

Kellogg's

Introducing the modern Workplace
LCBB4003

Student Name: Shafrina Jauffar
Student ID: 1713417
Lecturer Name: Anupam Mazumdar

Contents

- Introduction
- Organizational Culture
- Performance Culture – Kellogg's
- Maslow's Motivation Theory – Kellogg's
- Organisational structure
- Management hierarchy
- Kellogg's management team
- Types of organisation structures
- SWOT analysis – Kellogg's
- PESTLE analysis – Kellogg's
- Conclusion
- References



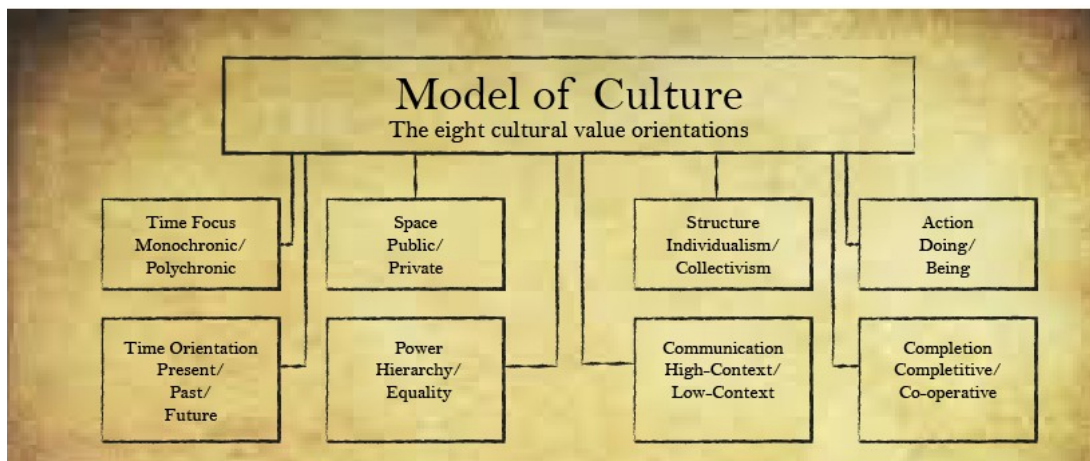
Kellogg's[®]

Introduction

The Kellogg Company is a multinational food manufacturing company headquartered in United States. It was founded by the founder Will Keith Kellogg as, Battle Creek Toasted Cornflake Company, on 19th February 1906. Kellogg's is the world's leading producer of cereal, and also produces crackers, cookies, toaster pastries and etc. These products are produced in 18 countries whereas marketed in over 180 countries around the world. This essay is focused on structure and culture of Kellogg's and analysed how these factors contribute to the Kellogg's performance.

Organizational Culture

Culture is built-up with norms, values and attitude.. It is the way how we see ourselves and how we see the world around us. Every organisation has its own culture which consists the values and behaviour that contribute to the business environment.



We can find different characteristics of culture such as, it is learnt, changed, diverse, dynamic, cumulative and it is shared by group of people.

Performance Culture – Kellogg's

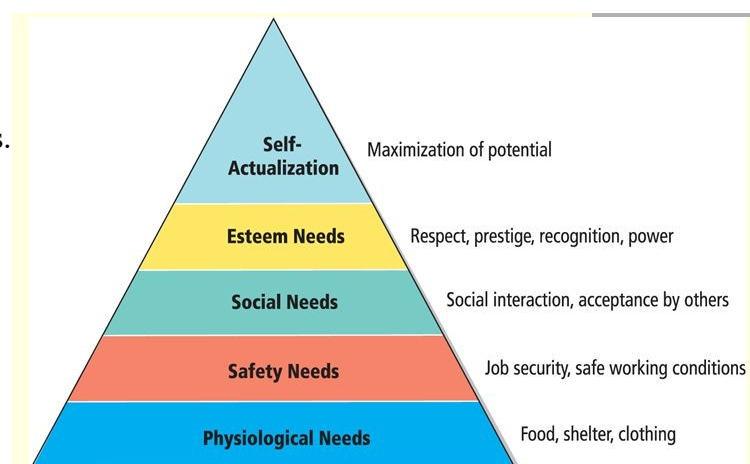
K-Values and its Global Code of Ethics provide essential information to the employees and to its stakeholders about where the company stands and how they conduct their business. They provide clear guidance to think broadly, perform positively and to achieve result in a legal way. In addition there are several other values which has given a better culture to Kellogg's company. We will focus some of them below:

They hunt for simplicity, showing respect and act with integrity, they are passionate about their brand, business and food, treat each other with respect and fairness also delight their customers with high quality, safe and tasty food.

This culture affects almost every activities of Kellogg's. It represents how they perform their tasks and it is the important aspect which gives a distinctive image for the company. Moreover, the Organisational culture helps in the motivation of staffs as if there is a flexible culture, employees will be encouraged to perform much better.

Maslow's Motivation Theory – Kellogg's

Maslow's theory is one of the motivational theories which is comprising five tier model of human needs. The needs are often described within a pyramid, they are from bottom to upwards physiological, safety, love and belonging, esteem and self actualization. The lower down needs must be



satisfied before attend to higher level needs. If one level of need was satisfied then the employee will be satisfied by the next level in hierarchy.

The base of Maslow's pyramid is 'physiological needs'. Within Kellogg's the staffs are given competitive salaries which help to obtain their basic needs for living including food, water, shelter, rest and etc. A programme by Kellogg's called 'Cornflex flexible benefits' grant chance for the workers to choose the particular benefits that suit them. Further they are provided with discount life assurance schemes and childcare vouchers. These make the staffs motivated and encouraged themselves.

'Safety needs' take the second place next to physiological needs. The workers have been given a healthy and safe environment in Kellogg's to prevent accidents. The company takes responsible for the safe and it values the safety of its employees. It gives a flexible work environment to maintain a healthy life-work balance by offer them a range of working patterns.

In 'social needs', the weekly group huddles provide great opportunities to the staffs to know any needed information about any sector of the business. Additionally the achievements of the employees are rewarded and recognized positively. Thus Kellogg's breakfast clubs support swimming to promote an active and healthy life-style.

'Esteem needs': Kellogg's behaves in a way that all the employees feel like their contribution is presents in the achievements of the business. Feedbacks taken from appraisals help to evaluate the individual's contribution within the workplace.

'Self actualization' is the final stage of Maslow's hierarchy needs. It represents the highest order motivations. It can be phrased as become more and more in everything that one is capable of becoming.

Organizational Structure

Organisational structure can be simply defined as the hierarchy of people and its function. It is a system which is used to describe a hierarchy within an organisation, include roles, rules and responsibilities. Also it determines the way how information flows between levels. The employees are arranged in to groups and different department in an organisational structure. Every organisation should have its own structure to run the business efficiently and also to achieve its goal. The character of an organisation can be identified through its structure.

Height, span of control, departments and hybrid structures are the four major aspects of the structure within an organisation.

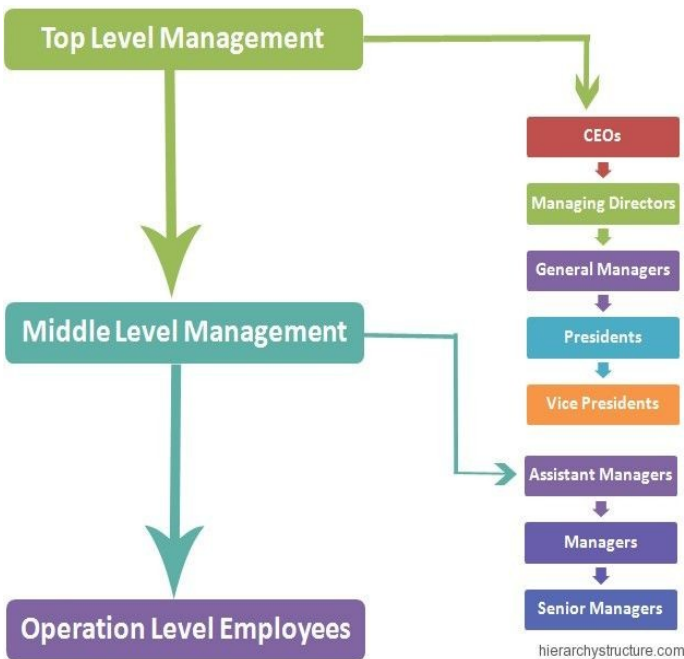
- Height: It indicates the number of levels between the top management to lower level workers.
- Span of Control: It is the total number of employees to which a manager is in-charge for.
- Departments: Most of the organisations are structured around different departments. These may be structured by function, customers and products.
- Hybrid Structure: It is termed as matrix organisational structure which means combination of structures.

Management hierarchy

Business organizations establish structure for the management to improve effectiveness. It get divided into levels and each level has its own responsibilities, activities and etc. In the hierarchical structure the authority, responsibility and power are delegated. The delegation of power results into designation of decision making. One of the



benefit of having such hierarchical arrangement is speed in decision making because just a few people involve in it. Additionally the employees have a clear idea about their responsibilities and they are clear to act. Overall the work is divided among the groups so that the organization can easily achieve professional growth and success.



Levels of management hierarchy can be categorized into three levels, they are Operational level, Middle management level and Top level management.

- Operational level: It is the lowest and first level which is more related to resource utilization and man machine relation. They engage in actual execution as well as implementation of work.
- Middle management level: This level is place between top level and operational level management. These professionals are the ones who guide the operational level employees. They are expected to produce better operational economic outcome annually.
- Top level management: This is called the top level as it is in the highest level of hierarchy arrangement. People such as CEO, General manager, Managing directors, Presidents and vice Presidents are included in this top level management. These people involve in examining external and internal environment of the business.

Kellogg's Management team

Kellogg has a Cooperative Form of Multidivisional Structure.



- Mr. Steven A Cahillane - has been the Chief Executive Officer, Director and President of Kellogg's since October 2017. Thus, he has been the Chairman since March 2018.

- Fareed A. Khan – Senior Vice President & CFO
- Carol Stewart – CEO & President of Kellogg Canada Inc
- Amit Banati – Senior Vice President & President of Asia Pacific
- Tony Chow – President of Kashi Company

Above are the key executive of Kellogg's Company. There are six elements in Kellogg's organisational structure. They are: Work specialization, departmentalization, chain of command, span of control, formalization of elements, centralization and decentralization.

Types of organisation structures

Basically, organisations can be divided into two public sector and private sector. Private sector can be either profit making or non-profit making.

- Profit organisation: It is the one which earns more money than the amount it expends.
- Non-profit organisation: Though it runs as business-like manner, profit making is not its main goal.

Further, organisational structure is classified under different criteria. Above are some well-known organisational structures.

- Line: It is the oldest and simplest type of organisation. One of the important characteristics of it is 'superior-subordinate' relationship.

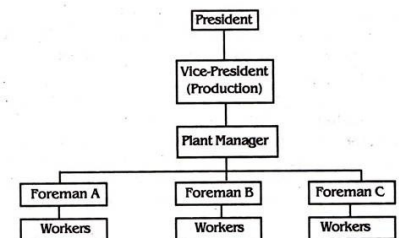
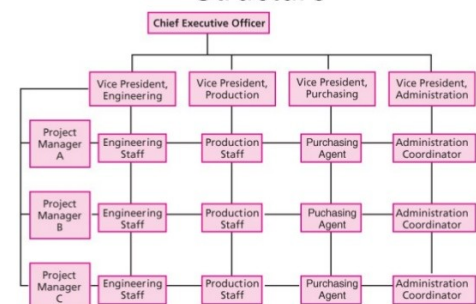


FIGURE 6.11 : LINE ORGANIZATION

- Functional: It refers to the structure that consists of activities such as task allocation, coordination and supervision.

- Matrix structure: Combination of different structure in order to gain advantage and avoid drawbacks in a workplace.

Matrix Organizational Structure



- Network structure: Here the tasks are coordinated and planned among number of business companies to achieve a common goal.

Network organisational structure



SWOT Analysis – Kellogg's

SWOT analysis is a key method, that is used to evaluate the internal and external environment of an organisation. This audits external opportunities and threats and its internal strength and weaknesses.

Strength

- Solid revenue growth - Annually growth 3.89 percentage
- Having lot of geographic diversity – Products are sold in over 180 countries
- Leading brand (international standard) – Trustworthy logo
- Good distribution channel
- Flexibility and adaptability towards customer needs
- Experienced partner
- Wide range of products and world wide presence

These are some of the strengths of Kellogg's Company that determine its success in the market.

Weaknesses

- Reliance on one product – Majority of their cereals are too similar
- High price on several products
- Once failed in India
- There is no more much rooms for expansion – Already available around the world
- Slow innovation

Above some qualities which obstruct the productivity of Kellogg's. So the company should work to reverse all the weaknesses in order to gain success in its journey

Opportunities

- High market share
- Quick to prepare
- Changing lifestyle
- Focusing on restaurants and hotels

Kellogg's has to benefit from all these opportunities. Further there will be more risen from market, technology or competition. Failure of our competitors or existing new technology can be an opportunity for Kellogg's.

Threats

- Multi national brand entries such as Nestle Ltd, Cudbury, General Mills, Quaker Oats and etc.
- Shifts in the market
- Rising cost of product materials
- Government rules and regulations

Almost, all above are uncontrolled though they should be tended to find out suitable solution.

PESTLE Analysis – Kellogg's

Pestle Analysis is a system which examines the six macro environment factors, they are political, economical, social, technological, legal and environmental. Here is a brief discussion on Kellogg's related to PESTLE.

Political

- Level of corruption
- Taxation
- Mandatory employee benefit
- Politicized commercial environment specially during election

Political factors play a significant role in deciding the long term profitability of Kellogg's. The Kellogg's company have been unfortunate casualty to the tremendous financial and political changes which have influenced the organization around the world, it is conceivable that Kellogg's may remain injured individual to the adjustments later on. What additionally keeps the down turn in real life is the execution of or ascend in levies, including esteem included duty, or different changes in the utilization of existing duties, in business sectors in which Kellogg's are as of now dynamic or might be dynamic later on, or on explicit items that they sell or with which their items contend, may affect the organization.

Economical

- Unpredictable movement of currency
- Level of education in economy
- Labour cost
- Growth rate of economy
- Interest rate
- Exchange rates

Rate of interest, rate of foreign exchange, rate of savings and etc. are some of the economical factors determine the macro environment condition of Kellogg's. Even though these can not be controlled by Kellogg's itself, they should be aware about these factors.

Social

- Leisure interest
- Attitude
- Culture
- Hierarchy structure in the society

Society's way of doing things impact on the culture of a Company. Above are some social factors that Kellogg's should analyse.

Technological

- Technology diffusion rate
- Usage of mobile applications for sale

The company has introduced mobile app for evaluating retail store condition and to help real time update between the office and field. Additionally it helps the sales executive to generate custom reports.

Legal

- Laws related to misleading advertisements and product description
- Safety and health law
- Employment law
- Discrimination law

All above factors should be considered by Kellogg's Leadership team when it is entering into a new market.

Environmental

- Waste management
- Recycling
- Climate change

Pestle analysis provides clear details regarding the challenges Kellogg's has been facing also the future further challenges it has to face in its macro environment.

Conclusion

The culture and structure of an organisation influence to organisational performance directly. The important feature in the relationship between organisational culture and structure is that gives a clear image to the employees about their responsibilities, limitation and what is expected from them. So that they are able to work efficiently. Definitely a productive association between organisation culture and structure makes it easier to reach the organisational goals and aims.

References

- About Kellogg's (2019) [online].
Available at:
<https://businesscasestudies.co.uk/kelloggs/> (Accessed: 24th April 2019)
- Cherry, K. (2015). *The five levels of Maslow's Hierarchy of needs*. [online].
- Hatch, M. (1993). THE DYNAMICS OF ORGANIZATIONAL CULTURE. *Academy of Management Review*.
- Kellogg's Case study (2017) [online].
Available at:
https://is.muni.cz/el/1433/jaro2014/PV216/48855710/Kelloggs_Case_study.pdf?lang=en
(Accessed: 20th April 2019)
- Kellogg's Swot analysis (2004) [online].
Available at:
<https://lijoe2000.wordpress.com/2014/03/12/kelloggs-swot/>
(Accessed: 21st April 2019)
- Kellogg's (2019) [online].
Available at:
https://www.kelloggcompany.com/en_US/about-kellogg-company.html
(Accessed: 20th April 2019)
- Organisational Culture (2003) [online].
Available at:
https://www.researchgate.net/publication/234838292_Organizational_Culture
(Accessed: 26th April 2019)
- Swot & Pestle (2018) [online].
Available at:
<https://www.swotandpestle.com/kellogg-company/>
(Accessed: 24th April 2019)
- Understanding Organisational Culture (2016) [online].
Available at:
<https://www.managers.org.uk/~media/Files/PDF/Checklists/CHK-232-Understanding-organisational-culture.pdf> (Accessed: 25th April 2019)