



Module code BMSW 5105

Workplace Culture and its impact on Organisational Efficiency

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Task 1

Assignment Title: Task 1- Individual written report on- “How do broader external environmental factors along with COVID-19 and ethical dilemmas affect organisational culture and its performance?”

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Introduction

The undertaking of this report purposes to analyse the impact of the external environment of business on the organisational performance and its culture considering the effects of the Covid-19 pandemic. Firstly, an overview of the chosen organisation, which is L'Oréal Paris, has been provided in the report to provide the backdrop of this report. Following that, the key models used for the external environmental analysis have been identified and explained. Thirdly, strategic management tools like Pestle and Porter's five forces have been deployed in this report to show the impact of the external macro and micro factors on the workplace culture and company performance. The cultural web model is the next tool that has been deployed to analyse the workplace culture of the company. Lastly, two ethical dilemmas facing the company have been identified, and the way the company can resolve them has been described.

1. Brief Overview of L'oreal Paris

L'oreal Paris, a cosmetics company, based in Paris, France, started its journey back in 1909 when it started producing skincare products in Paris, and from then, the company never looked back and grew at an exponential rate (L'Oréal, 2022). The differentiation focus strategy of the company has enabled it to compete successfully in the market. The company's operation includes manufacturing (outsourcing), retailing and distribution, marketing, etc. The company mainly sells skin care products for young men and women, aged between 18-64 and related accessories. The company's sales mainly come from a few countries like the UK, France, Germany, etc. even though the company has managed to expand to markets like Portugal, Spain, the US, Dubai, etc. The company is committed to developing fostering an R&D team, which will continue to enable the firm to offer good-quality skincare products at reasonable prices.

2. Key models used in this Report

The report undertakes the external environmental analysis to assess how the external factors influence the performance and corporate culture of the company. The external environment of the business comprises the macro and micro factors and hence, differing models need to be deployed to analyse the different segments of the external business environment. Pestle analysis framework will be deployed to highlight and explain the impact of the external macro factors on the culture and performance of the company (Steade and Lowry, 2021). In order to evaluate the attractiveness of the market by looking at the micro factors, the porter five forces model seems to be a good strategic framework or model. Also, the corporate culture of the firm needs to be appraised for which the cultural web model will be utilised in this report.

3. Broader External Environment and its Impact on the Culture and Performance

Pestle Analysis

Political Factors

The Covid-19 pandemic has affected almost aspects of the life of the consumers and it even impacted the political environment of the business (Brooks, Weatherston, and Wilkinson, 2021). Due to the quick spread of the coronavirus, governments all over the world, imposed country-wide shutdowns or lockdowns, resulting in the closure of business operations for a prolonged period (BBC News, 2022). The different waves of the pandemic culminated in subsequent lockdowns, which disrupted the supply chain of the businesses like L'oreal Paris.

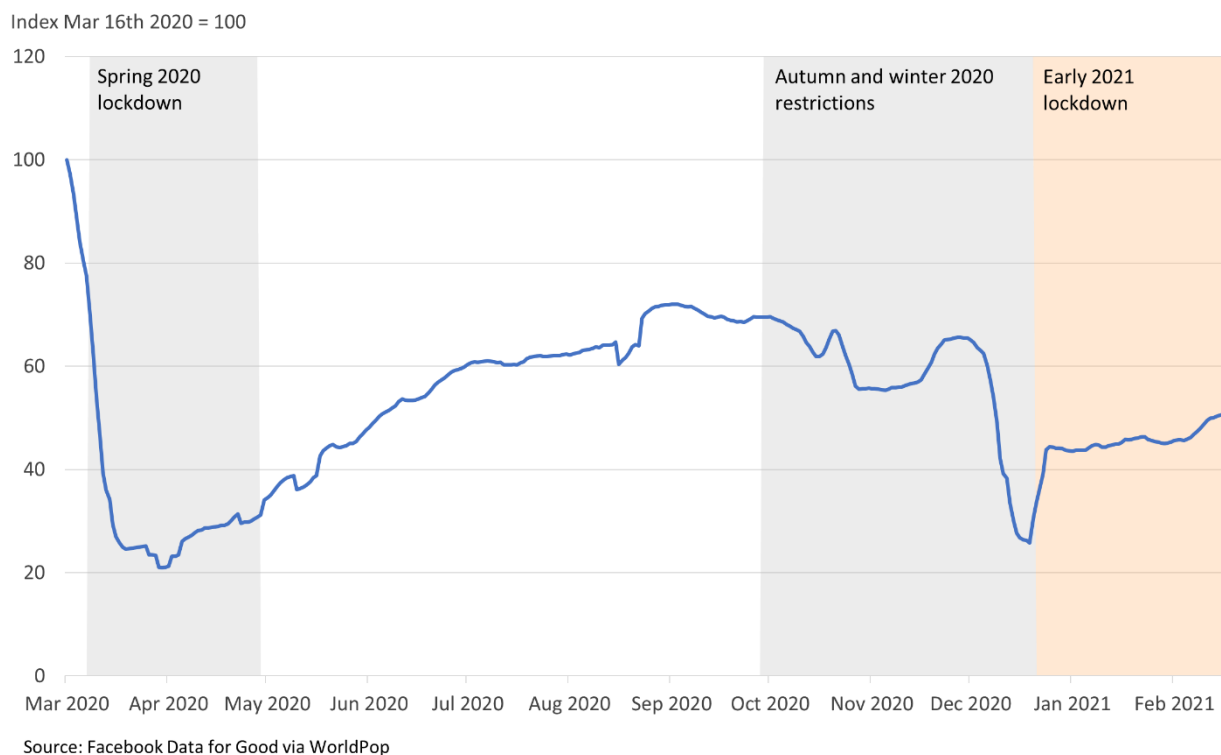


Figure 1: Lockdowns impacting business performance

Source: (BBC News, 2022)

Due to the lockdowns, companies were forced to offer work-from-home facilities, which has greatly impacted the workplace culture and the new normal is shaping the future workplace environment (BBC News, 2022). The Covid-19 has slashed the income of many people and

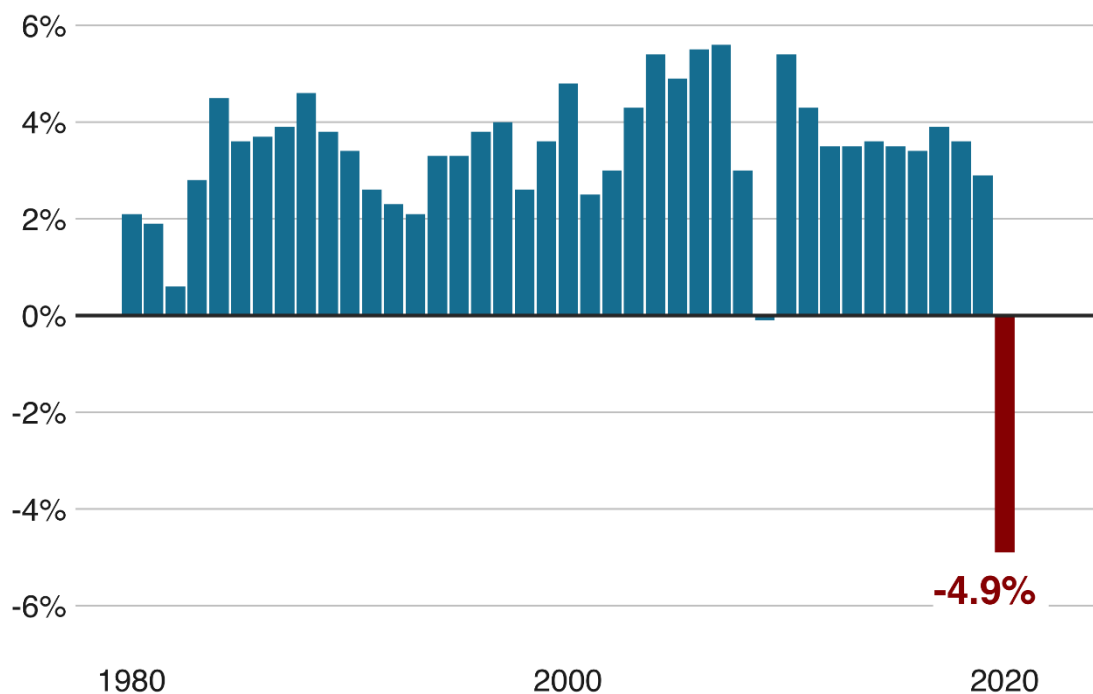
businesses, which is why the government announced an economic package to help the businesses recover, which is a positive factor for the company. In addition, the decision of the government to ramp up the minimum living wage has proved to be a negative factor for the performance of the business.

Economic Factors

Many consumers had to face a financial crisis as many employees lost their jobs and those who did not, had to accept a pay cut. This has led the consumers to cut spending, which directly influenced the demand for the products and services (BBC News, 2022).

Global recession deepens

IMF annual GDP since 1980



Source: International Monetary Fund

BBC

Figure 2: Decline in World GDP due to the pandemic

Source: (BBC News, 2022)

The economic meltdown sharply cut the sales level, which forced the company to lay off some employees during the covid-19, which impacted the workplace culture and employee loyalty

towards the organisations. The inflation rate during the pandemic went up because of the supply chain disruption and supply shortage, which has been a negative factor for the performance of L'oreal Paris (Steade and Lowry, 2021). The exchange rate volatility is another economic factor affecting the performance of the company because the weakening of the pound has made the imports costlier.

Social Factor

The post-pandemic behaviour is affecting the workplace culture of organisations like L'oreal Paris. Employees prefer to maintain a distance from each other, which has impacted the group dynamics (Brown, 2020). Besides, the consumers are still not comfortable in going to shopping malls and prefer to buy online and this influenced the company adversely given the fact that the company does not sell online (Bradley and Clark, 2021). The demographic changes in many countries including the UK, France, Germany, etc. are showing the sign of a new marketplace because, by 2040, the elderly people will be a big market, and hence, designing skincare products for them will be quite challenging and risky.

Technological Factors

The companies like L'oreal Paris needed to resort to technological assistance to support the work from home facilities from arranging meetings to ensuring data security. Besides, the workplace culture has been greatly impacted by these factors because the employees needed to learn how to work with these new technologies (Brooks, Weatherston, and Wilkinson, 2021). Other than these, technologies like RFID tagging, big data analytics, IoT, blockchain, augmented reality, automation, machine learning, etc., have presented many opportunities while posing threats as well.

Legal Factors

The laws and regulations in the country also affect the way a company operates. The data protection act clearly and sternly prohibits the disclosure of private information of consumers and employees and discourages companies from not crossing the limits while collecting personal data (Bradley and Clark, 2021). Also, the health and safety of the employees are very important and hence, health and safety at work, requires the organisation to design a safe workplace to work in. The equality act has a significant impact on the corporate culture of the company (Steade and Lowry, 2021). The diversity and inclusion instilled into the culture of the company are one of the results of this act.

Environmental factors

The wastage of water caused by the companies is one of the reasons for the backlash among some customers and stakeholders regarding the company and the industry (Brooks, Weatherston, and Wilkinson, 2021). Though the concept of circular economy can be introduced, it is quite difficult for the firms to transform the business this will mean a lot of changes in the business operations, especially relating to production and waste management. Hence, the company can take the opportunity to improve its image by reducing carbon emission, minimise the use of water, electricity, energy, etc. (Koutra, 2017). The green image of the company can raise the sales of the company because, according to research, consumers are more willing to do business with a responsible business than with an irresponsible one.

Porter Five Forces Model

The threat of new entrants hinges on factors like capital investment, industry growth, and profitability, economies of scale, learning curve position, switching costs, access to suppliers and customers, etc. (Brooks, Weatherston, and Wilkinson, 2021). The threat of new entrants is not significant even though access to customers and supply chain partners is easy. The main reasons are the huge capital expenditure required, low growth and profitability because of the mature stage, economies of scale enjoyed by companies, high brand loyalty, and price wars (Wild and Wild, 2019). The existing companies in the market have developed expertise over the years and hence, it is difficult for the new firms to compete by matching their efficiency level and cost structure (Bradley and Clark, 2021). The threat of alternatives is also low in the market because the other alternatives like cultural or man-made dresses are difficult to find and the prices are too high, undermining the price-performance ratio.

Very Low	Low	Moderate	High	Very High
1	2	3	4	5

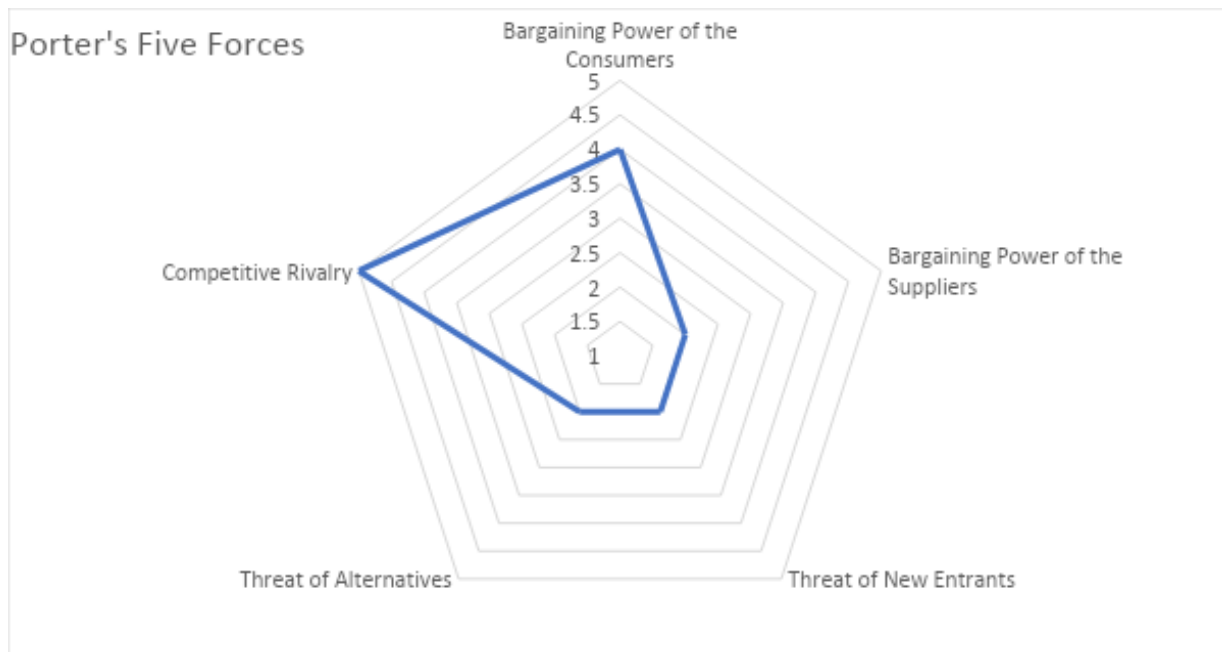


Figure 3: Porter's Five Forces

Source: Own

The suppliers have low power to bargain and the main reason is the low switching costs of companies like L'oreal Paris. Besides, the retailing industry is the most important client of the

supplier's industry, further reducing their leverage to negotiate (Steade and Lowry, 2021). This is one of the few industries where the bargaining power of suppliers is low even though product differentiation exists to some extent. The suppliers and retailing companies like L'oreal Paris know that the garments manufacturer is less likely to pursue vertical integration and enter into the business of retailing, which has been another reason why the supplier lacks the power to bargain for a better price (Brooks, Weatherston and Wilkinson, 2021). The customers have moderate to high bargaining power even though the brand loyalty is moderate to high and the customers are mainly the retail consumers, who buy in very smaller quantities. The main reason is the availability of many companies offering similar products, lowering the switching costs. The boon of advancement in information technology permitted the consumers full access to information, enhancing their leverage to push prices collectively.

The competitive pressure in the market is high because the competitors react quickly to the strategies and tactics of a company in the sector. Also, the industry is growing at a slower pace, mainly the part of the sales occurring in the stores. Hence, the companies need to fight for the market share held by the competitors to pursue higher growth. The barriers to exit and fixed costs are high in the industry, which are some other strong reasons why the companies engage in fierce competition (Bradley and Clark, 2021). The high barriers to exit due to the capital investment becomes the motivating factor for the company to push its boundaries hard to survive in the market.

4. Assessment of the Workplace Culture using the Cultural Web Model

The workplace culture shapes the way the employees interact with each other and carry out their work activities in a way that is consistent with the values, ethics, etc. of the organisation (Brown, 2020). The cultural web is a recognised and accepted model that aids in analysing the workplace culture of a company and the model comprises of six elements: stories, rituals or routines, symbols, organisational structure, control system, and power systems (Tarasov, Belyaev and Pogorelova, 2019). Hence, the model will be used to examine the workplace culture of L'oreal Paris.

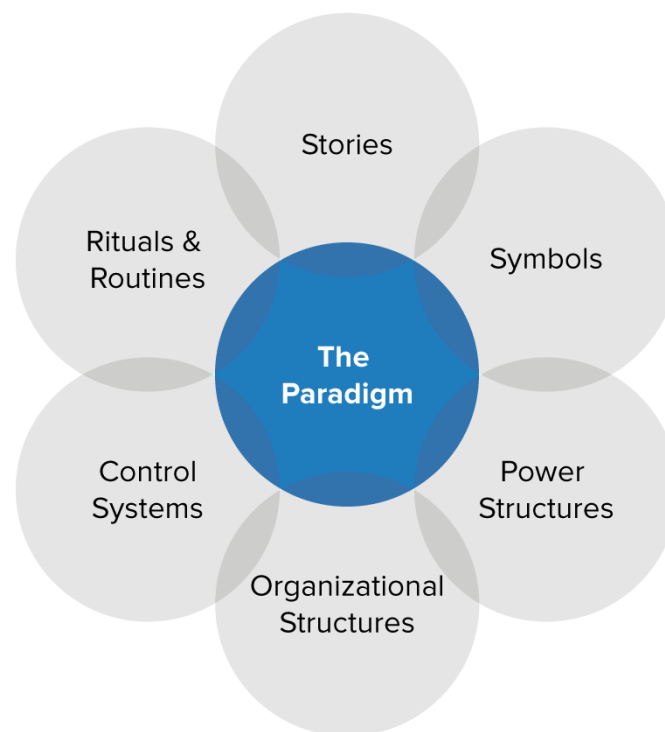


Figure 4: Cultural web model

Source: (Tarasov, Belyaev and Pogorelova, 2019)

Stories

The past events and stories are described in this part of the model and the persons and his/her values the company attempts to immortalise in the organisation tell a lot about the culture of the organisation. L'oreal Paris tries to live the values of mainly two persons; the founder of the

company Eugene Schueller and the chairman of the company in the early 1970"s named François Dalle (L'Oréal, 2022). Eugene Schueller emphasised the operations, or more especially, the R&D sections of the company. Eugene was also known for his entrepreneurial spirit. He was a big supporter of open communication, where the employees will feel free to talk about their innovative ideas and take risks with their creative thoughts (Oliver, 2021). Another value that the organisation took from him is the continuous urge to improve the products, processes, each day and have a positive outlook towards learning and growth. Chairman François Dalle focused on commercial operations and he brought the concept of diversity of thought and inclusion into the organisation. François Dalle also promoted responsibility in the organisation, that is, every employee is empowered to implement innovative ideas but s/he must be accountable for their actions. The **success stories like the launch of L'Oréal Paris Casting Crème Gloss hair color and L'Oréal Paris Pure-Clay Mask** had been the topic of discussion among the consumers, which really boosted the brand image of the company (L'Oréal, 2022). Communication campaigns like "Nothing Can Stop You Now Hand" also contributed to the success stories of the company.

Rituals and Routines

The acceptable regular action and behaviour of the employees are described in this portion of the model. One of the routine activities of the company's employees is the preparation of the weekly schedule and updates on the company's website to integrate the team efforts (Brown, 2020). The routine activities of the company also include meeting the daily KPIs. The company has placed or nurtured some rituals, which have been an integral part of the company's culture (Oliver, 2021). One of the rituals of the company is to celebrate the success of the employees by providing awards and recognising their efforts in front of the whole office. The new employees are welcomed to the team in a special way by the team members, and often the team members arrange lunch to break the ice and make the newcomers comfortable (L'Oréal, 2022). Also, the birthdays of the employees are celebrated in the office to give them a feeling of belongingness.

Symbols

Symbols are the visual representation of the logo of the company, the outlook of the website, etc. The company's offices are quite plush, which has a positive impact on the motivation of the employees and the workplace environment (Tarasov, Belyaev, and Pogorelova, 2019). The

dress code of the company is not very formal and the company's culture promotes the smart casual dress code. This implies that the company is more concerned about the output of the employees rather than the outlook of the employees (Yusof, 2021).

Organisational Structure

L'Oréal Paris has adopted the functional structure to organise the operations of the skincare division. The organisation's group structure is a divisional structure but at the business unit level, the functional structure is followed (L'Oréal, 2022). The company fosters decentralisation and encourages the departments to work as teams. The employees are allowed to circumvent the hierarchical position to communicate with the superiors and inter-departmental communication, cooperation, and integration are encouraged.

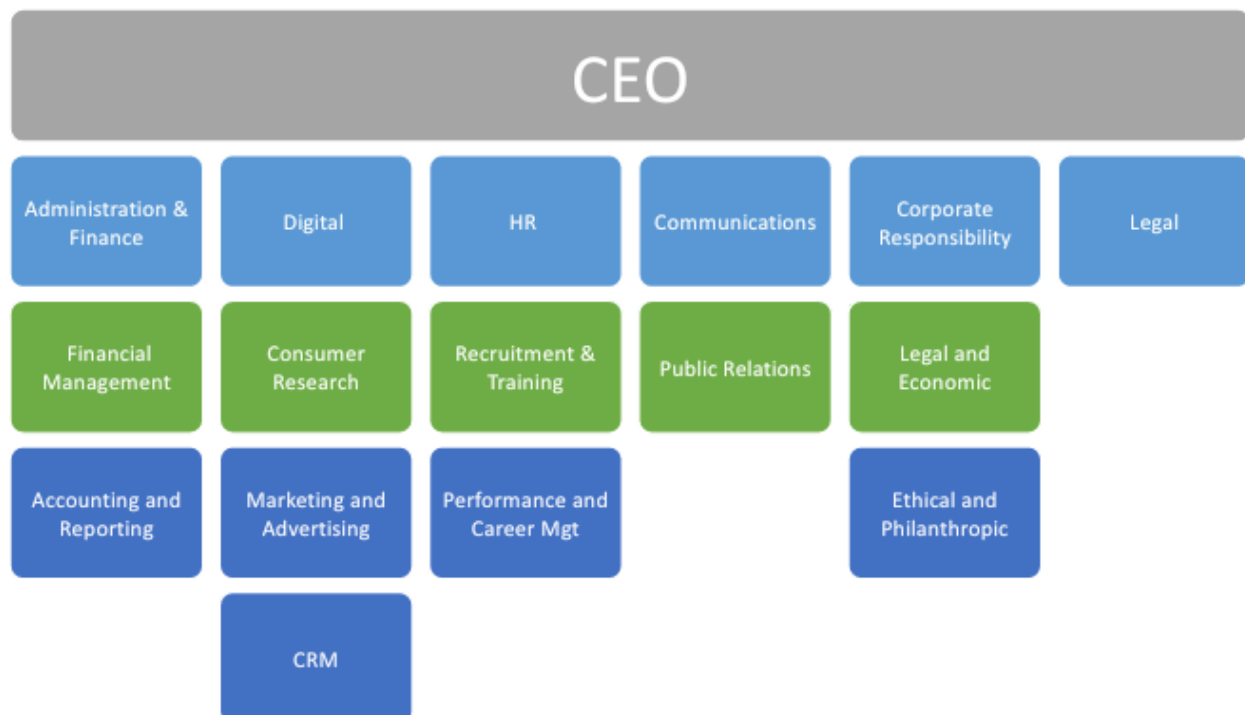


Figure 5: Functional organisational structure of the company

Source: (L'Oréal, 2022)

Control Systems

The company has placed various control systems and the most significant ones are the quality system, internal control system, financial system, and customer interaction system (Steade and Lowry, 2021). The quality control system is placed to ensure that the products meet the standard quality to satisfy the customer's needs and requirements (Brown, 2020). The internal control system is part of the broader corporate governance system, placed to prevent fraudulent activities and promote accountability and transparency in the organisation. The financial system is designed to drive consistency in the financial activities of the company (Oliver, 2021). Lastly, the company closely monitors how the customers interact with the brand and hence, it has developed a system to shape the consumer interaction and experience with the organisation.

Power Structures

Though the company follows the decentralised approach to stimulate innovation and change in the organisation, the power of the company is concentrated in some individuals, mainly in the CEO (Nicolas Hieronimus), the CFO (Christophe Babule), and the chairman of the board of director (Jean-Paul Agon) because they have a huge influence on the strategic decisions of the company. Jean-Paul Agon is currently the most influential individual of the company, who had to resign from the post of CEO because of the age limit.

5. Ethical Dilemma

An ethical dilemma is a conflict between alternatives, where no matter what a person does, some ethical principle will be compromised. Today's businesses face various ethical dilemmas while conducting operations and managing the supply chain and an improper response of the company to these dilemmas can hurt the brand image of the companies (Hong and Yu, 2021). Hence, the companies like L'Oréal Paris need to be very careful while dealing with the ethical dilemma because the company has an obligation to balance the interest or stake of all the stakeholders. Two of the main ethical dilemmas facing the company are discussed below.

Sustainable Sourcing and Modern-Day Slavery in the Supply Chain

The company procures the raw materials or ingredients for the production of the skincare products from Asian and African countries and usually in these countries, the suppliers do not stick to the environmental code of agriculture or production, and hence, this raises an ethical dilemma (Koutra, 2017). Because if the company continues to source raw materials from them, they will indirectly encourage the unsustainable means of producing and the overall supply chain operations will not be environmentally friendly.

And if the company decides to source the materials from European countries, first of all, the company will have to pay a higher price, and second, it will face a shortage of raw materials because the European countries do not produce the raw materials in huge quantity (Steade and Lowry, 2021). Under the circumstances, the economic (profit) and environmental (planet) profitability concepts of the three pillars are in sharp conflict, breeding the ethical dilemma.

Also, the suppliers often devoid the workers of basic human rights like minimum wage, resting hours, maternity leaves, etc., violating the rules of the modern-day slavery act (Hong and Yu, 2021). The company can address and resolve the ethical dilemma by developing comprehensive guidelines and environmental codes, which the suppliers will have to follow if they want to continue the business relations. The company will conduct surprise audits or inspections to ensure that the suppliers are abiding by the regulations to produce the raw materials in a responsible way and treat the employees fairly.

Data Privacy

Another major ethical dilemma facing the company regards the data privacy of the consumers (Wild and Wild, 2019). The company needs to gather information regarding the consumers to understand their needs and requirements and hence, it is often difficult to draw the subtle line between collecting consumer data and barging into their personal life too much (Steade and Lowry, 2021). Besides, some e-commerce platforms may offer confidential information, which, if the company uses, will get it a competitive advantage but the action will be an unethical one.

If the company does not choose to buy the data, the company will fail to maintain its competitive position; thus, it will lose money, hurting the interest of the owners or shareholders (Hong and Yu, 2021). The company can resolve this ethical dilemma by using big data analytics, which allows the company to collect unstructured data, the collection of which may not be regarded as a breach of consumer privacy and the big data analytics helps to find the hidden information in these unstructured data, thus, resolving the ethical dilemma.

Conclusion

The macro factors impacting the business culture and organisational performance are the impending lockdowns, lowering GDPs, exchange rate volatility, job cuts and unemployment rate, post-covid-19 behaviour, technological support, legal factors, etc. The analysis of the micro factors divulged that the market is quite attractive given the low suppliers' bargaining power, the threat of new entrants, and alternatives. The cultural web model has helped to examine the workplace culture by analysing the power system, control system, stories, organisational structure, etc. Lastly, the two ethical dilemmas facing the company are sustainable sourcing and modern-day slavery in the supply chain and data privacy and the way the company can address and resolve them has been discussed.

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Task 2 – Individual Reflective Essay

Introduction

The purpose of the reflective report is to discuss the learning and skills attained from the module, which will be used for employment. The use of a reflective model of Gibbs organised the discussion of reflective learning. It helped the author to realise what has been learned and what is the way forward.

Gibbs Reflective Model

Reflection refers to looking back at the experience, recognise what one has learned and how s/he will use the learning and skills for employment (Posner and Vivian, 2020). The reflective model developed and proposed by Gibbs will be used to reflect on the module and the skills acquired during the undertaking.

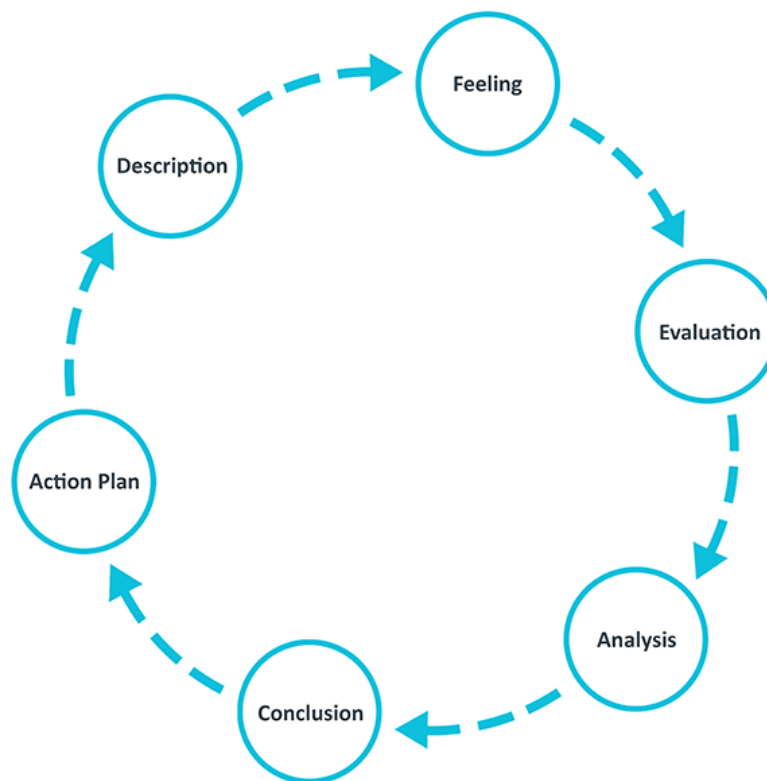


Figure 1: Gibbs reflective model

Source: (Taylor, 2010)

Description

The summary of the activities done in the undertaking or experience is discussed in the description section (Taylor, 2010). I worked on an organisation, which I am familiar with, and hence, it was quite convenient for me to gather the required data. Tutor has explained us during session on weeks one what is organisation and after collecting the data, I drafted what I will include in the report and then, I started compiling the report. Information relating to the culture of the workplace was not readily available on the internet and hence, along with analysing the

corporate website, I contacted some of the employees to grasp a good idea so that I could incorporate them in the cultural web model. This model we have considered on our six week learning. Lastly, I found that the company is facing various ethical dilemmas; so, I picked the most significant ones to work on the report.

Feeling

The feeling of learning some new skills in week seven, for example, quite new for me was Organisational health Index, I took part in activities where highlighted my organisation works in right direction and enriching my horizon always intrigue and motivate me. This section of the model depicts the feelings of the author relating to the experience (Bolton, 2014). During the undertaking of the module, I felt good about the fact that I would be able to examine the workplace culture, which would help me a lot because it enabled me to understand what were the factors affecting the workplace culture, and hence, now I am able to identify the workplace culture that we spoke about in week four. This will allow me to choose the organisation, which has a particular culture, in which I will be more comfortable working.

Evaluation

Certainly, during the experience, some things go well and some did not, which are discussed in this the stage of the 5 forces model in week two (Potter, 2015). While most of the parts of the experience went quite well, I wish some things would go well too. Among them, I was quite worried while compiling the report and I will describe the reasons in the next segment of the report. The data collection went quite well but the data organisation did not go as I expected, allowing me to identify my weakness in the area and paved the way for me to improve my skills further and design my action plan.

Analysis

The reasons behind why some things work out well and some others did not, are depicted in the analysis stage of the model (Taylor, 2010). The data collection went on smoothly because of my familiarity with the organisation and my networking ability to collect the data from some of the employees of the company. However, the data organisation did not go well because I gather way too much data and it is difficult to filter the qualitative data because of their nature. Hence, I had to spend a lot of time figuring out the data organisation for the analysis of the report. Finally, I figured out that I could compress the data and include only the key information in the report.

During the compilation or preparation of the report, my experience did not go very well because I lost almost half of the compiled report due to some technical glitch, which caused me to compile again as I failed to recover the data.

Conclusion

The most crucial stage of the model is the conclusion stage, where the skills learned and how they will be used, will be discussed (Bolton, 2014). One of the skills that I have learned is decision-making, that is, I grasped a good understanding of the various factors impacting the decisions of a business, and hence, having a knowledge of these factors allows one to make a more informed decision. Also, I developed the cultural awareness skill through our week five about creating sustainable and ethical culture, that is, I learned the different components of the workplace culture, which will help me to adapt to different cultures easily. I also attained problem-solving skills because I was able to identify ethical dilemmas represented in week nine and offer solutions. Hence, this skill of mine will enable me to resolve similar issues when I face them in the organisation, I will be working for.

Action Plan

This stage involves identifying the weaknesses and developing an action plan as to how these weaknesses will be overcome (Sicora, 2017). I found out that I have a lacking of knowledge regarding data organisation skill and hence, I need to work on it. I have decided to use an online APM.org.uk additional resource that UWTSD highly recommended all student to help us increase our knowledge and projects. Besides, I have decided to undertake another course on machine learning, which I think would add to my resume and enhance my employability.

Conclusion

The reflective report helped me to learn that I have attained skills like problem-solving, decision-making, and cultural awareness, which will help me a lot in my future career. I have also identified a weakness, which will be included in my action plan so that I can overcome my weakness while attaining some new skills.

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