culture is also referred to as compete culture as it emphasizes more on results. It means that people within the organization want to win and realize their objectives. In this culture, the employees are incredibly goal-focused, while the leaders are demanding and laborious as they aim at succeeding. Although such a culture provides a high-pressure environment, it is rewarding in the long run as results rely on the personnel's handwork. Thus, culture results in superior performance and value to be emulated by the competitors (Gallagher et al., 2008. p.28). It affirms the importance of market culture to an organization like John Lewis striving to assert its influence in the market.

Organizational culture is not constant as it changes as time goes; hence John Lewis's culture is bound to change at some point. Various factors can necessitate changes in John Lewis's culture, such as changes in new management which result in the presentation of new concepts and ideas the new management would strive to implement (Errida, & Lotfi, 2021). Such a leader would want the staff to work as per his ideologies. The new management's ideologies, behaviour, and the working system would undoubtedly result in changes in the work culture. External factors such as market fluctuations and inflation can result in changes in the work culture of an organization, as they may result in financial losses. The financial losses would mean that the organization would fail to appraise and reward its employees, thus resulting in the demoralization of the staff and eventual change in work culture.

Impact of John Lewis's market-driven Culture on financial and non-financial performance

John Lewis has successfully employed market-driven culture, which has proven effective with the employees expected to give results that would see them climb the ladder regardless of the personal cost. It means that the culture fosters positive competition, which is crucial in enhancing productivity and efficiency in any organization. On the other hand, the management focuses on the essential inputs for the enterprise and delivers them on time while at the same time ensuring that quality is maintained. John Lewis's culture is shaped by its reward systems, the types of outcomes and behaviours it punishes, and rewards. One relevant component of the reward system is whether an organization rewards results and behaviours or results. John Lewis's reward systems underscore the intangible components of performance. In John Lewis, supervisors evaluate the performance of the employees by evaluating their behaviours and performance. As such, John Lewis's culture is relatively team-oriented, with the workforce as one big family (Kerr, & Slocum,

2005. pp. 130-138). At the same time, this is crucial in the organization attaining financial success as working as a team means collaboration among members, which fosters productivity. Enhanced productivity translates to increased revenue; hence the culture improves the organization's finances.

Ethical Dilemma

An ethical dilemma is a state in which Individuals are forced to choose between two options (Figar, & Đorđević, 2016, p.346). The ethical dilemma often usually involves a mental clash between decisions about two things. In most cases, ethical dilemmas are termed between moral and immoral situations when one has to choose one of the two. Although ethical dilemmas present themselves almost daily, their experiences vary from one individual to another and from one organization to another. Like other organizations, John Lewis may encounter various dilemmas at one time or another, among them being sexual harassment and racial discrimination both falling under the Justice Vs. Mercy dilemma. Sexual harassment and racial discrimination are costly ethical issues that employees and employers of John Lewis may encounter while working. Racial discrimination may affect John Lewis's productivity and operations as it affects the morale of the employees, the atmosphere, and the organization's culture. Similarly, sexual harassment is associated with job dissatisfaction, employee distraction, project neglect, absenteeism, and disengagement, all of which affect the organization's productivity.

Recommendation

It is unethical to discriminate against others at the workplace based on their race, sex, among other frameworks, as it is prohibited by different laws, including employment laws. However, racial discrimination can be resolved ethically by instituting discrimination policies at the workplace that punish racists and enacting and applying Employment Discrimination Laws at

the workplace. Similar to racial discrimination, it is unethical and prohibited by the law and constitutes acts such as unwanted sexual advances affecting an individual's work performance. The employer's responsibility is to prevent sexual harassment at the workplace and take action before such incidents occur. Employers can achieve this by instituting reporting policies and sexual harassment reporting policies. Any employer who applies these approaches is considered ethical; hence will not be liable if harassment transpires.

Individual Reflective Essay Task 2

What have you learnt during this module?

During this module, I have learned numerous things and encountered different challenging and exciting experiences. I have enjoyed developing my understanding and knowledge in the various aspects of the course. In general, the module has enabled me to explore my strengths further and strive to improve my weaknesses in my quest to enhance my general performance. Apart from the elements of the course that I have learned through the module, I have improved my teamwork, effective learning, and communication skills thanks to the projects we have handled in class in collaboration with other students. Apart from the general knowledge, there are crucial module topics and information that I have learned.

At the beginning of the module, I learned numerous things I lacked knowledge about despite appearing to be simple and ordinary things. For instance, I learned that an organization is an arrangement of individuals pursuing collective goals by attaining results and standards of

performance. I further got the opportunity of learning the different types of organizations through this module. However, learning that an environment exists in an organization was entirely new for me during this module. This was entirely new to me as I had always thought that environment only relates to scenic beauty and the natural environment. Nonetheless, through this module, I got a different perspective of the environment, this time in the business context.

The module has also been informative as it has enlightened me on the various factors in an organization's environment that affect its functioning. Previously, one who intended to institute a business could set it up, provided they had sufficient finances to support their operations. However, it is through this module that I learned of the different evaluations and market analyses that need to be conducted by businesses that aim at succeeding in the market. Through the module, I have learned the different analytical tools I can use in assessing the environment before setting up my business.

I have also had the privilege of learning about the existence of culture in an organization. Similar to the element of the environment, I had no prior knowledge of the presence of culture in an organization. However, the module has explained the organizational culture and its significance in enhancing productivity and efficiency. While most organizations perform seemingly well, I have learned that they encounter barriers that affect their functioning. Moreover, the module has enabled me to learn that organizations ail as the Organizational Health Index OHI measures and tracks the organizational elements driving its performances. Through this tool, managers and leaders can enhance the health of an organization. Thanks to the module, I have gained insights into the general implication of workplace culture from a global perspective.

The final thing I have learned through this module is the aspect of business ethics and the different forms of ethical dilemmas. I had a little information about ethics as I always knew that it

relates to wrongs and rights committed by individuals. However, the module helped me understand the concept focusing primarily on the business aspect of ethics, which was a good thing as it has helped me understand the proper ethics that apply to business. Therefore I now understand how to conduct myself ethically when conducting business activities.

What went well during this module?

Although the module was overall good, some particular things went well for me. For instance, the module has enabled me to look in-depth at the explicit areas that interest me and those I had no confidence in delivering while in class. I liked that we, the students, were accorded the opportunity of working together in groups, which enabled me to improve my communication, empathy, and listening skills. These are crucial skills that I can employ in my future endeavours. Moreover, working with my fellow students on the assigned tasks gave me an enjoyable experience. I have learned a lot from my fellow students who are professionals in the making. By sharing our thoughts and ideas on varying topics related to the module and obtaining different perspectives from one another, I have been encouraged to improve my thinking.

While most of the tasks assigned were enjoyable, I have to attest that the project on business ethics and ethical dilemmas was more enjoyable. It was an unceasing procedure through the module, with most tasks completed before the end of October. Doing them throughout the module has removed some stress from completing the assignment. I chose to complete it in a short time as it was an easy topic to comprehend because it involved making relations with real-life situations that made the topic more interesting.

What has not been so great?

The general lectures were not so great to me. I am an individual who likes engaging more with my peers on academic matters which are not provided by lectures. Lectures need to be more

effective when it comes to student engagement. It is necessary to note that students who are engaged while learning focus more and are attentive. Besides, they are motivated and engage in discussions through critical thinking. However, this is not the case during the lectures, as the teacher takes charge of all proceedings, which is dull and makes the students inactive. Thus, engaging the students and creating a participatory and active learning environment is necessary. While lectures are important during learning, it is necessary to incorporate group projects frequently, which will be crucial in ensuring the students are engaged during the course period, which will have a positive outcome in the end.

What can be used for employment?

The topic of business ethics and ethical dilemmas can be used in employment. Workplace ethics is crucial as it encourages cooperation and teamwork. An organization that introduces programs that align with workplace ethics encourages good behaviour of employees. This is crucial in fostering partnership, trust, and openness. Besides, employees who understand the expectations of their supervisors perform their duties well. Therefore, business ethics is necessary as it advances productivity and efficiency in organizations; hence organizations need to emphasize the element during employment.

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