

Issues with cadbury's workforce



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One of the most important workforce's issues that Cadbury has to tackle after the Kraft's takeover will be the psychological contract and the employee engagement, thus, the fundamentals issues this paper work address are; explores some of the most important external and internal influences and business pressures that Cadbury is facing now, recommending the most appropriate strategic responses and describing some of the key Human Resource issues that the company have to bear in mind during the whole process of this transition.

Secondly, this essay does a depth analyses of how Cadbury should tackle their psychological contract's issues, through a fully understanding of the workforce's expectations and beliefs towards the Cadbury's new employer, generally these expectations are out of the formal or legal contract, which means they are unwritten and unspoken but they still play an important role during this takeover.

In addition to the psychological contract, this essay also explores another important issue in this takeover which is the employee engagement, this engagement generally is something given by the employees to the company which shows their commitment, effort and dedication, using the best of their capabilities to achieve the company's goals, therefore, this paper studies how Cadbury should make an appropriate adoption of the employee engagement concept bringing a tremendous vantage for the company.

216 words

STRATEGIC FRAMEWORK

Business Pressure

Cadbury's company was built nearly two hundred years ago in Birmingham - Great Britain, where during whole these years the company has stood up of the crowd for its chocolates' quality and has even been awarded for the British Queen in February 1984 (Cadbury 1)

Cadbury has also launched some chocolates which have become in a totally British iconic, chocolates bars such as Wispa, which was first launched in 1981 and the Creams Eggs which sell around two hundred million units every year in the UK, and the Dairy Milk which was first launched in June 1905 and has become a mega well-known brand in many different varieties around the world (Cadbury 2),

All these products and much more, have made that Cadbury become nowadays the second most engaging brand in the UK, according to a study made by the agency Hall & Partners (2010), this study measures how the British people are engaged with brands and analyse how do they feel and think about it. The study reveals that Cadbury is a UK proud brand that British people love; as during whole these years, Cadbury has built a strong relationship with its customers and products in a consciously and unconsciously way.

<http://www.netimperative.com/news/2010/february/cadbury2019s-and-google-top-uk2019s-10-most/view>

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Hence, taking into the account all these historic facts of Cadbury, it seem obvious that after the announce of Kraft's takeover, a huge business pressure had grown all over UK regarding to continuation of the workforce's inheritance , the maintaining of their manufactories in UK and the loss of jobs seems to be the most complicated business pressure.

As a complement, after the acquisition of Cadbury in £11. 9 billion, Kraft is on £7 billion debt, and to be able to solve this issue Kraft has created a saving plan of £450 million a year (The Guarding 3) to pay off all its debts to the Royal Bank of Scotland, which ironically is 84% owned by the UK Government, which means that the UK government has borrowed the money to sell out one of the most engaging British companies.

[http://www.cadbury.co.](http://www.cadbury.co.uk/cadburyandchocolate/ourstory/Pages/ourstoryFlash.aspx#/1941_1980/product/1971_creme_egg)

[uk/cadburyandchocolate/ourstory/Pages/ourstoryFlash.aspx#/1941_1980/product/1971_creme_egg](http://www.cadbury.co.uk/cadburyandchocolate/ourstory/Pages/ourstoryFlash.aspx#/1941_1980/product/1971_creme_egg) (2)

[http://www.cadbury.co.](http://www.cadbury.co.uk/cadburyandchocolate/ourstory/Pages/ourstoryFlash.aspx#/1820_1860/product)

[uk/cadburyandchocolate/ourstory/Pages/ourstoryFlash.aspx#/1820_1860/product](http://www.cadbury.co.uk/cadburyandchocolate/ourstory/Pages/ourstoryFlash.aspx#/1820_1860/product) (1)

<http://www.guardian.co.uk/business/2010/mar/04/cadbury-kraft-union> (3)

<http://news.bbc.co.uk/1/hi/8470776.stm> (4)

Strategic Responses

Seems to be a very tough task, to set a good and appropriate strategic response, after all these enormous business pressures that surround Cadbury, hence, Kraft should start doing a deep analyses of each one of the <https://assignbuster.com/issues-with-cadburys-workforce/>

business pressure, covering the customers and workforce's expectations, to fully understand the whole context.

Once exist a better understanding of the whole picture, Kraft should be more likely to face these business pressures in a more efficiently and appropriate manner, setting up the best possible strategic responses to tackle the whole problem.

However, bearing in mind that my understanding of the whole picture will never be as deeper as the one Kraft could achieve inside their world, my best possible strategic responses should be keeping their pledges, showing the commitment and interest of Cadbury's new owners to the workforce, doing the best of their capabilities to keep the social and ethical values, analysing the business strategic and vision of the company.

On the other hand, UK Government should do everything they can, to ensure the jobs are kept in UK after the Kraft's new acquisition, however the Cadbury's Chairman has admitted that jobs loss are unavoidable as a consequence of the big acquisition's price of £11. 9 billion (The Independent 2010 5), but as strategic response to this issue, Kraft should make a further investment in better technology machines to increase the productivity and reduce their overhead costs more efficiently without the need to make jobs redundant.

<http://www.independent.co.uk/news/business/news/takeover-will-mean-job-cuts-says-boss-of-cadbury-1873155.html> (5)

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HRM Factors; possible impacts

There are many numbers of possible HR impacts in this unexpected and unwelcome Kraft's takeover, the first of them, is one of the most common HR impacts which takes place in most of the takeovers, these are the workforce's strikes, which are already happening in Cadbury, the employees are desperately seeking for a plan or a law from the UK government which secure their jobs and give them work stability.

Secondly but not less important, as consequence of this unwelcome takeover, Cadbury's workforce might change its attitude and loyalty towards the company, creating a stressful and uncomfortable workplace environment for everybody, leaving as a result, a depth impact in the productivity of the company.

Additionally to the job instability, lack of support from the company's new owner and stressful environment, all these issues could make that the best workforce's men remaining in the company, decide to jump out of the ship before the company decides to throw them out.

Lastly, the workforce's future expectations, beliefs and principles might also change towards the company, meaning a partial or total loss of the engagement from the employees which could easily lead a collective decrease in the productivity.

HRM Strategic to tackle

As HR strategic, one of the first issues to tackle should be to build a much healthier workplace environment to the wellbeing and productivity of all the company, however to be able to solve this issue the strategic should starts

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improving the lack of communication between all the workforce, making ice-breaking session involving all manager and plant workers.

On the other hand, the HR strategic, should also look at the terms and conditions of the workforce's formal contracts, giving additional benefits, securing their jobs stability to all the workforce or at least the best workers and lastly making periodically reviews of their salaries and their current position in the company, all these incentives are with the aim of create a better perception of their psychological contract and get back the employees engagement.

As a complement and improvement of the psychological contract perception, the company should also invest in their employees, giving them special training and special support wherever needed, earning also some of the trust which has been lost during this whole process.

In support of the business pressures, strategic responses and HRM factors mentions above, the table below shows a strategic framework as develop by Sparrow and Pettigrew to complement the main points which have just been described, this framework shows some of the external influences issues and business pressures that Cadbury is currently facing after Kraft's takeover, highlighting the most strategic responses and the HRM factors to my point of view.

Business Pressure

Strategic Responses

HRM Factors

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Cadbury Now

UK Prime Minister has done nothing to secure the Cadbury's jobs

Takeover will lead to a collective jobs redundant and losses at Cadbury as part of the annual cost saving plan of £450 millions

Public and government concerns about maintaining social, ethical values, and inheritance of Cadbury

Customers' value and expectations towards Cadbury's product may change specially within UK

Lack of trust between Cadbury's new owners and Cadbury's employees

A massive disappointed from the UK citizens regarding to the money that RSB bank has lent to Kraft to takeover Cadbury

Agreement between Cadbury and UK Government to maintain the Cadbury's workforce

Better technology machines should be used to increase the productivity and reduce the costs efficiently

Show the commitment and interest of Cadbury's new owners to the workforce, doing the best of their capabilities to keep the social and ethical values, analysing the business strategic and vision of the company.

Keeping promises up to the workforce and showing them that the company really cares and worries for its employees

POSSIBLE IMPACTS

Possible strike from Cadbury's workforce

Insufficient support from the Company to the workforce, deteriorating the communications

Hidden pressure that managers are not aware of

The workforce's attitude towards their work activities may change, leaving an impact on the company productivity

Stressful work environment

Employees concerns about jumping ship and their future career within the Cadbury

Cadbury in the Future

The UK Government cannot do legally anything to stop the massive fires; they were only concern about their votes

There are not hopes that anything will change for the better as result of the takeover

The takeover brings a deeper financial crisis for UK

Government concern about lack of investment from Cadbury - Kraft
in UK

The maintaining of the Cadbury manufactories in UK

The inheritance of Cadbury have come to the end

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Make an aggressive marketing campaign to show everybody the benefits, the takeover has brought

To expand the manufacturing production along UK,

Create a strategic plan to help sustain the inheritance of Cadbury's workforce families

HRM STRATEGIC TO TACKLE

Restructure the workforce of the company

Create a healthy workplace environment for the employees' wellbeing and productivity of the company

Retain the best employees of the Company ensuring them long-term stability

Maintain terms in staff legal contracts (e. g. pension schemes)

Revise recruitment policies (to retain existing staff + attract new talents from outside)

Introduce training + long-term benefits for commitment of existing staff

Conduct ice-breaking sessions for new managers and employees to build positive relationships

1470 words

Management of the Psychological Contract and Employee Engagement

The management of the psychological contract and employee engagement is one of the areas how Cadbury could tackle its challenges in strategic people management; however to be able to tackle it appropriately, first is essential some degree of understanding of what a psychological contract and what employee engagement is.

Psychological Contract

There are many different definitions of what the psychological contract is; this concept was first introduced by Argyris, C. (1960), to refer to the different expectations that the employers and the employees have out of the formal contract, since this concept was introduced, many writers have attempted to modify and refine it.

At a general level, the concept of “ Psychological Contract” refers to a voluntary agreement between the employee and the employer in exchange of compensations (Rousseau, D. Schalk, R. 2000), in this voluntary agreement, each party, held a number of commitments and beliefs, those beliefs can take the form of promises, expectations or obligations which are generally unwritten and unspoken in the legal agreement ‘ contract’, however they still play a critical role as they can be interpreted differently by each party (Osborn - Jones 2000).

This concept of psychological contract implies that either the employee or the employer can have a different perception of another’s expectations,

voluntary commitments, obligations and aspirations which are out of the formal contract of employment (Herriot, P. et al. 1997). Therefore, a certain degree of mutual understanding of the agreement between both parties is essential to achieve each participant's goals. (Rousseau, D. Schalk, R. 2000),

Employee Engagement

This seems to be an easy topic to define and describe, however after some research, the huge numbers of definitions regarding this issue seem to be uncountable, making this topic unclear but at the same time attractive enough to the HR consultancy market, consulting firms, business press and some academics writers.

Having said that, one of the most complete definitions I found about employee engagement out there to my point of view is the one by Robinson et al., (2004).

“ A positive attitude held by the employee towards the organization and its values. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organisation. The organisation must work to develop and nurture engagement which requires a two-way relationship between employer and employee.”

Robinson et al., (2004) has also stated in his work, a set of additional characteristics of the employee engagement, which include a belief in the organisation, and the desire of the employees have to work and make the organisation better, basically the concept Robinson presented in his paper work is about the employees having a bigger picture and a better

understanding of the business context as well as keeping up to date with the latest information which concern to his/her field.

Relation between the Psychological Contract and the Employee Engagement

Having defined the employee engagement as; a positive attitude, behaviour and/or outcome from the employees towards the company and its values, being aware of the whole business' context and working together with the colleagues in order improve the performance of the company and gain the best benefits for the organization, and having defined psychological contract as; a set of beliefs which can take the forms of promises, expectations and/or obligations existing in a voluntary agreement between the employee and the employer. It seems to be a straightforward relationship each other definitions.

Both definitions are relate to the employer and employee relationship, and the first challenge is to efficiently manage the loyalty and trust instead of dictate the rules by organizations, this relationship is fragile and should not be taken for granted by any of the parties, the second challenge is to keep a healthy relationship for the wellbeing of both participants. <http://www.hrmagazine.co.uk/news/features/Opinion/927664/Engagement-depends-clear-psychological-contract-employee-employer/>

On one side, the employer expects that their employees always performance to the best of their capabilities, being loyal to the company and understand the whole business' context, and on the other hand the employees want to be respected, valued, heard and compensated by the employers, therefore

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the key issue is to build mutual trust which engage the employees with the employers, always keeping an eye on the psychological contract, which means, keeping clear and understandable expectations for both participants (Wellin, M. 2007)

However,

Cadbury Previous Psychological Contract

Having already analysed the general psychological contract's context, is much easier now to deepen in the previous Cadbury's psychological contract, but bearing in mind this contract is a pure metaphoric action, where each participants have their own voluntary commitments regarding to the performance and fulfilment of each other, we can infer that each one of the 45000 UK Cadbury's workforce have a different psychological contract, which make this an even bigger scenario to analyse but at the same time a extremely attractive, as based on the records, (reference) it shows that most of UK workforce had a similar metaphoric contract.

Thus, is unavoidable raise a fundamental question; How Cadbury former owners made that all the forces underlying the legal agreement of their workforce where so similar to each other and how did they manage to sign 45000 similar psychological contracts where does not even exist a physical document as it is a subjective phenomenon?

There are evidences (Morrinson, E. and Robinson, S. 1997) which indicate that the performance of each participant's psychological contract is directly proportional to how clearly each participant has spelled out the conditions and exchange of their mutual agreement.

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This last paragraph makes me conclude that, Cadbury has truly understood this issue and has conveyed its commitments, beliefs, and expectations through their whole workforce, establishing in this way some degree of mutual agreement among its 45000 UK employees. Rousseau, D. Schalk R. (2000) indicated in his work that, when both participants of the psychological contract believe that they owed each other something, is very likely that each one gets whatever they desire.

The power of the promises

Cadbury seems to have conveyed well its expectations and beliefs, establishing a degree of mutual agreement. However, this might not be enough to unify the similar conditions of the psychological contracts in 45000 employees during 180 years.

Is remarkable to note at this point, that all sort of beliefs cannot be taken as part of a psychological contract, what this means is, not all expectations, promises and obligations that arise in the workplace can form part of the psychological contract context, as if this happen the concept itself will be weak enough to utilize as an analytical tool (Convoy and Briner 2005),

The challenge here is to identify and clarify, which promises, expectations, and/or obligations can be categorized as part of the psychological contract context, nevertheless, does not exist any concern for this essay to deepen in this subject.

Having clarified that, psychological contracts are basically a subjective phenomenon based on implicit promises; promises which do not include any belief derive from other inferences. Despite to what we normally think that <https://assignbuster.com/issues-with-cadburys-workforce/>

promises can only be a verbal action, in the psychological context the promises can also be inferred, and is right there, when it becomes difficult to properly interpret these promises into the psychological contract framework.

The two key issues here are; primary, do not set promises in the legal contract which could lead to a future misunderstanding of the employees, second do not take into consideration promises derives from any inferences.

Tackling the Challenges of the Psychological Contract

Having spelled out the success of Cadbury's previous psychological contract, is notorious that Kraft / Cadbury has the key issue to maintain the same psychological contract within the UK workforce in order to manage this takeover in the most appropriate way.

Kraft will not enjoy of the current Cadbury's workforce commitments until they truly understand its ingrained psychological contract as well as its own culture identity

Therefore Kraft / Cadbury, in order to tackle the challenges of the psychological contract in the most effective way, they should firstly, fully understand the drivers of their beliefs and what make the employees engage with the company so tightly, taking into consideration the culture differences.

As the saying goes, England and America are two different countries separated by the same language; this is a clear caveat to Kraft / Cadbury does not forget that exist some underlying forces of the legal contract, which could leads or infer to a misunderstanding of the beliefs between both

participants and as consequence a disengagement of the workforce's commitments.

For instance, Kraft / Cadbury could hire an external local brand auditor to investigate the reason(s) of key employee's engagement, such as plant employees and/or relevant senior employees with the company and/or the brand itself, this audit should be placed with the aim of understand the whole picture in a much clear scenario, before any action takes place to align the company's psychological contract

Once these employee engagement's reason(s) are clear and there are not doubts of the workforce's beliefs, it is equally essential that Kraft/Cadbury spells out their own expectations towards the future of the company and most importantly, the future of their workforce, this action should be made in the most understandable way, covering the entire negatives and positives beliefs so that the workforce can clearly understand the company's position and deal with it in the same psychological contract context.

However, this action of conveying the negatives and positives beliefs towards the company and workforce, does not guaranty that the workforce will accept them and share the same commitments that they were sharing before the merger, but at least it will not create wrong expectations, setting up fair rules during the game.

Actions such as the recent announcement of the closing Somerdale's factory close to Bristol, (http://business.timesonline.co.uk/tol/business/industry_sectors/consumer_goods/article7022608.ece) losing

approximately 400 UK jobs, once Kraft had mentioned that there were not

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going to be any job cuts during the first six months of the merger, this announcement only creates unrealistic expectations among the workforce towards the company, and being this action the first impression which Kraft has given to their employees of breaking the pledges, it only shows the lack of principles and lack of commitments to keep what they say.

These types of actions are the ones which Kraft has to avoid will happen again, after this announcement; it seems to be obvious that the way how Kraft expresses its beliefs and commitments, certainly has not been well understood not only for its workforce but also for all its UK customers and the UK government.

Therefore, if Kraft really wants to be engage with their workforce is going to have to work even harder to firstly recover the trust which ever had gained and secondly to rectify the first opportunity which has just spoiled out.

CONCLUSIONS