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McKinsey's 7s frame work of organization: A case study of CAMPCO chocolate factory

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ABSTRACT

The study provided information on CAMPCO and Mc Kinsey's 7s frame work of chocolate factory on the basis of details furnished by employees consist of strategy, style, staffing, structure, shared values, system and skills. There are eight departments; stores, production, quality, administrative, maintenance, human resource, finance, and marketing. Its sales performance, including semi-finished products is increasing year by year. The data analyzed and interpreted revealed some of the challenges faced by the departments.

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1. Introduction

Indian chocolate industry has come a long way since 1947. Cadbury initiated cocoa cultivation is a viable cash crop and the company is one of the oldest and strongest players in the Indian confectionary industry.¹ Among the fast moving, fast durable goods (FMCG), chocolates and other chewable products have great relevance. Chocolates market is estimated at around 33000 tonnes valued at approximately Rs. 8 billion.

2. Objectives

The main objectives are:

1. To analyse the functioning of CAMPCO Ltd with special reference to chocolate factory, and
2. To get clear picture of the company in terms of McKinsey's 7S Frame Work.

3. Materials and Methods

The data were collected through primary and secondary sources. Primary data were collected through direct observation, personal interviews and questionnaire. The respondents were selected from manager and officers of HR department and employees of the company. 50 respondents from the workers of CAMPCO Ltd, Puttur Company were selected for the study. Secondary data has been obtained from published annual reports and other manuals of the company. 7s Frame work, percentage, etc are used for analysis.

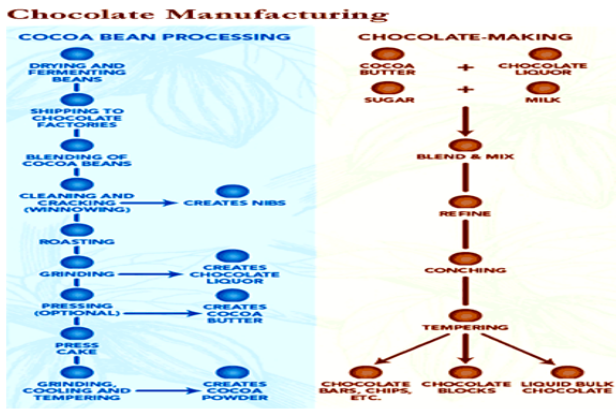
4. Results, Analysis and Discussion

4.1. Chocolate industry

The first factory processing and manufacturing chocolate in India was started during the Second World War.² Cadbury Ltd, was established in Bombay for processing and packing of cocoa imported in bulk during initial stage.³ The new firms that have engaged into this field in India are Amul, which has completed 50 years of service and CAMPCO, came up during the 80's.⁴ Indian candy market

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Source: www. Campco.org

Diagram 1: Chocolate manufacturing

is currently valued at around \$ 664 million, with about 70% share (\$ 461 million) in sugar confectionary and the remaining 30% (\$ 203 million) in chocolate confectionary.⁵ Transforming cocoa beans into chocolate include different stages (Diagram 1):

4.2. Latest developments in the country

Chocolate raw materials costs have risen by more than 20% in the last few years. The bigger players such as Cadbury, leads Rs 2,500 crore chocolate markets in India with a share of 72%.⁶ Indian chocolate industry margin range between 10 and 20%; the input costs in India are under check owing to 24% decline in the price of sugar.

4.3. Size of industry

The size of market for chocolates in India was estimated at USD 2 billion. Panned chocolates accounts for 10% of the total market. The chocolate market primarily dominated by Cadbury and Nestle. The major players are Cadbury’s India Limited, Nestle India, Gujarat co-operative Milk Marketing federation, CAMPCO, and Amul Milk Chocolate.

4.4. Background of CAMPCO

Central Arecanut and Cocoa Marketing and Processing Co-operative Limited (CAMPCO) was registered on 11th July 1973. The main activity of CAMPCO is procuring and marketing of arecanut and manufactures chocolates was setup with the active support of Karnataka and Kerala. CAMPCO put up a chocolate factory at Puttur. At present CAMPCO is having its own marketing team and is one of the most modern chocolate manufacturing co-operatives. The production and demand for chocolate have been rapidly increasing in India at the rate of 20% during the last 5 years. CAMPCO entered into an agreement with Nestle India Ltd, and AMUL India Ltd, for the manufacture and supply of bulk quantity chocolates.

CAMPCO entered into the areca nut market in November 1973. The procurement initially in 5 centers, it operates through 133 producing centers throughout the states of Karntaka and Kerala and operates through 11 sales depots in almost all the states in India.⁷ The factory is equipped with fully sophisticated and automatic machines with annual licensed capacity of 8800 MT and completed with an investment of Rs. 1400 Lakhs. The chocolate products of CAMPCO are shown in Table 1.

Table 1: Various chocolates from CAMPCO factory

Product name	Net weight/ unit
Moulded chocolate	
Melto	37g, 10g
Melto cream	37g, 10g
Campco bar	45g
Enrobed chocolates	
Krust	20g
Meghabyte	17g
Turbo	12g, 25g
Treat	25g
Campco minibar	9g
Éclairs	
Éclairs	4.5 (red)
Éclairs	4.5 (white)
Éclairs 2000	5.5g
Melto éclairs	5.5g
Campco toffee	4.5g
Playtime	405g

Source: www. Campco.org

4.5. McKinsey’s 7S frame work with reference to CAMPCO

The successful execution required the right alignment of seven vital inter connected activities and processes within an organizations, namely, structure, strategy, system, style, staff, skills, and shared values.

4.5.1. Structure

The structure is the skeleton of the whole organization. CAMPCO follows functional organizational structure. The management vests in the boards of directors consisting of 17 directors. The executive committee and business committee will devote more time to scrutinize and decide about the financial and business transaction of the factory.⁸

Membership of CAMPCO consists, five different types of shares; class A, B, C, D and E issued to different class of people.

4.5.2. Strategy

Strategy is the set of decision and action plans aimed at gaining a sustainable competitive advantage. In the case of CAMPCO chocolate factory, the strategy is to produce and

sell standard and good quality chocolates with well guided procedure and good quality of raw materials from different supplying company with a quality check to delivery of the products to the customer.

4.5.3. System

System in the 7-s prime work refers to all the rules, regulations, methods and procedures (both formal and informal that complements the organizational structure. CAMPCO has fully mechanized plant. The function of production control in products of the productions parts. In chocolate factory various system have been installed in each functional area so as to enhance the level of interaction and coordination to improve the overall organizational effectiveness,

4.5.4. Style

Organizations differ from each other in their styles of working. CAMPCO follows participative style, helps in the processing and marketing of chocolates.

4.5.5. Staff

Staffing is referred as human resource of an organization where they contribute to the fullest extent to achieve the organizational goal within a stipulated period. In CAMPCO strength of the staff is 237 permanent and 130 contract based employees who are headed by deputy general manager and under him there are 6 assistant managers for each department. Each and every staff is well-educated and trained in their particular area of work assigned to them. Staffs are classified in to 4 levels. They are strategic level, management level, operating level and technical level.

Table 2: Satisfaction level of employees with the leave system of the company.

Particular	No. of respondents	Percentage
Strongly satisfied	40	80
Somewhat satisfied	5	10
Neither satisfied nor dissatisfied	5	10
Total	50	100

Source: Primary data

From Table 2, 80% of employees are strongly satisfied with the leave system of the company and 10% are satisfied.

90% of employees of CAMPCO are satisfied with the grievance handling procedure, 3% of the employees were somewhat satisfied (Table 3).

From Table 4, among 50 respondents 34 employees from CAMPCO were satisfied with the disciplinary actions followed in the company. 6 respondents are somewhat satisfied and 10 respondents are neither satisfied nor dissatisfied.

Table 3: Employee satisfaction with the grievance handling procedure in the company.

Particular	No. of respondents	Percentage
Strongly satisfied	45	90
Somewhat satisfied	3	6
Neither satisfied nor dissatisfied	2	4
Tot	50	100

Source: Primary data

Table 4: Employee satisfaction level with the disciplinary actions in the company.

Particular	No. of respondents	Percentage
Strongly satisfied	34	68
Somewhat satisfied	6	12
Neither satisfied nor dissatisfied	10	20
Total	50	100

Source: Primary data

Table 5: Employee satisfaction level with the working conditions in the company.

Particular	No. of respondents	Percentage
Strongly satisfied	34	68
Somewhat satisfied	6	12
Neither satisfied nor dissatisfied	10	20
Total	50	100

Source: Primary data

Majority of the employees are strongly satisfied with the working condition of the company (Table 5).

Table 6: Employees opinion about the welfare measures provided by the company.

Particular	No. of respondents	Percentage
Canteen facility	50	100
Drinking water facility	50	100
Restroom	50	100
Medical facility	50	100

Source: Primary data

From Table 6, it is clear that 100% of the respondents agree that organization provided adequate welfare measures like canteen, drinking facility, restroom facility, medical facility, etc.

Majority of the employees (80%) argued that the behaviour of management is neither strict nor friendly (Table 7). 80% of employees strongly agreed about the opinion of interaction with other employees (Table 8).

Table 7: Employees opinion about the behaviour of management

Particular	No. of respondents	Percentage
Neither strict nor friendly	40	80
Somewhat friendly	10	20
Total	50	100

Source: Primary data

Table 8: Employees opinion about the interaction with other employees

Particular	No. of respondents	Percentage
Strongly agree	40	80
Somewhat agree	5	10
Neither agree nor disagree	5	10
Total	50	100

Source: Primary data

70% agreed that company ask rarely the opinion before taking decision (Table 9).

Table 9: Does company ask opinion before taking decision from employees

Particular	No. of respondents	Percentage
Sometimes	5	10
Rarely	35	70
Never	10	20
Total	50	100

Source: Primary data

From Table 10, 96% observed that there was a scope for the improvement of infrastructure facilities in CAMPCO.

Table 10: Opinion of employees regarding areas to be improved in the organization.

Particular	No. of respondents	Percentage
Communication flow	50	100
Welfare facilities	2	4
Infrastructure	48	96
Total	50	100

Source: Primary data

Table 11 Shows that there was always motivation from the side of management.

Regarding utilization of skills and abilities of employees (Table 12), job responsibilities clearly defined (Table 13), supply of tools and techniques (Table 14), and superiors communication on company news and its effectiveness (Table 15), majority responded quite often and sometimes.

4.5.6. Skills

The McKinney’s 7-s framework considers skill as one of the important attributes or capabilities of an organization. The

Table 11: Opinion of employees regarding Motivation from the side of management.

Particular	No. of respondents	Percentage
Always	37	74
Quite often	6	12
Sometimes	7	14
Total	50	100

Source: Primary data

Table 12: Opinion of employees regarding utilization of skills and abilities

Particular	No. of respondents	Percentage
Quite often	24	48
Sometimes	20	40
Rarely	2	4
Never	4	8
Total	50	100

Source: Primary data

Table 13: Opinion of employees regarding job responsibilities clearly defined

Particular	No. of respondents	Percentage
Quite often	24	48
Sometimes	20	40
Rarely	2	4
Never	4	8
Total	50	100

Source: Primary data

Table 14: Opinion of employees on the supply of tools and technologies needed

Particular	No. of respondents	Percentage
Quite often	24	48
Sometimes	20	40
Rarely	2	4
Never	4	8
Total	50	100

Source: Primary data

Table 15: Opinion of employees on superiors communication on company news

Particular	No. of respondents	Percentage
Quite often	24	48
Sometimes	20	40
Rarely	2	4
Never	4	8
Total	50	100

Source: Primary data

chocolate factory includes skilled staff and workers in its operations and productions and skill in their particular field; it is preferable to have master degree in their work. Machine operators of different departments have wide knowledge and skill about operations and handling of machines chocolates manufacturing process, etc.

4.5.7. Shared values

Shared values refer to a set of believes, view, opinion, value and aspiration of the employees that goes beyond the formal statement of corporate objectives. In CAMPCO all employees shares the same guiding values and responsibilities for particular task, provident to them. Chief executive gives the responsibility for each department about the task.

5. Conclusion

CAMPCO follows co-operative rules and regulations. It is providing adequate working condition, proper reward system; canteen, drinking water facilities, enough material and the employees are totally satisfied with the working condition. From the analysis it is also observed that there was a scope for the improvement of infrastructure facilities in CAMPCO.

6. Source of Funding

None.

7. Conflict of Interest

None.

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