

# Alliance one international tobacco

Business



The report is aimed at demystifying the world's second largest leaf tobacco merchant and agro-processing company which has since diversified its portfolio to also integrate other areas of economic development in non-tobacco products such as agricultural financing and also agronomy training. The company is well known for its robust structure and can be said to enjoy managerial economies of scale all looking at various operational aspects such as Operations.

Legal, Finance, Marketing but most importantly the human resources aspect of the company is of paramount importance. However like any other business the company is also facing uphill challenges predominantly in its Human resources area especially issues to do with performance management faced by Alliance One International. The second issue is about training and development. This is followed by the issue of occupational health and safety and integration of all operations and people involved in them including using tried and tested HR systems such as change management.

**INTRODUCTION** The objective of this report is basically to apply the HR systems such as change management skills to manage the organizations through a case study of ALLIANCE ONE INTERNATIONAL.

The report consists of an overview of ALLIANCE ONE including the organizational structure, Mission and vision. Alliance One International was founded in 2005 as a result of a merger between two USA based multinational tobacco merchants STANTON or Standard Commercial Tobacco Company and IDIOM

Incorporated both world leaders in the leaf processing and merchant industry.

As a result of this merger the end result was that of the creation of the world's second largest leaf merchant business after universal Leaf Corporation. The report will look at the change management theory and its implementation in addition to demystifying the 3 HER concerns in the company. COMPANY INFORMATION AND HISTORY The company traces its history and to the late 1800 with the formation of Dibbers- brothers which was a small time family company in the USA which prospered due to demand of the leaf tobacco domestically and also through foreign trade.

Another firm to join the gravy train in 1907 was Monk Austin which soon made its name in the leaf the STANTON which was more diversified as it had a wool division among other commodities with tobacco being its cash cow unit as it would contribute meaningfully to the overall company results. In 1995 the two companies Dibbers-brothers and Monk Austin agreed to merge resulting in the creation of IDIOM incorporated which again took over INTAKE tobacco worldwide operations which was the world's fourth largest merchant in 1997.

The series of mergers and acquisitions progressed well into the new millennium which saw in 2005 STANTON AND IDIOM coming together to form ALLIANCE ONE INTERNATIONAL TOBACCO. (www. Atonal. Com)

Organizational structure Alliance One International Tobacco Structure which is decentralized and divisional according to region SOURCE ( wry. Title.

Com) A divisional structure can be explained as a structure that is characterized by a set of self-contained, autonomous units coordinated and controlled by headquarters.

The structure is more power giving to divisional executives as well as middle managers over the daily affairs of their subsidiaries or divisional units that's why it tends to be autonomous. The divisional executive team report directly to headquarters pertaining to issues of the day to day affairs of their divisions including progress and hindrances. Head office is an external overseer and as such is responsible for cash injections for each division which again has its own attributes in this case regional operations are responsive to their own environment.

#### MISSION AND VISION OF ALLIANCE ONE INTERNATIONAL .

To ensure that all purchasing, processing, packaging and export is done just in time with no substitute for quality. . Collaborate with all stakeholders and the community in which our operations are present and be socially responsible as enunciated in the corporate governance charter. To provide technical and agronomy assistance in areas the group operates so as to maximize on the agricultural potential of communities.

To interact with other key players in the market and enhance the company's market share VISION To contribute to the development of a unified international tobacco market for the promotion of the tobacco industry in emerging markets (wry. Anoint.

Com) CRITICAL ANALYSIS There are three uphill HER challenges faced by ALLIANCE ONE INTERNATIONAL and these are namely performance management, training and development and occupational health and safety. ISSUE NUMBER 1 PERFORMANCE MANAGEMENT. Leaf purchasing team at Alliance One International Zanzibar (wry. lamb. Co. Z) Based on report findings performance management at Alliance One International oaf and if they did it would be not of a high standard this was seen in 2006/2007 agricultural season.

This was again due to high prices of leaf which other competitors such as universal leaf and Export Leaf tobacco were offering at the floors resulting in farmers selling their crop the rival firms. The company would incurs losses at the end of the day as the leaf buying team would be paid but in terms of output were not producing anything in terms of product.

This goes on to show that the company is not living by the adage of its mission of providing quality in all its operations and also interacting with other competitors so as to reach an understanding with them when they are setting prices. Performance management is a systematic process where the organization involves its employees in improving organizational effectiveness by focusing them on achieving the organizational mission and strategic goals. Its core mandate is to ensure that performance happens by design as opposed to by chance (M Milan and D Sahara 1999).

However for performance management to take center stage it is dependent on ASK or Knowledge, Skills and Attributes of an employee, last UT not least the working environment its self possess also a challenge.

As will be shown in figure 1 (Peter Stepson 2000 page 117) Work environment relates to the available resources needed in order for one to tackle the task at hand in this case the finance, the leaf, manpower and processing facilities right up to storage and export.

Is something which is beyond the control of the employee. The company does not avail enough finance for the leaf buying team and as such they make do with whatever is available hence the below target and compromised quality leaf at times which adversely affects operations at times. IMPLICATIONS Low quality performance means less demand of both leaf and rag tobacco from the company's valued customers.

This action saw the company losing its southern region license due to below Tobacco Industry Marketing Board Zanzibar merchants buying limits and the end result was that of the Universal Leaf Africa group taking over the merchant market share as farmers found the Universal leaf prices to be more attractive. This also brazenly shows that the company has missed the point again of its mission to interact with other players in the market so as to enhance its market share.

## ISSUE NUMBER 2: TRAINING AND DEVELOPMENT.

Training and development is the continuous endeavor by a company to improve not only competency but overall aptitude needed on the Job. As stated by (Peter Stepson in 2000) training is a scheduled endeavor by a company meant to assist the employees gain more knowledge, skills and attitudes in their respective areas of specialization on the Job. Development is a long term issue which is continuous and is of a strategic nature given the <https://assignbuster.com/alliance-one-international-tobacco/>

dynamic business world of today. Training at ALLIANCE ONE INTERNATIONAL has four main areas and these are composed of.

Skills training | This is usually applicable to the leaf buying department so that they can be able to train leaf buyers who can buy nothing but quality on behalf of the company.

It is also applicable to the processing department in terms of machine recovery times and other areas | Technical training | Maintenance of all of factories. This type of training helps all technical staff in the processing department have not only competency but also aptitude of the mechanization they handle.

They also train apprenticeships on how to handle and maintain leaf processing equipment | Functional training | This is more administrative in nature and such kind of training draws candidates from Finance, Human Resources, IT and Operations and is usually carried out through consultants who will in the end certify those who attended the course | Leadership training | This training is aimed at the company executive and is called executive development program and this is used to fully equip the managers with good corporate governance skills and at times this might also require seconding to other countries.

| IMPLICATION The T&D process of alliance one international is in all fairness up to date but lacks one thing which is that of not only training employees at their respective neutron factories but they should do the training internationally in various countries. Currently this is only a preserve for the senior management but also if the workers from all departments are to gain <https://assignbuster.com/alliance-one-international-tobacco/>

international exposure it would benefit the company more in terms of Job enrichment and subsequent company development.

ISSUE 3 OCCUPATIONAL HEALTH AND SAFETY A wolverine proctor and Schwartz dust reduction system in the leaf processing and threshing line (legacy tobacco documents) Occupational safety and health or SHE refers to all the factors and conditions that have a profound effect on the safety and health of employees at a workplace.

Failure to comply with statutory requirements as is enshrined in the constitution through the occupational safety and health act of 1980 will result in the company facing a barrage of law suits and as such the company tries its level best to comply with these laws and as clear testimony it has SHE superintendents in all its factories. All though the company tries its best to ensure a sound and conducive working environment a few accidents have in the past occurred especially in its African operations where upgrades of mechanization deemed obsolete is still going on (wry. NASA. Org. ).

Workers have at times lost hands and fingers on the threshing lines. The end result was that of the company having to compensate the workers till they die as some of them can longer work due to these occupational mishaps.

IMPLICATION The company has lost its prestigious British American Tobacco 500, 000 accident free hours award which is given to players in the industry for observing and maintaining SHE standards (mm. ' . Tap. Co.

Z). The company in terms of this aspect enjoyed the award due to one of its predecessor companies which was Standard Commercial Tobacco Limited (STANTON) which was one of the best leaf processing companies.

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The end result if this area is not rectified is that of the company legal counsel being inundated with court orders and lawsuits due to accidents taking place on premises. RECOMMENDATIONS The company in light of the above mentioned problems should find it more prudent to implement and run change management. Change management is a 3 tier process imperative in their own right. It was a system that was first developed Kurt Lewin and is very much still in use as it facilitates for the changing not only of mindsets but of Knowledge, Skills and attributes thus achieving total behavioral change.

Figure 2 the Lewin change management theory and diagram with all three phases to them. (P Lemonade 2005) 1. Unfreeze helps change the mindset of fear of the unknown after which it is successful people see reason to change and will welcome the development whole heartedly. 2. This phase is the one that trains and mentors employees in the grueling task of change which is not easy but will be enjoyable if delivered through capable hands and will see what is required of them in terms of behavior and aptitude and how they will be affected. Refreeze is when which ever process the company was going through has finally come to an end and will be attested into mainstream operations and this also comes with a barrage of benefits such as pay and bonus increases.

It is also at this point that a plan can be discarded or more over the desirable parts are implemented. IMPLEMENTATION AT ANOINT For the plan to take center stage and work out for the best the company has to include all workers at all levels through the organizational structure and set goals.

This will ensure that appraisal can be done for every worker and through shared services the company can have a central department to identify problem areas and ramifying them into synergies. Communication under such a dispensation also becomes easy and workers can have a reporting period which can be annual or semi annual thus creating a mapping process that will facilitate in all areas.