

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE  
TERNOPIL IVAN PULUIJ NATIONAL TECHNICAL UNIVERSITY

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**AN INVESTIGATION OF THE EXTERNAL AND INTERNAL FACTORS  
AFFECTING THE LEVEL OF PRODUCTIVITY  
AT PROCTER AND GAMBLE COMPANY**

Speciality 8.03060101 – Management of organizations and administration

**ABSTRACT**  
for educational qualification “Master” degree

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Master's research paper has been done at the management in manufacturing sphere department of the Ternopil Ivan Puluj National Technical University.

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Defense will be held on February, 22, 2017 at 9.00 o'clock at the sitting of the State Examination Commission at the management in manufacturing sphere department of the Ternopil Ivan Puluj National Technical University. Address: Ternopil, Mykulynetska str., 46, Management in manufacturing sphere department.

## GENERAL DESCRIPTION

The thesis of this master's research paper titled "An investigation of the external and internal factors affecting the level of productivity at Procter and Gamble Company". Volume of graduation project is 107 pages.

**Theme actuality.** Productivity is clear that unless there is a structured and scientific approach to the practice of productivity, organizations would find themselves "adrift in the ocean" called organizational development and hence would be unable to meet the breakthrough innovation challenges that the modern era throws at them. Hence, the importance of productivity to organizations cannot be emphasized more and the succeeding paragraphs provide some reasons why organizations must take productivity seriously.

Without a scientific approach to the task of productivity the achieving of its objectives, it would be very difficult for the organizations to successfully manage its productivity level, scope and quality and deliver the required result. In other words, there has to be a framework and a defined way of doing things to ensure that there is a structure to the art of productivity.

Thus, productivity gains are vital to the economy, as they mean that more is being accomplished with less. Capital and labor are both scarce resources, so maximizing their impact is a core concern of modern business. Productivity enhancements come from technology advances, such as computers and the internet, supply chain and logistics improvements, and increased skill levels within the workforce. Thus, productivity is both necessary and essential to the success of both the business and the general economy.

Productivity is too big an area to be covered in a few pages and the attempt is to provide concise and lucid definitions of the various terms and terminologies associated with productivity. It is important to note that productivity provides a framework within which subsequent actions by the organization can be taken and in this way, it is essential for organizations to adopt the framework provided by the practice of productivity activities.

In conclusion, regularly reviewing the factors that affect the business is the best way to guard against a catastrophe such as a new regulation that you are not prepared to comply with. A formal monthly or quarterly review of your internal operations will help you discern subtle trends and issues that you need to address. Trade publications, blogs and newsletters are some of the resources that can help you keep informed about the external factors that affect your business. Reviewing this information will help maintain your awareness of critical factors and help ensure that your priorities remain sound so you can adjust your business plans as needed for your continued success.

Research paper includes the contents, abstract, introduction, seven chapters, conclusions and suggestions, list of references and appendices.

The main **purpose** of this research paper is to identify the internal and external factors affecting the productivity at Procter and Gamble Company and improve the level of enterprise productivity.

The main **tasks** of master research paper are the following:

- to describe the theoretical aspects of productivity and its importance;

- to examine the factors affecting productivity in the organization;
- to analyze the company activity for several periods;
- to investigate the factors affecting productivity at Procter and Gamble Company;
- to improve the productivity Procter and Gamble Company;
- to find the ways to enhance the company activity;
- to conduct SWOT-analysis of the industrial and economic activity of Procter and Gamble company;
- to explore the current trends and law regulations;
- to make decisions concerning productivity of Procter and Gamble Company.

## MAIN CONTENTS

**The introduction** clearly states an area of research, justification and discussion procedures, the aim, objectives and the research methods.

**Theoretical section** contains the meanings and definition of of enterprise productivity, theoretical review of enterprise productivity and factors affecting the level of enterprise productivity.

Productivity is an economic measure of output per unit of input. Inputs include labor and capital, while output is typically measured in revenues and other gross domestic product (GDP) components such as business inventories.

Average productivity can improve as firms move toward the best available technology; plants and firms with poor productivity performance cease operation; and as new technologies become available. Firms can change organizational structures (e.g. core functions and supplier relationships), management systems and work arrangements to take the best advantage of new technologies and changing market opportunities. A nation's average productivity level can also be affected by the movement of resources from low-productivity to high-productivity industries and activities.

International or national productivity growth stems from a complex interaction of factors. As just outlined, some of the most important immediate factors include technological change, organizational change, industry restructuring and resource reallocation, as well as economies of scale and scope. Over time, other factors such as research and development and innovative effort, the development of human capital through education, and incentives from stronger competition promote the search for productivity improvements and the ability to achieve them. Ultimately, many policy, institutional and cultural factors determine a nation's success in improving productivity.

There is a general understanding of the main determinants – or “drivers” – of productivity growth. Certain factors are critical for determining productivity growth. The Office for National Statistics (UK) identifies five drivers that interact to underlie long-term productivity performance: investment, innovation, skills, enterprise and competition.

Other drivers of productivity growth include improved or intensified exchange with peers or co-workers, as more productive peers have a stimulating effect on one's own productivity. Furthermore, productivity growth is influenced by effective

supervision and job satisfaction. Having an effective or knowledgeable supervisor (for example a supervisor who uses the Management by Objectives method) has an easier time motivating their employees to produce more in quantity and quality. An employee who has an effective supervisor, motivating them to be more productive is likely.

The best thing about internal factors is that you can control many of them. Some factors, such as your business's reputation, image and creditworthiness, are a result of the way you run your business. Other factors, such as your organization's management structure and staffing and the physical decor of your business, are based on your business decisions, and you can change them as you see fit. Changing internal factors usually involves some indirect costs, such as lost productivity while new employees are trained, some direct costs, such as a penalty for terminating a lease before it expires, or some combination of the two.

External factors are all those things that are beyond your control. Tight lending conditions, government regulations and competition are some of the external factors that affect virtually every small business. Strategic planners anticipate and manage some of the circumstances that affect their business. Exploring alternative financing sources until lending restrictions ease, developing plans for compliance with regulations and enhancing innovation and service to stay ahead of the competition

**Research and analysis section** refers to the introduction of Procter and Gamble Company, SWOT-analysis of the industrial and economic activity of Procter and Gamble Company, and analysis of external and internal factors affecting the level of productivity at Procter and Gamble Company.

Procter and Gamble Company mission statement is “to provide consumers around the world with branded products and services of superior quality and value that improve the lives”.

Principles of Procter and Gamble Company: show respect for all individuals, believe that all individuals can and want to contribute to their fullest potential, value differences, inspire and enable people to achieve high expectations, standards, and challenging goals, are honest with people about their performance.

The Procter & Gamble Company focused on providing branded consumer packaged goods to the consumers across the world. The Company operates through five segments: Beauty; Grooming; Health Care; Fabric & Home Care, and Baby, Feminine & Family Care. The Company sells its products in approximately 180 countries and territories primarily through mass merchandisers, grocery stores, membership club stores, drug stores, department stores, distributors, baby stores, specialty beauty stores, e-commerce, high-frequency stores and pharmacies. The Company owns and operates approximately 20 manufacturing sites located in over 20 states in the United States. In addition, it owns and operates over 100 manufacturing sites in approximately 40 countries.

The Company offers Skin and Personal Care products under the brands, such as Olay, Old Spice, Safeguard and SK-II. The Company offers Hair Care products, such as conditioner, shampoo, styling aids and treatments under the brands, such as Head & Shoulders, Pantene and Rejoice.

The Company offers Shave Care and Appliances in its Grooming segment. The Company offers Shave Care products, such as female blades and razors, male blades and razors, pre and post-shave products and other shave care appliances. The Company offers Shave Care and Appliances under the brands, such as Braun, Fusion, Gillette, Mach3, Prestobarba and Venus.

The Company offers oral care and personal health care products in Health Care segment. The Company offers Oral Care products, such as toothbrushes and toothpaste. The Company offers Personal Health Care products, such as gastrointestinal, rapid diagnostics, respiratory, vitamins/minerals/supplements. The Company offers Oral Care products under the brands, such as Crest and Oral-B. It offers Personal Health Care products, such as Prilosec and Vicks.

The Company's Fabric & Home Care segment consists of a range of fabric care products, including laundry detergents, additives and fabric enhancers, and home care products, including dishwashing liquids and detergents, surface cleaners and air fresheners. The Company offers fabric care products under the brands, such as Ariel, Downy, Gain and Tide. It offers home care products under the brands, such as Cascade, Dawn, Febreze, Mr. Clean and Swiffer.

The Company offers Baby Care products, such as baby wipes, diapers and pants. The Company offers Baby Care products under the brands, such as Luvs and Pampers. The Company offers Feminine Care products, such as adult incontinence and feminine care products. The Company offers Feminine Care products under the brands, such as Always and Tampax. The Company offers Family Care products, such as paper towels, tissues and toilet paper. It offers Family Care products under the brands, such as Bounty and Charmin.

The Procter & Gamble's strengths are: second most valuable brand in the world, diversified income, strong patents portfolio, competent in mergers & acquisitions, an access to cheap cash reserves, effective corporate social responsibility, localized products, highly skilled workforce.

There are Procter & Gamble's weaknesses: very low or zero profit margins, poor customer services, high employee turnover, high cost structure, weak brand portfolio, bureaucratic organizational culture, high debt level, poor presence in the world's largest markets. Procter & Gamble Company has opportunities for continued global growth: market growth for the main business product, new technology is in development, changing customer habits, government's incentives for "specific" industry, growing number of people buying online, interest rates falling. There are the most significant threats: increase of corporate tax, rising raw material prices, intense competition, increasing fuel prices, aging population, stricter laws regulating environment pollution, lawsuits against the company, currency fluctuations.

**Recommendation section** includes the recommendations concerning the level of productivity at Procter and Gamble Company, economic activity improvement of enterprise and management improvement at the Procter and Gamble Company.

Procter & Gamble should focused on creating a practice of open innovation: taking advantage of the skills and interests of people throughout the company and looking for partnerships outside P&G. This will be important for several reasons.

Procter & Gamble needed to broaden their capabilities. Each of their businesses was already practicing some form of innovation improvement, but they were not all improving at the same rate. The CEO, could lead and inspire the company as a whole, but could not substitute his judgment for that of other leaders who knew and understood their specific businesses far better than he could. The decision makers in each business would have to examine their competitive landscape and their own capabilities to figure out what kinds of innovation would work best and win with consumers.

Building an open innovation culture was critical for realizing the essential growth opportunity presented by emerging markets. During the next 10 years, between 1 billion and 2 billion people in Asia, Latin America, Eastern Europe, and the Middle East will move from rural, subsistence living to relatively urban and increasingly affluent lives. They will have more choices, a greater connection with the global economy, and the ability to realize more aspirations. Along the way, they will become, for the first time, regular consumers of branded products in categories such as personal care, fabric care, and prepared food

Next reason for focusing on open innovation had to do with fostering teams. The kinds of innovation needed at Procter & Gamble must be realized through teams. The idea for a new product may spring from the mind of an individual, but only a collective effort can carry that idea through prototyping and launch. If innovation is to be integrated with both business strategy and work processes, as we believe it should be, it requires a broad network of social interactions. Procter & Gamble should also link the concept directly to innovation. From the ideation stage through the purchase of a product, the consumer should be “the heart of all they do” at P&G. they talked about it that way at dozens of company town hall meetings during his first months as CEO. More and more people began thinking about how to apply the “consumer is boss” concept to their work. Resources were still scarce, and there were fierce debates about which ideas deserved the most attention and where to deploy money and people. But this concept came to matter more than those other concerns. People became more willing to subjugate their egos to the greater good — to improving consumers’ lives.

**Conclusion** includes a summary of productivity level research at Procter and Gamble Company.

## **SUMMARY**

**Boadu Quabena**

**“An investigation of the external and internal factors affecting the level of productivity at Procter and Gamble Company”**

[Manuscript]: a comprehensive thesis for obtaining the qualification of master's degree

8.03060101 / Boadu Quabena; TNTU. – Ternopil, 2017. – 107 p.

Master degree thesis consists: 107 pages, 2 figures, 9 tables, 0 additions, 27 references.

**The object of investigation** is the external and internal factors affecting the

level of productivity at Procter and Gamble Company.

**The aim of the work** is paper is to improve the level of productivity at Procter and Gamble Company.

**Research methods** cover the statistical method and comparison analysis.

The meanings and definition of enterprise productivity, theoretical review of enterprise productivity and factors affecting the level of productivity have been described. The introduction of Procter and Gamble Company, SWOT-analysis of the industrial and economic activity of Procter and Gamble Company, and analysis of external and internal factors affecting the level of productivity at Procter and Gamble Company have been done. The theoretical recommendations concerning level of productivity at the enterprise, economic activity improvement of enterprise and management improvement at the enterprise has been proposed.

**Keywords:** productivity, Procter and Gamble Company, productivity quality, productivity analysis, analysis of economic activity.