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MODULE: Workplace Culture and its Impact on Organisational Efficiency

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Performance**

Workplace culture and its Impact on Organisational Efficiency

Introduction

In this report I will be exploring workplace culture and how it can impact efficiency in the workplace. I will be using 'McKinsey 7S Framework', 'PESTLE Analysis', 'SWOT Analysis' and 'Kotter's 8-Step Plan' to examine organisational cultures effect on organisational efficiency.

Culture is the personality and nature of an organisation. "It's what makes a company distinctive and is the sum of its values, traditions, beliefs, interactions, behaviours and attitudes."**[1]**

Positive workplace culture interests aptitude, pushes engagement, influences joy and fulfilment, and affects performance. The personality of a company is subjective to everything. Leadership, management, policies, people, workplace exercises, and beyond impact culture considerably.

A key mistake organisations make is allowing the culture within the workplace form naturally without initial outlining what they want it to be.

Importance of Workplace Culture:

Culture is as significant as the company strategy because it can strengthen or weaken the goals. Positive culture is important, particularly because:

- **It draws talent-**

Job candidates assess an company and its environment. A strong, encouraging, clearly outlined and well communicated culture draws talent that fits

- **It pushes engagement and retention-**

Culture impacts how employees interact with their work and the organisation

- **It impacts happiness and satisfaction-**

Research displays that employee happiness and satisfaction are linked to resilient workplace culture

- **It affects performance-**

Organisations with stronger cultures outperform their competitors financially and are generally more successful

[1] Forbes, How To Create A Positive Workplace Culture

What impacts culture in the workplace?

A wide range of elements play a role in evolving workplace culture, including:

Leadership - The way leaders interact and communicate with employees, what they say and emphasise, their image for the future, what they praise and acknowledge, what they expect, how they make decisions, the degree to which they are dependable, and the views and opinions they underline.

Management - How the organisation is managed - its systems, processes, structure, hierarchy, controls, and aims. The level to which managers empower employees to make decisions, support and interact with them, and perform steadily.

Mission, Vision, and Values - Clearness of mission, vision, and values and whether they really reflect the beliefs and viewpoints of the organisation, how inspiring they are to the employees, and the degree to which the mission, vision, and values are stable, widely communicated, and continuously highlighted.

Workplace Practices - Exercises associated to recruiting, selection, compensation and benefits, rewards and acknowledgment, training and growth, advancement/promotion, performance management and work/life balance (paid time off, leave, etc.), as well as workplace habits.

Work Environment - Objects, items, and other physical signs in the workplace. These include what people put on their desks, what the organisation hangs on its walls, how it assigns space and offices, the appearance of those offices and how shared areas are used.

People - The people hired - their traits, opinions, morals, varied skills and experiences, and common behaviours. The types of interactions that occur between employees (collaborative versus challenging, supportive versus non-supportive, social versus task-oriented, etc.).

Policies and Philosophies - Employment guidelines including, but not limited to, attendance, dress code, code of conduct, and scheduling, in addition to organisational attitudes such as hiring, compensation, pay for performance, and internal transfer and promotion.

Communications - The way in which communication happens in the workplace. Significantly, the level, nature, and degree of interaction and communication between

leaders and employees, and managers and employees, including the amount of clearness in sharing information and decision making.

[1] Forbes, How To Create A Positive Workplace Culture

What defines workplace culture?

Many company's let workplace culture form naturally without outlining what they want it to be, and that's an error. For example:

- They create policies and workplace programs built on what other employers do instead of making sure they fit the work environment
- They may hire employees are not suitable
- They allow management styles that threaten employee engagement and retention
- They do not create and communicate a clear and motivating mission, vision, and set of values
- The work surroundings are dull
- They do not contemplate how everyday actions (or inactions) as leaders are affecting the creation of culture

These are the reasons it is important to take a step back to evaluate, and outline the workplace culture - equally what it is now and what you want it to be in the future and how all of these aspects either add or take away from the desired workplace culture and efficiency.

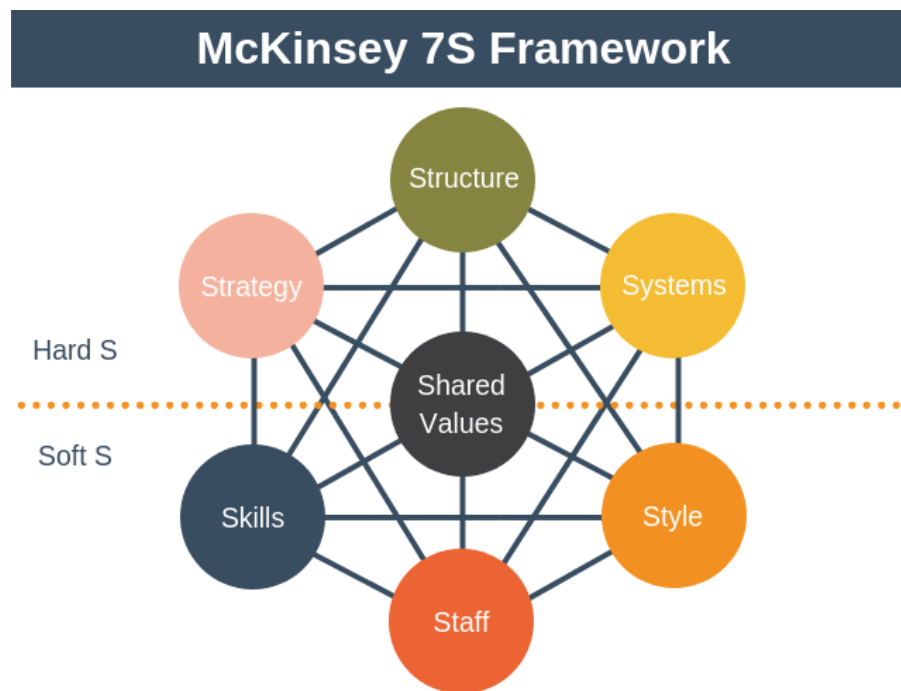
Observation, investigation of workplace behaviour, meetings, discussions, and interviews can reveal workplace environment. Employees can then have an open a dialogue with the leadership about it.

Culture is always a work in progress. It can and will change. Making culture as important as a business strategy is key, positive workplace culture is the vital to organisational efficiency.

[1] Forbes, How To Create A Positive Workplace Culture

McKinsey 7S Framework

The McKinsey 7S Framework is a management model established by business consultants Robert H. Waterman, Jr. and Tom Peters in the 1980s. This was a considered image for groups, to include businesses, business units, and teams. The 7 S's are separated in to two section 'Hard S's' which consists of 'Strategy, Structure and Systems' and 'Soft S's' which consists of 'Skills, Staff and Style'.



[2] Figure 1 – The McKinsey 7s Model

Source: <https://www.intology.co.uk/the-mckinsey-7s-framework>

“The McKinsey 7S framework. Developed in the early 1980s by Tom Peters and Robert Waterman, two consultants working at the McKinsey & Company consulting firm, the basic premise of the model is that there are seven internal aspects of an organisation that need to be aligned if it is to be successful.”**[2]**

The 7S model can be applicable to a range of circumstances where an arrangement viewpoint is valuable, for example, to help you:

- Improve company performance
- Study the probable effect of future changes within a business
- Support departments and processes through acquirement
- Determine what is the best way to implement a proposed plan

This model shows how ‘staff’ play a key part in a company and all the other S’s also effect employees and this in turn effects organisational effectiveness. The skills of staff play a large part in an organisation, staff are the key factor in an organisation they determine what skills are available and then how these skills are used determines the style in which they are. This then affects the systems in the organisation, the strategies that are in place and structure. The strategy and structure implemented by leaders of organisations has to always keep in

mind the skills and staff that are available to them to ensure these changes can be implemented.

PESTLE Analysis on Kashmir Restaurant:

FACTOR	IMPACT ON PERFORMANCE	IMPACT ON ORGANISATIONAL CULTURE
POLITICAL	• Due to Brexit there are fewer staff available • Can not get staff that have come to this country from abroad on a work permit • New minimum wage of £35,000 needed for staff from abroad – too high to afford	• Demanding job – more to do but fewer staff • Higher wage expenditure as the years go on, especially after Brexit • Cost of ingredients and other expenditures are always increasing
ECONOMIC	• Before Brexit – people are afraid to spend too much, not going out to eat as much • After Brexit – number of customers has increased very slowly but people are still afraid as details about Brexit have not been confirmed yet	• Brexit – means employing less people • Can't afford wages for staff as there is not enough sales income coming into the business.
SOCIO-CULTURAL	• People are growing more health conscious - look for organic options • Vegetarianism/veganism is increasing • People look for locally sourced food which has high costs	• Different healthier cooking methods • Means more training to teach staff

TECHNOLOGICAL	• Increase in food delivery apps/companies • These companies take a cut of profits from sales • Increase of people who enjoy eating in the comfort of their own home – leads to ordering online	• Busier at peak times due to these food delivery apps/companies • Profit margin is smaller as these delivery companies take 10-20% cut of sales – 20% fall in sales income
LEGAL	• Ensure five star environmental health hygiene rating	• Make sure hygiene is always kept up with every task staff do
ENVIRONMENTAL	• Being more green – environmentally friendly is important • Making changes in use of plastic - try to swap plastic for greener options	• Being more environmentally aware and making changes to be more green • Using motorbikes for delivering takeaways – better for the environment • Encouraging customers to come in to the restaurant to collect their food to get a 10% discount on their food

PESTLE is a method of analysis, it give a view of the whole environment from many different angles that a person wants to check and keep a track of while planning a certain idea/plan.

This is a PESTLE analysis on Kashmir Restaurant which is where I work. It shows the Political, Environmental, Social/Cultural, Technological, Environmental and Legal impacts on both performance and organisational culture.

Political:

We can see how Government imposed changes have impacted the business. Since the start of Brexit we have seen a negative effect on revenue and on the business environment in general. It has also effected the culture.

Economic:

These factors are always changing however at the moment in time they have also had a negative effect on the business as they have caused us to have fewer customers resulting in reduced revenue but also increased spending in some area due to inflation in day to day costs such as ingredients. This also impacts the organisational culture as it results in employees not having much to do, lowering moral.

Social/Cultural:

Cultural trends and demographics, population analytics etc. are always changing this effects the food business all the time and at Kashmir Restaurant we feel these changes. We can see changes in peoples food habits and a big shift towards being more health conscious so we have had to implement new cooking methods and dishes in the restaurant to ensure we are appealing to this customer base.

This has had a positive effect on culture as it draws customers in and allows employees to provide excellent customer service.

Technological:

Technological changes have had the biggest effect on the food industry, allowing customers to order online through delivery services. At Kashmir Restaurant we have used these services to bring in more revenue to the business however it isn't always a positive impact on revenue as these companies take a 10-20% cut off sales income.

We get busy at peak times during the evening which gives an insight into our organisational efficiency and how having a positive workplace culture is very important for tasks to run as smoothly as possible.

Legal:

Legal factors that effect this business is making sure hygiene standards are at the highest standard which means all employees have to stick to the rules and work together at all times.

Environmental:

Changes in environmental factors such as having a reduced carbon footprint is important to Kashmir Restaurant. We are always looking for ways to be more green, this has had a positive impact on workforce culture allowing employees to discuss ideas and brainstorm together.

SWOT Analysis on Kashmir Restaurant:

STRENGTHS • Trusty local Indian restaurant • Mixture of staff to keep the business multi-cultural • Enthusiastic team • Modern and relaxing environment • Outstanding customer service	WEAKNESSES • Confusing menu – too many items • Can have long waiting duration when busy
OPPORTUNITIES • Health conscious trend • Provide more vegan options • High exposure location – town centre • Loyal returning customers	THREATS • Competitors always doing promotions • Competitors located nearby • Competitors offer bring your alcohol promotion

SWOT Analysis explores the Strengths, Weaknesses, Opportunities and Weaknesses of a business, here I have used it to analyse Kashmir Restaurant.

This analysis shows how being aware of each area will allow business to work on becoming better and working with employees to stay efficient in the workplace.

Kotter's 8-Step Plan



[3] Figure 2: Dr Kotter's 8-Step Process for Leading Change

Source: <https://www.kotterinc.com/8-steps-process-for-leading-change/>

"The 8-Step Process for Leading Change was cultivated from over four decades of Dr Kotter's observations of countless leaders and organisations as they were trying to transform or execute their strategies. He identified and extracted the success factors and combined them into a methodology, the award-winning 8-Step Process for Leading Change."**[3]**

Kotter's 8-step plan, this model can be used to help leaders change strategies within their companies and using this plan they can follow the steps for efficiency.

This model highlights how culture in the workplace plays a big role in implementing change and doing it efficiently, it highlights in step two, how cooperation from employees is the most constructive approach. In steps five and six you can see how clear communication with employees and making them feel like they have input in the task will ensure that there is a positive culture in the workplace. A change will only become part of the workplace culture when it has become a part of the main components of the organisation.

Change does not happen out of nowhere. Values and standards must match with the new vision and the employees' behaviour must deliver a unified match. Employees must remain

to help the adjustment. Routine assessment and discussions about development help merge the change, this is step eight of Kotter's model and shows how vital positive culture in the workplace is the organisational effectiveness.[3]

Conclusion

In this report I have looked at workplace culture and its impact on the organisational efficiency using four different methods of analysis. I have used 'McKinsey 7S Framework', 'PESTLE Analysis', 'SWOT Analysis' and 'Kotter's 8-Step Plan' to examine organisational cultures effect on organisational efficiency and in relation to Kashmir Restaurant. I have found out that a positive workplace culture has positive impact on customers and in turn a positive effect on efficiency in the workplace. A strong organisational culture will generally attract the customers and make loyalty to the organisation. At Kashmir we can see how strong the effect of workplace culture is on efficiency, having a good balanced culture allows employees to feel like their being heard and that their opinions and suggestions are considered by managers.

We can also see how having a balanced relationship with employees is also important, making sure that rules are put in place and that they are not left to make up their own structure is also important to the success of a business and its organisational efficiency. After the analysis of the impact of workplace culture on efficiency, I believe organisations with healthy, positive workplace culture benefits long term and is more successful.

Word count: 2,450 [Including Quotes]

References

[1] <https://www.forbes.com/sites/pragyaagarwaleurope/2018/08/29/how-to-create-a-positive-work-place-culture/> [Accessed 04/03/2020]

[2] <https://www.intology.co.uk/the-mckinsey-7s-framework> [Accessed 04/03/2020]

[3] <https://www.kotterinc.com/8-steps-process-for-leading-change/> [Accessed 04/03/2020]

Figure 1 <https://www.intology.co.uk/the-mckinsey-7s-framework> [Accessed 04/03/2020]

Figure 2 - <https://www.kotterinc.com/8-steps-process-for-leading-change/> [Accessed 04/03/2020]