



STUDENT NAME

Akhter Ali

STUDENT I.D

1711149

ASSIGNMENT TITLE

Workplace Culture and its impact on Organizational Efficiency

MODULE

(BMSW5005_BIRM)

GROUP

2

LECTURER

Dr Eric Osei

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INTRODUCTION

The hospitality industry is a fiercely competitive sector where Restaurants constantly strive to innovate and excel in the field. As a result of the constant competitive pressures restaurants take on organisational cultures that often define the outlook of everything they do. Organisational cultures once established are very hard to change. Good organisational cultures can enhance a Restaurant overall productivity and image, whilst bad cultures can reduce productivity and make the work environment a very unpleasant place.

This assignment will look at the external and internal factors affecting an Indian Restaurant. The tools used to conduct the external analysis is PESTLE and for internal analysis McKinsy's 7S. the assignment will further looks at the ethical stance of the Restaurant and how the culture of the Restaurant compares to a competitor. Lastly it will conclude with the finding and proposes recommendations to enhance the Restaurants culture and services

ANALYSIS OF MACRO ENVIRONMENT USING PESTEL

PESTEL- an acronym meaning: **Political, Economic, Social, Technologies, Environmental and Legal-** allows for a business to assess the condition of the economy that exists as a whole, and the condition of the actual business. The **PESTEL** factors include:

Political- Political factors have and continue to significantly impact restaurant life and work management, from things such as health and safety laws, VAT regulated by the government, to employment itself.

- Due to political factors, laws and regulations, the catering industry, as a whole has been affected. New regulations occurring due to the new health and safety laws, especially with the covid Pandemic, employment laws and labor laws have all caused the business to either change their business style or add more cost onto the business.
- The political decision of Brexit means that anything bought in from abroad- such as spices and other ingredients- will be brought in with higher tariffs- increasing cost onto the business (which we will have to counteract)
- The new pension plan, which is compulsory, has made it so the business have additional costs. (Department for work and pensions, 2019).
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Economic- Economic factors can include things like: interest rates; tax rates; the state of the economy and such. Tax rates can also influence economic growth. For example, when imposing a higher tax rate on ingredients coming abroad because of Brexit, it will make the goods more expensive for the business, which in turn will be passed onto the consumer.

- The need to reduce staff due to the state of the economy, while also being very fragile as well
- The corona virus has caused the whole economy to shake, making income through the restaurant low-to-none, as we had to switch completely to take-away.
- Inflation rates are also at a high, as telephone, gas, electric and water rates increased costs. (Office of national statistic, 2019)

Social- Social factors would include the consumer behaviors and habits, which can change constantly. These behaviors can include things like consumer spending (linked to economic factors), doctors and health practitioners.

- Due to lockdown restrictions and people's care to stay at home- take out and especially delivery have become ever increasingly important- so finding delivery drivers but also letting go waiters has impacted the business plan.
- Newer generations and chefs are choosing not to work at old fashioned and cultural restaurants- as they believe it is outdated, while the older generation aren't adapting to the newer customer trends and needs. Therefore, finding skilled workers, who understand these trends are becoming increasingly difficult.
- Consideration needs to be given to the LGBT community needs, especially bathroom facilities and policies (Kentish, 2018).

Technological- Due to ever-advancing technological advances, businesses are able to use things like e-commerce and self-ordering devices as to make the nature of actual business nature much simpler, easier and quicker.

- With ever advancing technology, businesses need to improvise and adapt onto possible technological advancements and ideas (Bloomberg, 2019).
- For example, the advancement into e-commerce and online orders, have made it critical to expand into websites and orders from 3rd party companies- such as Deliveroo. Just eat and Uber Eats.
- Time is needed to make websites and sign up for the delivery sites, but they are also costly to make.
- Also, minor expenses, but still relevant advances would include contactless card readers.

Environmental- Especially in more recent times, the push for becoming greener and becoming more environmentally friendly has become more predominant than ever. Switching away from plastics and more sustainable resources and becoming cleaner to combat climate change make it so companies have to evaluate and rethink their business strategies.

- Using recyclable and environmentally friendly materials over plastics, recycling used oils, and also reducing waste are all crucial to the brand image.
- Not only is the idea of being green important- it's quickly becoming a trend.
- Wastage is also a big factor of being environmentally friendly, considering the wastage of food, water and electricity. Excess food can be donated to charity or soup kitchens (Korthals, 2007).

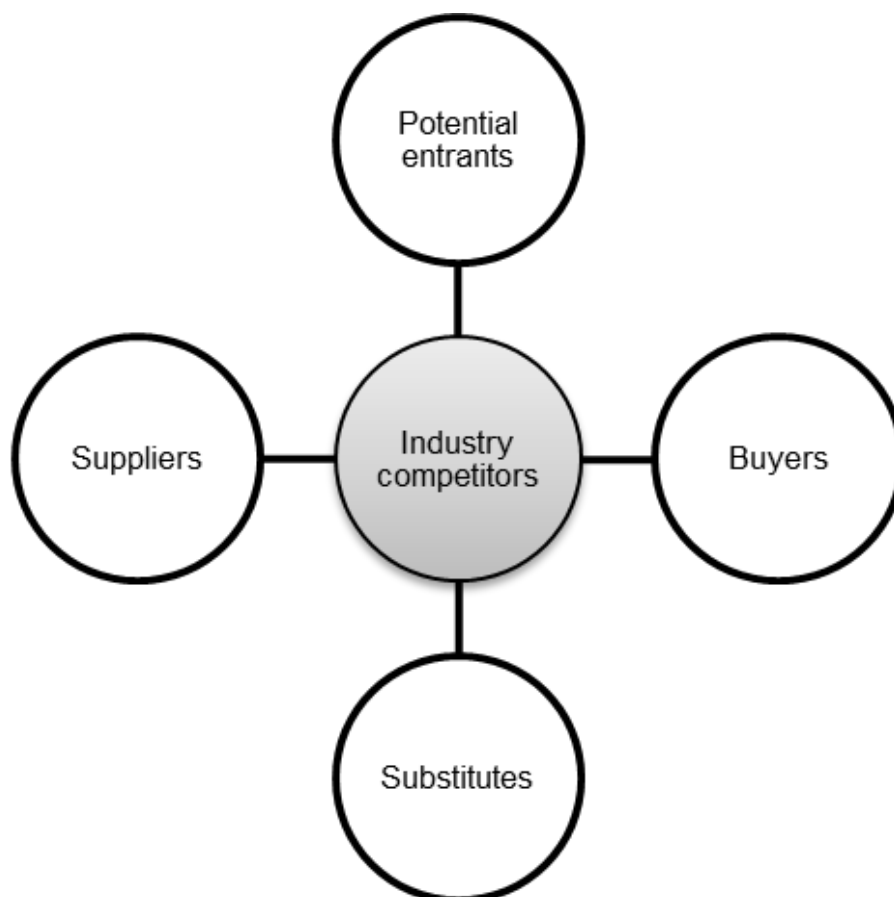
Legal- The final factor is anything under the legal sector. Things such as: Minimum wage, health and safety laws; employment laws and environmental legislations are all factors under legal. However, these can also be changed at any time.

- The government have, and continue to implement stronger and better, health and safety regulations on food labeling and preparations- such as staff needing specific and higher training- due to some serious incidents occurring. (Food Gov UK,2018)
- The whole Indian catering industry suffer from the lack of diversity as a whole, which could cause issues in the future.
- The decision to leave the EU due to Brexit has lead to the increased prices of product, ingredients and other services.

ANALYSIS OF BUSINESS ENVIRONMENT USING PORTERS 5 FORCES

Developed by Michael E. Porter in the 1980s, Porter's five forces is a framework that uses the factors: Industry competitors, buyers, substitutes, suppliers and potential entrants, to determine the extent of each of the factors.

Figure 1: Porter's five forces framework



Industry Competitors- This factor explores the amount of competition, how many, who they are, can their customers go somewhere else and the comparison on the product.

- The Indian Palace restaurant not only fights for the market share of other Indian restaurants in the area, but also the Chinese and European restaurants. (Statista, 2019)
- Indian restaurants have an intensely competitive market (Porter's 1985)
- Losing customers to competition is common.
- Aggressive price cuts to match or undermine competitor prices.
- The quality of the website or menu compared to competitors
- Rivalry from mainstream brands like, Pizza Hut, Nando's or KFC (Hubbard and Beamish, 2011).
- Very highly concentrated market, so many competitors

Supplier Power- This factor explores the power of the supplies, other suppliers with better prices, who has the leverage, is the product unique to one supplier, the kind of supplies increase slash/decrease the price of the good. (Slater and Olsen, 2002)

- Many suppliers in this industry, as the majority of the suppliers are competing to get the restaurants as their customers.
- Easy to find new suppliers if price or service becomes poor.
- Easy to negotiate with the suppliers.

Buyer Power- This factor explores the power behind the consumer. Does the consumer have options to switch to a competitor, or does the buyer have the power to dictate the price or to negotiate the price?

- Due to the high amount of competitors and options for the customer, the consumer have the bargaining power and can switch to a different restaurant for a similar price if they wants.
- Customers can also compare for the best prices on the internet and websites for easy comparisons.

Substitute- This factor explores the chance may find a cheaper or better alternative to the product or service that you are providing, which can affect sales and profits.

- There are substitutes to restaurants- such as shops like Asda selling ready-made, frozen or tinned meals, but the quality and service and experience is nothing comparable.

- Fast food chains imitating Indian Restaurant snacks. If the public start to develop a taste for it then it could become a potential threat (Osborne, 2014).

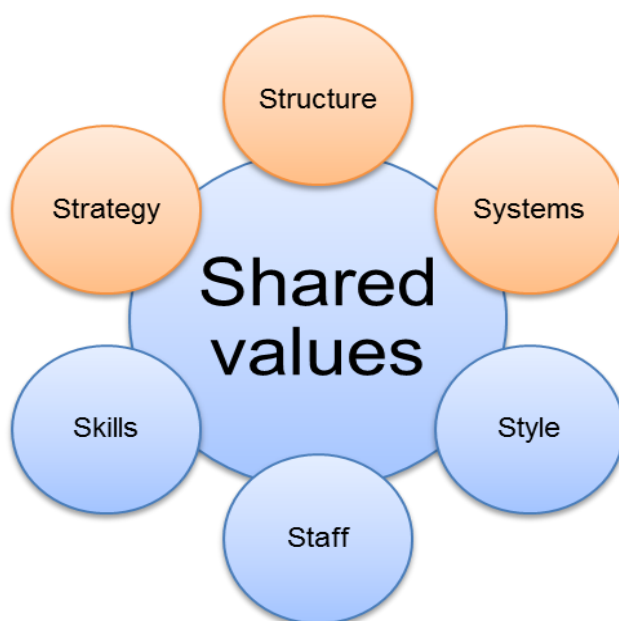
New Entry- The factor explores the potential for newer rivals and competitors to enter the product. Ideas to question would be, is the product unique or protected by copyright laws, or is it easily repeatable. How high is the barrier to enter the market, and is it hard to get started (Bruijl, 2018).?

- According to point franchise (2019), the threat of a new restaurant is high and inexpensive, and it is believed that the average start-up expense is around £200,000 to £300,000.
- Indian restaurants require less start-up money and equipment, less space and is inexpensive to run.
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ANALYSIS OF MICRO ENVIRONMENT USING MCKINSEY'S 7-S FRAMEWORK

In the late 1970s, Tom Peters and Robert Waterman both developed a model called the McKinsey 7-S framework. Both of them believed that a businesses achievement were based on identifying the seven internal elements of an organization that will cause success.

Figure 2: McKinsey 7-S Framework

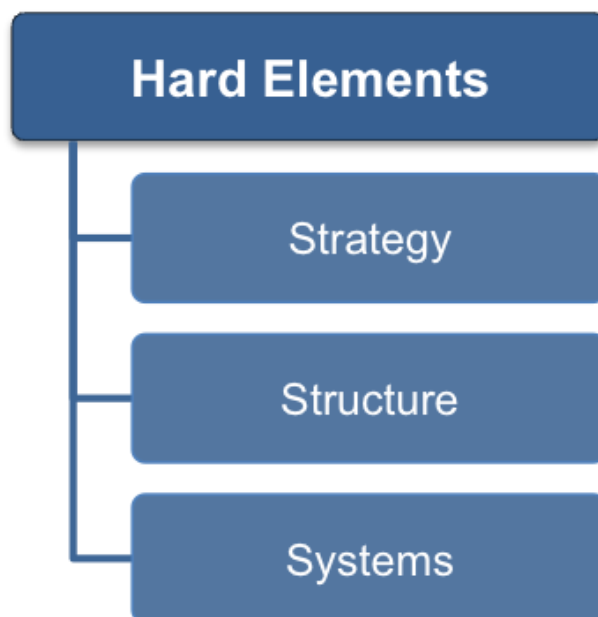


Source adapted from (Misankova and Kocisova, 2014, p.866).

McKinsey's 7-S framework is separated into two different elements. The hard elements, which include: Strategy, structure, system, and then the soft elements: shared values, style, staff, skills.

1. **Strategy-** Strategy is the plan to launch the business, and carry it out it's objective.
2. **Structure-** Structure is the hierarchy or organizational framework of the individuals, like directors, managers, sales team and even floor workers.
3. **System-** System is the routines and/or detailed procedures which are made to convey a specific duty or solve problems and tasks within the organization.
4. **Shared Values-** Shared values are the companies' core values and beliefs that is influenced by the employees and the company founders.
5. **Style-** Style is the influence, management approach and leading the companies' culture and goals.
6. **Staff-** Staff are the people who are employed by the firm or company, how those people are chosen/ recruited and the skillset required of them.
7. **Skills-** Skills are the talents and traits required to achieve the goals and plans of the company and business.

HARD ELEMENTS



Sourced from (Free Management Books, 2019).

Strategy:

The strategy plan is to cut into and expand in the Indian food market, by delivering and providing the middle-class, British market with quality, traditional and also modern Indian food, while also delivering multiple choices, such as: fish, meats and other deserts. The pricing would be 10% lower than actual price upon opening, as to allow us to cut below our competitors and begin attracting customers. Furthermore, we will not only be doing a restaurant business, but takeaway and delivery as well, via Deliveroo and Uber Eats.

Within the next two years, we aim to become a highly respected and noticeable restaurant for high-quality Indian cuisine, while also maintaining a great service and work outlook. The initial aim is to secure customer loyalty and satisfaction, as with such a saturated market, these things are one of, if not the most important factors.

Structure:

As with any Indian restaurant, Indian Palace is centralized on the idea of structure, while the business owner makes countless amount of decisions, such as: acquisition of customers, money management, marketing, cost, food preparation and coming up with fresh new business strategies. Having weakness in any of these areas can cause a weakness throughout the entire business, (Blau,1970).

Most restaurants' structure mainly comprises of an owner at the top. Then, it usually splits between managing the front, and managing the kitchen, therefore, different people will be under different management. There would be a chef team leader, who would manage the business in the kitchen and then the front manager, who would manage the business at the front of the store and the waiters.

At the back, the lead Chef decides the people and their specific roles. A chef working on the main dishes, a chef focusing on anything tandoori, starters or nans, a second chef who would help with any of the side dishes, and either a kitchen porter or cook's working assistant who would keep the kitchen clean and work at the sink.

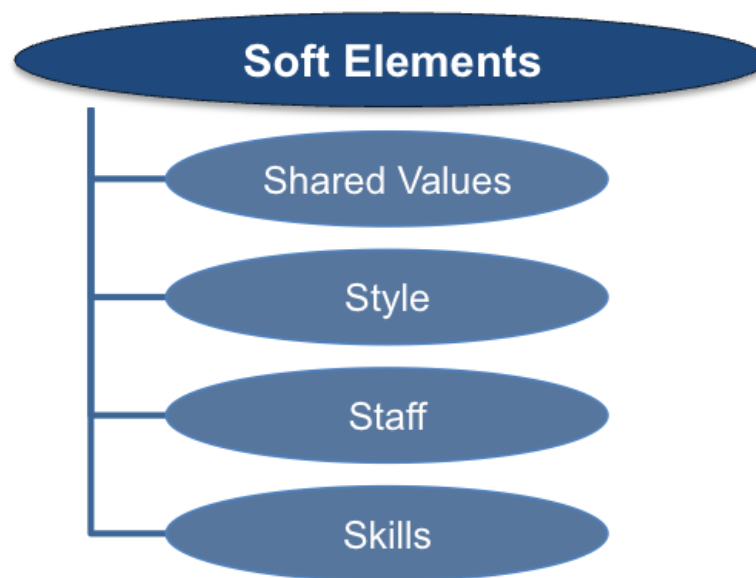
At the front, the manager would control all the waiters and delivery drivers. Primarily, the manager would handle any cash, ensures effective restaurant strategies, and maintaining high customer standards and satisfactions.

Systems:

Teamwork is the main key in working in the system. Each person relies on another to keep the job running smoothly with no faults. All of the staff must be trained, and must be able to improvise and adapt to any of the challenges that they may face. Everyone has a specific job that they must be able to fulfill (as shown in the structure segment) but almost everyone is also trained to do and fill the roles of other jobs, if the need arises.

For example, at the front, all of the waiters are trained to be able to take phone orders, make calls, make and take payments and such, even if it is not their primary job. As such, at the back, all chefs are trained to check for the quality of foods, and preparation, even if their primary job isn't to prepare side dishes.

SOFT ELEMENTS



Sourced from (Free Management Books, 2019)

Shared Values:

Culture has always been a critical role in the Bangladeshi/Indian restaurant industry. Within culture, respect is a major key, which is why each one of the employees at Indian Palace, not only have the utmost respect for their peers, but also have the highest respect for the customers and the food that they prepare for them. This shared value leads and commits to customer satisfaction and the highest quality of food.

Style:

Along with the idea of respect, democratic leadership has always been prevalent in the Indian restaurant trade. Staff and managers both give inputs and help make decisions based on their own ideas and individual interactions with customers. This allows the business to expand and explore different ideas, which one person may not have thought of. Not only does this boost

the business of the company, but also boosts the esteem of all workers, as they feel heard and a part of the business.

Staff:

Staff have always been the keystone to the Indian restaurant trade, and it has always been hard to find good staff who work well with each other. However, especially now, because of strict covid-19 regulations, choosing the few right staff who work well together in small numbers is crucial. The most common and best way of recruiting staff is suggestions from other staff members, as they not only have personal experience of how they work, but usually already have well-rounded chemistry with them.

Skills:

With the ever-changing dynamic of business as a whole, all of the workers must be adaptable to change. With the developing age of technology, IT skills would be heavily sought out for. Furthermore, being able to work well with others, but also teach them skills which they made is increasingly important.

ETHICAL STANCE OF BUSINESS

As explained by Shaw (2007), ethics are also known as morals where the individuals can decide whether something is correct or incorrect. They can be demonstrated in team and individual behaviors, such as: loyalty, honesty, integrity and respect.

Ethics are also intertwined with business. Business ethics are moral beliefs which directs the values, decisions and behaviors of an organization and the individual's part of the business (Business Case Studies 2019). Some ethical constraints on a business come straight from the law, like the minimum wage law. Due to business ethics, businesses are increasingly being demanded to be more ethical, like paying minimum wage, and whether or not waiters should be tipped, or should it go to the restaurant owner, which is a debated topic in the Indian restaurant trade.

Allowing people to observe religion:

Allowing people to take breaks during work, although may take time away from the business, which could lead to more work for others, can lead to a stress-free and better relationship with your worker. This means that allowing your workers a few minutes to observe their religion, will create a healthier work environment.

Importance of culture:

Especially in the Indian restaurant trade, positive culture helps with staff retention (Bretz and Judge, 1994). Satisfying employees by adhering to culture can lead to outperforming other organisations, as job motivation is much higher. Also, as much as the Indian restaurant workers come from the same culture, adhering to it makes everyone more comfortable together.

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