

University of Wales Trinity Saint David

BMSK5005 Workplace Culture and its impact on Organizational Efficiency

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Contents

Introduction:	4
Discussion:	5
Critically assess the workplace culture of the organisation.....	5
Organizational culture, ethos and values:.....	5
Establishing a culture of sustainability within the workplace:	6
Corporate social and environmental responsibility:	7
Formal and informal relationships between departments and people:	7
Communication channels for sharing information and building relationships:	8
Provide a critical evaluation of an organisation and the broader environment in which it operates.	10
SWOT analysis:	10
PESTLE analysis:	11
Critically evaluate the cultural and ethical behaviour present in the organisation and evaluate your own cultural and ethical behaviour in relation to the organisation.	14
Personal ethical standards, values and beliefs and cultural and ethical behaviour of the company:	14
Barriers to effective functioning in the organisation and ways to overcome them:	15
Conclusion:	16
References	17

Introduction:

The study discusses various cultural aspects of ZARA. ZARA is a leading fashion retail company in UK. It has headquarter in Spain (ZARA, 2018). The discussion will conduct a critical analysis of the workplace culture of the company. It will identify the value, ethos and corporate culture prevalent in the company. It will also discuss the evaluation of practising culture of sustainability within the workplace. In this aspect corporate social and environmental responsibilities will also be addressed. The importance of formal and informal communications and initiatives taken by the company will be discussed in this report. A SWOT and PESTLE analysis will be provided to assess the impact of external forces on the culture of the company. In the perspective of an individual, the effectiveness of cultural and ethical practices of the company will be evaluated. In the end, the study will be concluded by providing few recommendations and a brief conclusion.

Discussion:

Critically assess the workplace culture of the organisation.

The workplace culture of Zara put high value on its internal operations. It helps to make effective decisions and conduct operations effectively to meet the customer demand efficiently. The company follows various measures to enhance its workplace culture. Thus it helps to develop a strong organizational system. In this context, various aspects of organizational development are considered as below.

Organizational culture, ethos and values:

Organizational culture: The company puts its customers first in the decision-making process. The operations of the company are highly customer-centric. It follows a flat organizational structure to ensure effective communication across various departments of the company. The company makes “impossible” word a key deterrent in the organizational culture (Magrath and McCormick, 2013). Thus, it takes many challenges in the decision-making process. It turns many crucial and difficult process in operations in the possibility. In this context, companies such as Primark, faces many operational hurdles to overcome its various controversies such as collapse of a factory in Bangladesh. However, ZARA ensures well-being of its employees. It empowers its branch managers, designers to take decisions based on their own perceptions. In the retail stores the demand of the customers is always perceived under high concern. As an example, if any customers in the retail store do not find the demanded product, the management of the company makes the product available within fifteen days across all the retail branch (Pookulangara and Shephard, 2013). Thus the company puts its customer demand as the key object in the decision making process.

Ethos: The company follows ethical norms while dealing with the customers and employees. It puts value to the decision making power of its various level of employees. The company makes it an organizational culture to innovate various designers based on the latest trends in the market. It allows its employees to visit bars and discos to identify the latest fashion trends (Wigley, et al., 2013). It develops products based on many cultural demands across various part of many countries. Thus, products are developed based on geographical trends also. It follows the norms of United Nations Sustainable Developmental Goals (UNSDG) to maintain its high degree of

sustainability (McRobbie, 2013). The company follows high degree of water disposal measurement, carbon consumption and ensures zero discharge of hazardous chemicals. This way the company develops its product effectively.

Values: The company provides high value to its customers and employees. The key value system in the operations of the company identified as “fast fashion” retailer (Pham, 2013). The company constantly thrives to identify the demand of its customers. Based on the demand it makes the product available within a minimum time period of fifteen days. The company also develops less number of products for any key style variety. Thus, it helps to reduce the disposal. To operate the business more ethically it offers its customers to dispose worn-out clothes at its various retail stores across the globe (Koppman, 2015). However, in this contrast, Primark and other retail brands do not offer this value system. They are more focused on selling the products to its customers and earn high profit. This led these company to face issues to enhance its competitiveness.

Establishing a culture of sustainability within the workplace:

The company operates its sustainability program with the help of key retail brand Inditex. The company concern the need of its various suppliers. It helps to integrate its suppliers across various retail chain. The “For&From” program of Inditex focuses on mentally disabled people (Han, et al., 2017). It provided employment to 150 people who are suffering from mental disability. However, in this context, Primark focuses on women empowerment. It targets the women sector of any country to develop and supply products at low cost of operations. Thus, ensuring high degree of profitability play a key part in its sustainability program.

Apart from that, ZARA developed high degree of sustainability in its operations by following flat organizational structure. It helps to reduce communication barriers within the organisation. It allows the branch management communicate the need for any products directly to the designers and other responsible persons. The designer team takes prompt action to materializer that demand and make the product available as fast as possible (ZARA, 2018). Integration of technology plays a key part in ensuring effective communication system. Apart from that, the company encourages its employees to take part in constant communication with many people working in the organisation. This helps to ensure better flow of information across various

groups of the organisation. This way the company establishes a culture of sustainability with its workplace.

Corporate social and environmental responsibility:

The company take many measures to ensure effective corporate social and environmental responsibility. It focuses on reducing the disposal of products. Thus the company adopted lean operational system. It develops small number of products based on any specific designs. This helps to reduce the number of back-logged products once a trends changes in the market. However, the organisation develop large number of varieties of products. In a year, it produces around 12,000 of differently styled products (Pilcher, 2013). This helps the company to become more customer-centric while reducing the number of waste from the system. However, under its CSR programs the company allows its consumers to dispose old garment products across various retail stores.

Apart from that the company takes many measures to reduce bio-diversity, carbon disposal and use of other energy sources. It follows Global Water Management strategies to reduce the water consumption across various factory outlets and production centres. Under the Inditex brand, the company invests large amount of money in its CSR program (Frasquet, et al., 2018). It invests to enhance the education system for women, children and deprived community across various countries where it is operating. This way the company follows an effective corporate social and ethical responsibility.

In the context of Primark, the company also follows various initiatives under its CSR program. The company also developed many environments friendly packaging system. It invests in development of environment-friendly garment products (Cambridge, 2016). But, ZARA has not developed any environment-friendly products. Since it found consumers put less concern for development of environment-friendly products.

Formal and informal relationships between departments and people:

The internal culture of the company encourages its employees to engage in formal and informal communication system. The flat structure of the organisation seems highly helpful in this context. ZARA empowers its employees to take necessary decision relating to customer services and product development strategies. With the intervention of technology it ensures that right

information flows across its formal and informal communication channel (Jamal and Shukor, 2014). However, this communication system enhances the risk factor for operations. Since in many times management is not involved in the decision making process. This increases chances of making faults in the operations.

However, the company has operations across different countries. It is required that management people and employees across various branches engage in communication. With the help of video conference and other relevant facilities it ensures effective communication among employees across different countries (Pioch and Gerhard, 2014). Even within a team, people from many diverse cultural and social background work within the company. In that context, engaging in informal communication system becomes helpful for the organisation. This way the company takes many initiatives to reduce communication barriers within the organisation.

ZARA also engages in communication with customers through various online promotional channels. Promoting interactive blogs in social media acts as a key initiative to engage in direct communication with its customers across the globe (Hracs, et al., 2013). This way an effective communication system plays a key part of its operations.

Communication channels for sharing information and building relationships:

ZARA uses both online and offline channel for ensuring effective communication with its customers and employees. In the offline communication system, various magazines and retail stores play a key part in engaging in effective communication with customers. It attentively listens the demand of customers in the retail stores (Andres and Chapain, 2013). With the help of technology the company also assess many post-purchase behaviours of consumers. This helps the company to make better strategies for product development.

Various product and company related information are provided in many popular magazines and newspapers to attract customer attention. The email ID provided in those magazines and newspaper articles help the company to engage in direct communication with any key customers (ZARA, 2018). This way, it maintains effective communication in customer segments through offline channels.

The interactive aspect of various social media such as Facebook, Twitter, Pinterest and WhatsApp helps to engage in the online communication within the team members and with many consumers across the globe.

In this context, Primark also engages in communication with various consumers in online and offline communication channel. But, it fails to note the demand of consumers through this channels (ZARA, 2018). The company focuses more on promotions than identifying crucial market trends. This leads the company to consider various fashion shows and promotions as the source to identify fashion trends. However, ZARA uses these communication channels as the sources to identify market trends.

Provide a critical evaluation of an organisation and the broader environment in which it operates.

In order to conduct an analysis of the impact of culture on the operations of the company, it is required to conduct an internal and external environmental analysis for the company. Thus a SWOT and PESTLE analysis of ZARA is provided as below.

SWOT analysis:

Strength: ZARA owns its production facilities. This helps the company to make immediate changes based on the changes in demand of the customers. The company owns its most of the factory outlets across the world (Magrath and McCormick, 2013). Very few factory outlets are developed as franchisees. This helps the company to put better control on the operations of the organisation. Owning the production houses also reduces its shipping costs and make immediate changes in product requirements. In this context, competing companies such as Primark outsources its supply of products. This way ZARA archives competitive advantages in its operations.

Weakness: The centralized distribution system makes the operations of the company risky. If one part of the operations fails it will put negative impact on the operations of other parts of supply chain. In this context, competing companies such as Primark, H&M and others faces low risk in the operations procedures (Koppman, 2015). The company also focuses less on advertising comparing with its leading competitors. But, as many celebrities promote its brand as brand ambassador, the company operates effectively its business. But, rival companies get better competitive advantages through extensive promotions.

Opportunity: the company has penetrated the global market. The effective performance of the economy of Asian and Middle East countries provide better opportunity for the company to operate in those market profitably (Han, et al., 2017). This way this market ensures better opportunity for the company. As it has strong online presence, promoting its brand through online marketing also provides high opportunity to ensure better sales of its products.

Threats: Since it has become a global company, the company faces severe competition across many global brands. This acts as a key threat to the organisation. Apart from that, unlike other

companies ZARA does not have collaboration with international designers (ZARA, 2018). This reduces its competitive aspects to the target markets which prefers designer clothes.

PESTLE analysis:

Political: The political factors play a key role when it emerges its business in a new country. The company requires to know the political system of targeted countries and make effective strategies to reduce the risk factors. In this context, many political issues such as war, terrorism and changes in government rules and regulations play a key role in ensuring success of the business.

Economic: In UK, the economy faced many issues due to the process of Brexit. The country faced recession and inflation. This impacted on the purchasing power of the consumers. Since, the organisation develop high-cost products and offer fewer discounts on its products, the business faced high degree of loss (Jay, 2015). Due to the impact of globalization, the business operations of the company was highly impacted. However, the competing companies such as H&M and Primark faced low risk in this context. Since these companies have been successful to diversify its business process efficiency. Thus, economic changes possess a great threat to the company.

Social: As the company is highly consumer-centric, it develops products based on the race, religion and other key demographic variations. The company develops 12,000 variety of designs per year (ZARA, 2018). Thus it has become successful to inbuilt social factor as a key cultural norm for its product development strategies. It helped the company to outperform its competitors.

Technological: ZARA has become successful to integrate technology into its business operations. It has developed iPad app to allow consumers to purchase products online. The app facilities to conduct video conference while looking at the product. Online apps offered by other competing firms such as Primark and H&M does not offer this facility (Han, et al., 2017). The e-commerce sites of the company also allow consumers to return the products if any fault is found. However, other competing firms do not allow this opportunity. This way with the help of technology the company offers better flexibility in operations (Hracs, et al., 2013). But, many consumers do not possess iPad. These consumers fail to get the added benefits of using iPad app. Thus a large consumer segment fails to get this technological benefit.

Legal: To operate in countries such as India, Russia and Mexico, the company requires to change their operational norms based on the legal policies of these countries. This caused the company to bear added cost to implement operational changes. However, the high brand loyalty of the company makes it vulnerable to face many copyright issues (Cambridge, 2016). Since many low-cost companies copy the highly popular designs of the company. This impacts on its profitability. However, the company itself faced copyright acclamation issues for copying the designs of the brand named Fendi in 2013 (Pookulangara and Shephard, 2013). This made the company to violate its ethical norms and developed high controversies. Thus, legal framework plays a critical part in maintaining an effective culture within and outside of the organisation.

Environmental: Due to increased concern about Global Warming, the company requires to abide by many key environmental norms. The organisation need to put extra efforts for measuring consumption of water, carbon and other energy sources (Pioch and Gerhard, 2014). It put extra efforts and investment to reduce the wastage while consuming energy sources and follow the environmental guidelines of various countries. However, companies such as Primark fails to follow the guidelines explicitly. Thus it raises many issues for maintaining poor infrastructure across various organisations in its supply chain.

Conclusion and Recommendation:

Thus the SWOT analysis shows that the company has high strength and opportunity to compete with its key rivals and make better exposure in the market. In the context of culture, the company has developed strong presence in the consumers' mind. This associate high value to the team members and consumers to associate with ZARA (ZARA, 2018). This way, the company successfully influences its target market and make effective profit from its business operations. Due to the same reason, the company is not aggressively present in online promotions. Thus, it has successfully ensured its innovative business strategies and ensured that "impossible" does not exist in their overall operations.

This way the SWOT and Pestle analysis shows the company is successfully operating across various countries by following different norms of the countries. However, it increases its cost of operations. But, it has maintained a culture to become customer-centric. It makes the company more favourable to implement any environmental and legal strategies based on new requirements of legal and environmental structure of the country (Frasquet, et al., 2018). This makes

adaptability its key cultural norms. However, the company fails to meet the demand of all customer segments. Since, due to poor economic reasons, many consumers fail to access high-cost products of the organisation. They also fail to access added benefits offered by the company. Thus, the company should consider providing low-cost products along with its high-cost product sets.

The company also required promoting its products more in online so that people get access to required information about the new products offered by the organisation. This will help to increase sales and spread better awareness for its high-end products in new target market.

Critically evaluate the cultural and ethical behaviour present in the organisation and evaluate your own cultural and ethical behaviour in relation to the organisation.

Personal ethical standards, values and beliefs and cultural and ethical behaviour of the company:

As an individual who is related to the company has different personal ethical standard, value and beliefs. My own demands help to assess the culture and ethical behaviour of the company in different perspective. In this context, the cultural and ethical behaviour followed by the company is critically evaluated as below.

Transparent Culture: As a person I demand high degree of transparency from the operations of the business. Since I would be paying high price by purchasing its products, thus I needed to justify my purchasing decision. The company charges high amount of money as people associate high value to its various product assortment (Han, et al., 2017). This helped the company to make high profit. In the context of ethical norms, the company fails to offer ethical purchasing aspects to its customers.

Promotions and Ethics: Zara does not provide new trendy products. The company offers product based on the trend already present in the market. Thus, products based on similar trends are accessible to the customer through competing brands. Thus, people prefer to purchase the brands of competing companies such as Primark and H&M (Magrath & McCormick, 2013). The company promotes its brands and organizational operations in such a way that seems the company is the only one which meets the demand of customers successfully. This is their promotional strategies. Much misleading information is provided through its promotional channels. But, these channels offer little scope to verify the authenticity of information (Andres and Chapain, 2013). Thus, the company makes profit out of this promotional channel. This is an ethical aspect which the company should focus to maintain its sustainability.

Consumer ethics: The high-cost products target only the wealthy consumer segments. It focuses on making high profit for the business. However, the company many times negatively impact on the sentiments of poor people. As it is a global company and promises to follow ethical culture

within its operations, it must consider to this deprived consumer segment also (Frasquet, et al., 2018). It adds extra responsibility to the company for becoming a global company which promises to follow high customer-centric culture. Thus neglecting the less wealthy consumer's segments violates its promises.

Barriers to effective functioning in the organisation and ways to overcome them:

The company thus fails to maintain high degree of transparency and various aspects of ethical norms. These can be overcome by following below-mentioned strategies for the company.

Reduce operations cost: The company practices lean methodology across its operations. This reduces the waste in every stage. But, it has been failed to reduce its operational cost effectively. Following flat organizational structure and less intervene of management in various decision-making process resulted in high degree of faults in operations (Hracs, et al., 2013). The flat organizational system also enhanced the cost of operations. This way the company should make its operations standardized to ensure its effective functioning. This way the company will also be able to offer products at low cost while not compromising on its brand value.

Provide value-added services: The consumers buy the products of ZARA at high cost. However, they get very low value-added services. This makes the consumers disappointed and purchase products from competing firms such as Primark and H&M (Pookulangara and Shephard, 2013). Thus, company should concern to provide more offers and value-added services based on consumer demands and needs. This way the organisation will successfully promote its products.

Conclusion:

The study identifies various cultural and ethical aspects of ZARA. It shows that the company thrives to maintain operations which are highly customer-centric. The company focuses on maintaining high degree of integrity among its employees. Thus, it understates many strategies to ensure effective communication within the system. Operating flat organizational structure is a key initiative for the company to ensure better communicating across various team members within the organisation. In this study a SWOT and PESTLE analysis was conducted. The analysis shows the company has been successful to make a strong business operations by implementing customer-centric strategies. However, there are high degree of completion, political changes and economic issues which create threat for successful operations of the company. This analysis also helped to assess the cultural and ethical impact on the company in macroeconomic environment. However, based on personal aspects, it has been identified that the company fails to follow transparency in its system. It also fails to follow many ethical norms while providing services to the consumers. Few recommendations have been provided to ensure effective functioning of ZARA.

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