



STRUCTURE AND CULTURE KPMG



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1. Introduction

The term structure is directly related to the management processes in each company or organization. It defines the number and appearance of all units associated with the process of activity in the company. The overall effectiveness of an organization depends on its organizational structure. Culture is the set of values shared by the associates developed in the process of functioning of the company in dealing with external and internal problematic situations, which underlie the company practices, systems and procedures and passed on to the new members of the company through written rules and symbolic patterns (Mullins, L. 2014). In the basis of this report is the KPMG, which is a global multinational company. It provides three types of services, which are a financial audit, tax and also advisory offers or consultations, related to the subject of business operations. The company is estimated to employ over 200 000 people worldwide, and it has located offices across the world as well (KPMG International Cooperative, 2019).

2. Strategy of the Company

The company adapts to the continuous development of effective strategy-planning to improve the management and defeat competition. The strategy of the company focuses on constantly improving the internal environment – including stakeholders as employees and generally partners who have a set influence over the company's doing. "... we draw on KPMG's deep functional expertise to work shoulder to shoulder with our clients through implementation and deliver targeted results by accelerating momentum, locking down value and de-risking both decisions and actions." (KPMG, 2019). There is a great deal of importance for the governing heads of KPMG, contributing to the completion of business objectives effectively as Consultancy UK (2014) states. This is what makes the strategy of KPMG effective.

3. Structure

The structure of the company is one of the most important features when it comes to the management of KPMG. The function of structural arrangements is to keep a company organized and maintained. The organizational structure of every business is important because it maintains order into the workplace, according to Ingram, 2019. Therefore this is the way in which the company manages to ease out the pressure which it faces. In terms of the link to business objectives of KPMG, they are spread equally to the departments which are responsible for the operation of the firm which keeps this order in place, according to KPMG International Cooperative, 2019. This is only possible with the help of the hierarchical structure which the company has adopted to ensure that its running is sufficient and suitable for its business environment.

To understand the organizational structure, we will present a brief description of different terms.

Chain of command

Inside the organization, there exist a chain of command, for example a Chief Executive Officer (CEO) may be the individual heading the organization with a group of general directors beneath the line, etc to the grass-root level representatives. Inside this structure, correspondence would be a significance necessity and for this reason, certain conventions and frameworks are pursued. These framework or conventions are characterized as the levels of leadership inside the association. In straightforward words, the levels of leadership would be the detailing chain of command of an association (Mullins, L. 2016).

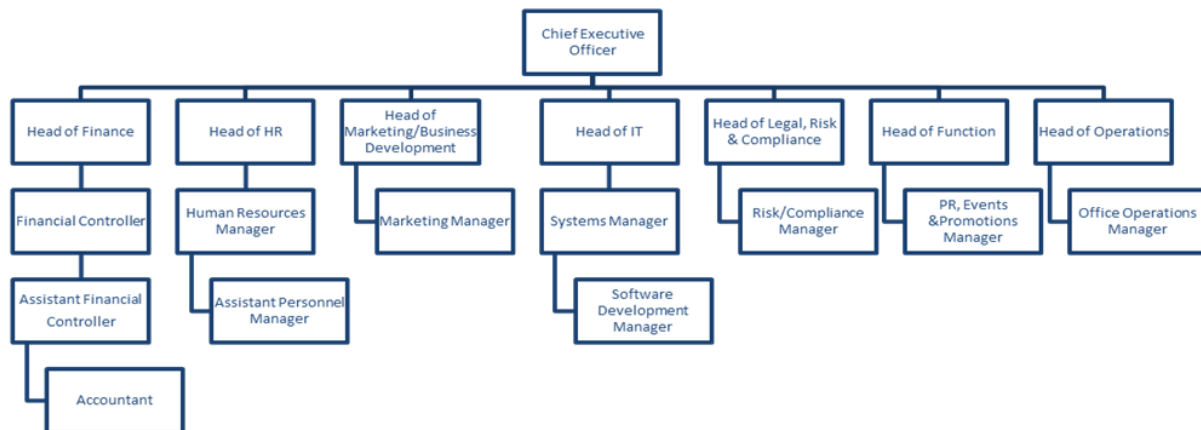
Span of Control

Range of control alludes to the quantity of subordinates who report legitimately to a given administrator or director. It does not allude to the aggregate of subordinate working staff, that is the individuals who report first to someone else Hence the term “span of supervision” or “ span of responsibility” is now and again viewed as progressively suitable (Mullins, L. 2016).

We will be using the Fatehi frame to understand the structure of the KPMG. The basic types of structures (Fatehi, 1996) are:

Function structure

There are ultimately different positions which account for the roles and objectives which the company is stated to accomplish. First of all, the CEO stays on top of the command for the entire company thus making this position the most powerful and the most influential within KPMG. They are virtually responsible for taking care of the firm's performance in the market. Beneath the CEO are the heads or 7 part of directors of the respective departments which operate in KPMG. Those are head of finance, head of human resources, head of marketing (or business development), head of IT (information technology), head of legality, risk and compliance, head of function and head of operations. Beneath all of these positions are set roles and responsibilities relating directly to the functional area of the business.



Product structure

In terms of the organizational structure by product/service, the accounting department deals with more than a half of the services offered by KPMG. The audits and tax fall into this category. There is a separate department due to the structural arrangement of KPMG for the consultancy services.

Geographic structure

KPMG is also said to have structural operations in accordance to geographical positioning. In the case of geographical organizational structure, the employees in the company are arranged or put together in geographical divisions, according to Johnson (2018). Those divisions are supposed to manage themselves as actual separate companies under the same goals which KPMG has. The workload is handled very easily, though. Furthermore, this is a suitable structural design due to the fact KPMG is a global company and it has operations in more than one country.

Mixed structure

This is a mix of Function structure, Product structure and Geographic structure. This is sometimes an awkward mix that can lead to conflict and tension (Mullins, L. 2014).

Matrix structure

Administrative reporting and functional reporting are two line of reporting exists In a matrix structure. This is used where administrative and centralised administrative functions have different locations (Mullins, L. 2016)

4. Global Culture

The global culture of KPMG focuses on the Hofstede Cultural Dimensions. This is a theory which aims to evaluate the ways in which a company establishes its values and acts upon the development of its structure accordingly (CFI, 2019). It has levels by which a company is put on a scale to see whether it goes one way or the other with an indication for what this means as well, KPMG included.

The Hofstede theory has six criteria by which a business organization is judges which are: power distance, whether the business adopts collectivism or individualism, uncertainty avoidance index, whether the organization has a masculine or a feminine methodology, short term as opposed to long term orientation and vice versa, and whether the business is restraint or indulgent (Hofstede Insights, 2019).

Power Distance

The level for power distance of KPMG is high which means it is embracing the hierarchal way of structuring the organization. This is seen in the organizational structure of the firm as it has many layers and positions whereby individuals account for their respective roles. It is highly organized and strict. There is also encouragement for bureaucracy and authority is valued.

Individualism

KPMG embraces the collective approach of its employed staff members regardless of the location around the world. The main strategic feature of the company is to be as involved with the stakeholders and partners as possible.

Uncertainty Avoidance

The uncertainty avoidance index is the measure of the levels of tolerance towards the uncertainty that may surround the company. KPMG has a high level of uncertainty avoidance index. This means that it does not tolerate the uncertainty and it prefers to deal with the struggled right away by making the set of regulations which it believes will protect the company from external influences.

Masculinity

The company is more masculine. Its strictness and the wealth-building are indicating this conclusion. However, the company also has some feminine sides such as the nurturing approach and the attention to the employees who work in the KPMG fields.

The gender roles in recent years have become more fluid as well which is another aspect covered by the feminine approach.

Long Term Orientation

Long term orientation to goals and business objectives is also present in the culture of KPMG. The effectiveness of the long term goals is valued more than the temporary business satisfaction. In order to minimize those risks, the collective feature of KPMG acts as the way in which it monitors employees (KPMG International Cooperative, 2019). This is how it is indicated that the company wants to oversee the future in business.

Dimensions	KPMG	The Netherlands	UK
Power distance	30	38	35
Individualism	85	80	89
Masculinity	30	14	66
Uncertainty Avoidance	45	53	35
Long Term Orientation	60	67	51
Indulgence	65	68	69

5. Organization

The company has layers in its organizational approach which includes the leadership. Behind the proper choice of the organizational approach of a company like KPMG, there is a heavy impact of the behavior and values of the employees working there and the general social elements which can influence the management decision-making (Huczynski, A. and Buchachan, D. A., 2013). Firstly, the leadership which the heads of the company take has to be adapted to the employees and the current situation of the assets of the company. This is due to the fact that employees have to respond positively to the approach of their manager in order to be proactive and feel encouraged to help and suggest ideas.

Secondly, the organizational behavior is part of the wider organization of KPMG and this particular subject examines not only the behavior of employees but all the people within the organization – the shareholders and stakeholders (Mullins, L. 2016). The patterns which are learned when the business managers observe the organizational behaviors of the people involved in the company helps settle the right structure – this is the way in which the near-perfect hierarchy can be decided upon. The behavior involves set skills but also the reactions and the abilities of a person to think on the spot which is crucial in an environment which can be influenced easily

by external business factors. Some people can show leadership qualities which make them the suitable people to appoint for managers and later on involve them in the board of directors if necessary.

Finally, the organizational climate is the other part of the wider organization which influences KPMG. The climate refers directly to the working environment in which people carry out their responsibilities rather than the people themselves (Armstrong, M. and Taylor, S., 2017). Notably, the organizational culture should not be considered the same as the organizational climate. The culture of KPMG is based upon emotive elements – values, inspirations, beliefs and motifs. The climate, on the other hand, is the rational counterpart that involves the conscious perception of the people who work in the company. The environment is taken very seriously and the latest technology and furnished offices are at the convenience of employees. The fact that the leadership of KPMG focuses heavily on those stakeholders means that they will do what is required to ensure that the environment is professional.

6. Performance

The company's performance is reflected in its annual reports and the reviews of clients for the services of KPMG and the reviews of employees are considered. On the positive side, many of the reviews state that the working environment is immaculate and professional with a competitive salary. However, the disadvantage that seems to occur with many of the reviews are the long hours of work are required by the company. Additionally to this, the reviews state that KPMG as high set expectations that sometimes may seem too unrealistic to cover under the designed time frame and this can lead to overload and stressing out. Nevertheless, the performance remains immaculate.

The annual reports have some changes with the year differences. A great difference is seen between 2016 and 2018 in the total revenue claimed by the company from 2.17 billion pounds to 2.34 billion pounds. Also, the recruitment has been a very effective and an important part of this positive result as the people who are chosen have the necessary qualities to bring competitive advantages and higher levels of professional competency for the firm. KPMG still needs to maintain a good internal environment monitoring and ensure that performance of the stakeholders is not slowing down under the standardized range.

Regarding the internal business environment with great care means that there is a minimal risk where underperforming and failure to meet deadlines for global projects will actually occur. It is also better for a company to focus on those aspects rather than the external environment as the external influences cannot be battled before they actually rise.

There is also a possibility where the organization creates a new department with a new set of tasks and a team which is responsible for the completion of the aims. The work which KPMG receives on a daily basis is enormous and the company has to combat the risk of underperforming by extra employment opportunities. This may increase cost – salary-wise, but it eases the prospects of the difficult work that it

faces as well. KPMG is a restrained company due to the many rules and regulations in its organizational structure. The company is still flexible but its method of monitoring is also considered as a restraint factor. This is also known as normative repression.

7. Conclusion

In conclusion, KPMG has been a successful company and even though it has existed for only around 40 years, it has made a mark on the business world. The company offers the services for financial audit, advisory and tax. The services are delivered by the employed staff, monitored and their internal environment is always adapted to the needs of the stakeholders. Partners and their contribution is also looked upon and evaluated as there are 625 existing partnerships between KPMG and other institutions. The organizational structure of KPMG is complex and only the upper levels of management are presented. Those include the chief executive officer and the heads of the functional areas of the company – finance, human resources, marketing, legality, risk and commitment, function and finally the operation department. The company follows a distinctive path when it comes to Hofstede Culture Dimension Theory. It is more restraint and masculine, it has a collective approach to the goal setting and overall performance of the company, it has a high uncertainty avoidance index, and it focuses on long-term goals. KPMG pays a lot of attention to making the internal working environment as meaningful and at the same time efficient as possible by applying suitable culture and climate.

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