

UWTSD

Introducing the Modern Workplace-

STRUCTURE, CULTURE, PEOPLE AND ORGANIZATIONAL
PERFORMANCE AT DANONE

Vladislava Markova – ID 1905517

Lecturer: Dr.Rexon Nting

Table of contents

INTRODUCTION.....	3
Organizational structure.....	3
Academic theory behind structure.....	3
DANONE Structure	4
Organizational Culture	6
Academic theory behind culture	6
Example of dimensions of Hofstede.....	6
Structure, Culture and Performance	7
CONCLUSION.....	8
REFERENCES.....	9

INTRODUCTION

This essay describes the structure and culture of the organization and analyses how these factors contribute to the organizational performance. The essay refers to relevant theories and models of organizational design and culture. The structure of the organization will be described based on the theory frame of Fatehi 1996. The organizational culture will be presented using Hofstede model. The essay will identify the essential nature of managerial work and communicate the role of leadership. It additionally explains the relationship between organizational structure, culture and company performance. The findings and conclusions will be based on information from both primary and secondary sources.

The case of the essay refers to the company DANONE- one of the world's biggest and most successful food companies focuses on four sectors: dairy products, bottled water, baby foods and medical nutrition products.

Organizational structure

Academic theory behind structure

In order to organized a company management has to choose and set the best organizational structure that enhance the productivity level of staff as well as increase their motivational degree. The structure of DANONE will be described based on theory concept of Fathei. It is an academic theory or concept that makes a distinction between internal need, types of activity behind comprehend, specific strategy pursued and external environment such host government, products market features, consumer demand and economic conditions(Xiao and et.al., 2016).

Behind every organizational structure there is specific and appropriate academic theory was available that helps to build an effective organizational structure. There are different variables accessible that influence structure of firm and its business practices. According to Fatehi description, organizational structure is" the framework of the relations on jobs, systems, operating process, people and groups making efforts to achieve the goals".

Organizational structure of global and local companies is quite different as they set according to department and business functions (Xiao and et.al, 2016). Fatehi's organizational structure theory makes up of 3 common concepts organizational structure defined such as functions,

products and geographic areas. Organizational structure is a classification that outlines how certain functions and activities are directed in order to gain business aims and set objectives (Eva and et.al, 2018). These activities can include roles, accountabilities and rules. It also determines how essential information flows between levels within firms.

There are varied kinds of models and concepts available in context of organizational structure that can be beneficial for firms in term of increasing productivity, profitability and motivational level. Five organizational structures: Geographic (by different regions, areas), Functional (according to the function), Product (focusing on product), Mixed (combination of above) and Matrix organizational structure (the two lines- functional and project- share responsibility), are utilized by many companies according to their performance and size (Fatehi, 1996).

DANONE Structure

DANONE Global Structure- Multinational Matrix Structure- “Global product and global area structures are blended giving responsibilities to regional, product, and matrix managers”. (Hostetler, 2013). It is highly flexible structure with cross disciplinary groups support innovation, but issues can arise from unusual reporting program. Workers may feel burdened and overworked by having two roles to do, with two main set of accountabilities for their job schedule (Egelhoff, W.G. and Wolf, J., 2017).

DANONE was founded in Barcelona, Spain in 1919 and grew to be a global organization focuses on four strategic business units: Fresh products; Bottled waters, Median nutrition and Infant nutrition.(DANONE Annual Report, 2018) The company markets these products under the brands of DANONE, Activia, Evian, Volvic, Aqua, Gallia, Actimel, Nutricia, Bledina, and Infatrini. (MarketLine, 2020). The focusing on particular market segments helps DANONE to meet consumers needs more effectively and efficiently (Cendra and et.al, 2019).

DANONE is based in France and it is up and running on the stock exchange market with direct operations in over 55 countries and presence in more than 120 countries with 105783 employees, it is the leading player in the global dairy market. DANONE main focus areas are developing healthier,nutrisional products.

For the fiscal year ended December 2018, the company posted revenues of EUR24,651 million, a decrease of 0.6% over FY2017. In FY2018, the firm's performing margin was 11.1%, compared with a 14.9% operating margin in FY2017. The firm posted a net margin of 9.5% in FY2018 compared to a net margin of 9.9% in FY2017. (MarketLine, 2020)

DANONE is first assembled based on sector, and from there it is separated by country, and further into departments. For instance Fresh Dairy Products has offices in countries such as France and Italy which are then split up into departments such as field sales and business development (DANONE). DANONE has an organizational structure efficient enough to fulfill the process of evaluation and control of the previously stated recommended strategies for growth as well as the necessary implementation.

The company structure divide DANONE vertically into functional team with staff of similar specialties performing together to help overall business activities (Botton and et.al. 2016). Each of the company's departments is responsible for the budget allocated to their activities. (DANONE Annual Report, 2018) DANONE's structure is completed by 3 business functions that play a key role within the organization: Human resources, Finance, Research and Development. The multi-national business of DANONE is structuring in creating a decentralized organizational structure - one in which senior management assigns the authority for restricted decision-making to lower levels in the company (Buckley and Ghauri, 2015).

DANONE span of control DANONE is led by a CEO and Chairman as well as a Board of Directors of 16 members at 2018. DANONE also has an Executive Committee comprised a number of 3 functional and 3 business leaders under CEO Emmanuel Faber- leadership, Chairman of the Board & Chief Executive Officer. DANONE has streamlined its Executive Committee to lead to successful implementation of its vision and plan, improve collaboration and promote efficient and quick decision making. DANONE's position in governance is to balance control between shareholders, directors, managers and employees. (DANONE)

DANONE's structure is indistinguishable to that of its competition, specifically Nestle. The competitor General Mill's structure is different as breaks directly from department to brand, instead of dividing into company sectors and then countries. Since DANONE possesses significantly less brands than most of its competitors and thus logically the company has less

profitability. Compared to its competitors who outsource most of their research, a key factor of DANONE's Research and Development is that most of it is not outsourced. DANONE constantly invests in new technology for the expansion of its Research and Development (R&D) (Hook and Thesis, 2017).

Organizational Culture

Academic theory behind culture

Hofstede culture dimensions theory is one of the most effective and useful concept that help to comprehend knowledge about culture. It was developed by Greet Hofstede to understand the different culture. In simple words, it is one of the best frameworks or model that can be utilized to comprehend differences in culture across nations and to discern methods that companies is done across varied cultures. The organisational culture of DANONE can be studied even in the context of the cultural model of Hosted.

According to Gutterman (2010), one of Hostede's key research aims was to demonstrate how a specific country's culture affected the leadership practises used in this nation. The model has five dimensions: Uncertainty avoidance; Power Distance; Individualism/Collectivism; Masculinity/Femininity; Short/ Long-term Orientation. The scores for each dimension differ from one country to another. By this Hofstede demonstrated that cultural contexts and employee response to such activities are the factors that influence leadership styles. Implicating the differences in communication characteristics among cultures, defines Hall as "one of the most outstanding researchers in the field of cross-cultural management".

Example of dimensions of Hofstede

Case Study of DANONE (I. Sidorcuka and M.Nigmatullaeva, 2018) addressing the issues of Chinese interns in DANONE, France, investigated how DANONE faced the challenge of finding, training and employing new staff, who can impart to its in China. However this was difficult to accomplish and maintain as a result of their cultural values and attitudes. This Case Study showed comparison of the French and Chinese cultures provided by Hofstede insights (2018). Power Distance dimension- define that a culture accepts power and inequity differences, boost bureaucracy and shows high approval for authority (Purwanto, 2018).

China and France both having a high score in Power Distance dimension which pointed that hierarchical division structure is used within both countries and respected.

Individualism/collectivism Dimension shows the findings that indicate France is a strongly individualistic country while a largely collectivist society is formed in China. Representatives of French culture prefer to prioritise their own interests, and emphasize individual accomplishments rather than community accomplishments. Meanwhile the Chinese base their work on group development, networking, relationships and group sharing.

Masculinity/ Femininity- Chinese culture is based on performance and competition. Being more feminine than Chinese, the French culture pays more attention to family time and quality of life. In China, people are willing to sacrifice their family and leisure time to work extra hours.

Uncertainty Avoidance aspect- A fundamental difference is that French citizens want to be organized beforehand, to make comprehensive schedules and plans, the top priorities are emotional and physical health, which is why the need for rules and regulations is strong. Nevertheless, the Chinese are more relaxed surrounded by uncertainty and in their actions and strategies are more versatile.

Long Term/ short term Orientation dimension- On the long-term orientation, both France and China scored high; this gives the impression that both countries are pragmatic. Leading us to assume that both of them think that saving and investing money is better than wasting it in a given moment. China and France are both polychrome countries- but a large difference still remains between the nations. Even during work-related meetings, French people spend a lot of time debating, while Chinese people seem to be short and to the extent where they believe debating is a waste of time.

Structure, Culture and Performance

Based on Kotter and Heskett (2012) analysis, a strong organizational culture is shown on how employees share core values. The more workers express and embrace the values, the greater the community and the more impact it has on behavior. Organizational culture has the potential to enhance long term organizational performance, adapt to changing markets and environment, employee job satisfaction, and the sense of certainty about problem solving.

The organization has leadership culture implemented by all employees and based on four dimensions; Committed, Open, Doer, and Empowered (CODE). Culture goes along through the behavior of the employees. On the other hand, employee performance is influenced by the corporate culture, which is why companies need to ensure that employees accept the corporate culture. DANONE's strong organizational culture provides needed organizational structure which fits with its management style. The unique management style and social interplay between each degree of the corporation makes it a social organization. DANONE invests in people and the surroundings by using its sustainability program and attempts to minimize its environmental footprint at the world.

DANONE's Human Recourse Management state on social dialog, training, gender equality, more female management at all levels, flexible working hours and wage equality. Specifically, a culture of leadership exists primarily based on the precept that each employee can develop leadership skills and propose ideas freely. This concept is demonstrated in particular via constant 'tinkering' with innovative thoughts to get personnel involved. Employees acquire to be well trained and receive good benefits in order to work (DANONE Leadership vision).

CONCLUSION

From above analysis it has been concluded that organizational culture and structure impact on business growth as well as long term success. Furthermore, the essay summarized that DANONE also demonstrates that the effective business organizations are not taking an intense cultural orientation, but are seeking to find the right balance to retain a good organizational culture to gain benefits. The dimension of varied cultures has been identified by using appropriate framework such as HOFSTEDE. Overall as a result of their highly prosperous strategies DANONE is the leading player in the global dairy market.

REFERENCES

- Buckley, P. and Ghraury P., (2015) “International Business Strategy: Theory and Practice”, Chapter5, p.253-256, accessed Mart2020
- Cendra, C and et.al, 2019. Role of the anion on the transport and structure of organic mixed conductors. *Advanced Functional Materials*. 29(5). P.1807034. accessed April 2020
- DANONE available at: <https://www.danone.com/investor-relations/results-center>, <https://www.danone.com/investor-relations/governance.html>; accessed Mart2020
- DANONE Annual Report 2018, available at: https://www.danone.com/content/dam/danone-corp/danone-com/about-us-impact/publications/en/2019/Danone-RA2018-EN-PDF-e-accessible_01.pdf; accessed February2020
- Hostetler.J April 2013, “DANONE International study” available at: <https://www.slideshare.net/JacobCarstenHostetle/danone-international-case-study>, accessed April2020
- DANONE, DANONE leadership vision-DANONE, available at: <https://www.danone.com/candidates/life-at-danone/our-vision-of-leadership.html>; accessed April2020
- Ebeling, A and et.al, 2018. Plant diversity induces shifts in the functional structure and diversity across trophic levels. *Oikos*. 127(2). Pp.208-219.
- Egelhoff, W.G. and Wolf, J., 2017. Understanding the Causes of Conflict in Matrix Structure Firms. In *Understanding Matrix Structures and their Alternatives* (pp. 109-130); accessed April2020
- Eva, N and et.al, 2018. Creating strategic fit: Aligning servant leadership with organizational structure and strategy. *Personnel Review*. 47(1). Pp.166-186.Macmillan, London; accessed Mart2020
- Fatehi Kamal, 1996 *International Management: A Cross-cultural and Functional Perspective*. Publisher Prentice Hall; accessed February2020
- Gutterman, A. (2010) Cross cultural transfer of US theories of leadership and management. Organizational Management and administration: A guide for managers and Professionals. Available at: <http://alangutterman.typepad.com/files/mdc---cross-cultural-transfer-of-us-management-theories.pdf> ; accessed: April, 2020
- Hall, E.T (1976) Understanding Cultural Differences, available at <http://teaching.up.edu/bus511/xculture/Hall%20and%20Hall%201990,%20ch1.pdf> ; accessed Mart2020
- Harzing, A.W., Pinnington, A. (2014) *International Human Resource Management* SAGE Publications, Inc., 4th Edition, pp.9-31; accessed April2020

- Hofstede Insights (2018) “Country comparison” Accessed: March 2018, available at: <https://www.hofstede-insights.com/product/compare-countries/> accessed April 2020
- Hook, L., Thesis, C. (2017), Strategic Audit-DANONE, The American University of Rome, available <https://static1.squarespace.com/static/5578250ce4b0ebee1b471c74/t/59a95582893fc067169a9ec7/1504269793279/FINAL+Strategic+Audit+Danone.pdf>; accessed April2020
- Kotter, J. (2012). “Corporate culture and performance”, New York, NY: Free press, pp. 15, 21, 83 and 94; accessed April2020
- MarketLine, 23March 2020, available at: <https://advantage-marketline-com.ezproxy.uwtsd.ac.uk/Company/Profile/danone?swot>, <https://advantage-marketline-com.ezproxy.uwtsd.ac.uk/Company/Summary/danone>; accessed Mart2020
- Parker, B., 2005. “Introduction to Globalization and Business: Relationships and Responsibilities”; accessed April2020
- Purwanto, E., 2018. Moderation Effects of Power Distance on the Relationship Between Job Characteristics, Leadership Empowerment, Employee Participation and Job Satisfaction: A Conceptual Framework. *Academy of Strategic Management Journal*; accessed Mart2020
- Sidorcuka and Nigmatullaeva, 2018, Case Study” THE NEED FOR CROSS-CULTURAL ADAPTATION OF INTERNSHIP FOR THE CHINESE SUBSIDIARY OF DANONE”, available at: <https://www.researchgate.net/publication/328795532>; accessed April2020
- Xiao, J., and et.al. 2016. Polygonal loop model for hysteretic behavior of frame structures with recycled aggregate concrete. *European Journal of Environmental and Civil Engineering*. 20(9). Pp.1083-1105; accessed Mart2020