

Tesco: strategic management analysis



Introduction

This unit discuss about the strategic management and leadership of the organization. So in this report discuss about the relationship between strategic management and leadership and impact on strategic decisions. As next question discuss about the support of management and leadership theory on organizational direction and consider about the impact of management and leadership styles on Tesco PLC's growth strategy and discuss about the leadership strategy of the Tesco. In the third part determine about the leadership requirements and about the current and future leadership requirements of Tesco. Then discuss about the development of leadership requirements and usefulness of selected methods to develop the leadership skills.

1. 1 Understand the relationship between strategic management and leadership

1. 1. 1 Relationship between Strategic Management and Leadership

The organizational strategy is determine by the first person or top management of the organization, then the strategy was formulated and implemented as two parts. The using effective management of strategy process can be express as a strategic management. The strategic management helps to achieve the organizational goals and objectives to create competitive advantage. The strategies are not only created by the top management but due to forces of the leadership the strategies were implemented and carrying out by the organizations. Sometimes the leadership created the situation for need of strategic change in the organization. The leadership is very influential and motivates the people in

terms of achievement of the organizational expectations. Therefore the leadership was affected to the organizational activities and the strategic management process. Therefore these are a relationship between strategic management and leadership. The different leadership styles affect to the organizational establishment of vision, mission, goals, establishment of organizational management/ structure/ culture, rules and regulations and etc of related activities of strategic management process. (Hill and Jones 2007)

1. 1. 2 Impact of management and leadership styles on strategic decisions

The management styles

The management style of Peter Drucker explained the setting of objectives of the organization, plan & organize the work in to a specific manner, motivate the employees and other managers to work, performance / achievements/ communication measuring based on the objectives and employee development. This clearly identifies the influence from the management style to the strategy process of the organization, means the strategic decisions were also impacted on management style of Peter Drucker. As next management style is F. W. Taylor's scientific management system of management of organizational activities. In this style the manager provided the specific way of doing each and every task to utilize the work, the employee will motivate through paying incentives and all tasks were change according to the scientific management style. That means the strategic decisions were affected by the scientific style of management.

(Source: <http://www.scribd.com/doc/30457447/Principles-of-Management-Lecture-Notes-for-MBA>)

The leadership styles

The trait theory provides the leader was born to lead the others with specific characteristics (appearance, personality, voice, participation, capacity) and qualities. The employees accept his decisions in any time that means this leader can influence to the strategic decisions of the organization. The next leadership theory discuss was about situational theory with change according to the situation of the organization. The four situations of (a) tell- the leader tells to the subordinates about specific instructions (b) sell- the subordinates receives the independence to work under investigation of the leader (c) participate- the employees will take collective decisions about the organization (d) delegate- leader look at until the subordinates come up to the targets. These all four situations impact to the strategic decisions of the organization.

(Source: http://www.infed.org/leadership/traditional_leadership.htm)

1. 1. 3 Leadership styles can be adapted to different situations

The strategy of the Tesco was a long term strategy to growth of the customer expansion in high market share all over the world. This strategy express the correct decision of the leader, that means the market share cannot be instantly increase, more time is required. On the other hand within the last two to three years the economy was down turn very much, most of the companies face to the loss of market share. Therefore the improvement of market share within a short period of time was not practical. The decision making of Tesco was due to successfulness of long term strategy implementation.

The other decision of the Tesco was the diversified the business. Due to this diversification reduce the complex within the business affairs. Each sub set earn own profits and different growth rates and provides the way for easy to benchmark purposes and improve performance, diversified decision making and all.

Tesco invest in the recession time to improve the customer facilities, infrastructure, customer offers and for employee contribution. Through this strategic decision in recession time the customers and employees was happy and it was a competitive advantage over other organizations in for being a recession time. According to the situation of the business environment Tesco take the correct strategic decision to improve business affairs and profits.

1. 2 Apply management and leadership theory to support organizational direction

1. 2. 1 Impact that selected theories of management and leadership have on organizational growth strategy

The Tesco was diversified the business in to groups to perform. Therefore the groups discuss their strategy in regular basis. The whole group also gathered and discusses strategic issues by taking two full days in the Board meeting. As the teamwork management style the Tesco provided the directions to understand the individual group tasks and perform in the diversified business unit of Tesco.

(Source: <http://www.dandb.com/credit-resources/human-resources-management/ways-to-effectively-manage>)

The participatory leadership style is more appropriate to discuss about the leadership style of the Tesco. The leader provided the group decisions about the organizational policy making and organizational activity planning. The employees, customers and other stakeholders were gathered and considered their implications. Due to this leadership style the organization created the leaders to handle the international and UK business of Tesco.

(Source: [http://ivythesis.typepad.](http://ivythesis.typepad.com/term_paper_topics/2010/02/leadership-of-tesco.html)

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1. 2. 2 Leadership strategy that supports future direction of Tesco

The Tesco has a vision of building the high returns to the shareholders, achieve the customer loyalty and quality of satisfaction from Tesco products and services and satisfy the all stakeholders involved in the business of Tesco. This clearly express the Tesco has a clear vision. Through the vision leadership strategy the Tesco has a vision of the current organizational position in the world market, conducted a capacity of vision in the future growth, has a clear vision of the organizational current pathway and has a goal of the future growth perspectives. Therefore the vision leadership strategy supports the directions of Tesco. (Source: <http://www.nwlink.com/~donclark/leader/strategy.html>)

1. 3 Assess leadership requirements

1. 3. 1 Appropriate methods to review current leadership requirements

In the Tesco Plc. employee were empowered by the organization to improve their performance and motivate them. The best performance rewards the share options as well. Therefore to lead the employees in to a correct way the leadership required a, communication between employees, encourage <https://assignbuster.com/tesco-strategic-management-analysis/>

them, adapt them to changes, increase the responsibility among employees, eliminate the conflicts and so on are required in the current organizational context of Tesco. Therefore the Tesco required a leadership to develop communication among the employees, identify the interest of the employees and take the decisions, solve the conflicts among the employees, improve the flexibility among the employees and the management.

(Source: <http://www.ccl.org/leadership/pdf/research/cclLeadershipDevelopment.pdf>)

1. 3. 2 The development of future leadership requirements

The Tesco is operating as diversified business units. Due to globalization the retail business will growth very fast as well. Then the Tesco needs different sophisticated technological techniques to develop and carry out the organizational complex operations. The competitive advantage helps to achieve the market share in the global market. The one of the main objective of the Tesco is also the achievement of high profit margins through international and UK market. Therefore the leadership will be highly influential on achieving the competitive advantage to the organization. Some of the employees in the Tesco has stakes of the Tesco, therefore they can be overconfidence and empowered in the future due to the size of their stakes, so the leadership must be there to control them in ethical manner to eliminate the badly influence in business affairs.

(Source: http://ivythesis.typepad.com/term_paper_topics/2010/02/leadership-of-tesco.html)

1. 4 Plan the development of leadership skills

1. 4. 1 Development of leadership skills for a Tesco Plc

There is diversified business units required a leadership therefore to lead these diversified business units the Tesco required to develop professional skills of the employee to perform according to the condition of the business units business affairs. The Tesco is a global business therefore the most of the leaders must have to work in the outside of the UK of home country, when working in other country there are different behaviors, cultures, ethics and social environment. Therefore the Tesco required improving the different leadership skills of the employees to communication skills, negotiation skills, decision making skills and so on.

(Source: http://ivythesis.typepad.com/term_paper_topics/2010/02/leadership-of-tesco.html)

1. 4. 2 Usefulness of methods to plan the development of leadership skills

The professional skills can be improved through discussion with senior managers of the Tesco. The discussion with the senior managers help to get the information about the leadership methods, different behaviors needed in different situations, different aspects of leaderships and etc. And there are nearly 34% of the managers have at least one year experience of working outside the home country, so the discuss with about their experience help to identify the different behaviors, cultures, appropriate leadership styles of those countries. On job training will improve the decision making skills, negotiation skills and etc. the improvement of these skills help to leader to manage any critical situation in the organization and will be able to control the situation. The informal learning will improve the communication skills of

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the individual leader. Through the communication skills the leader can change the minds of the employees to acceptable condition in any situation (Lussier and Achua 2009).

Conclusion

The leadership influence to the strategic management of the organization.

The Peter Drucker, F. W. Taylor of leadership styles influence to the strategic decisions and the leadership styles of trait theory and situational theory were also impact on strategic decisions of the organization. Teamwork management style was suitable to discuss the management style of the Tesco and the participatory leadership style help to identify the organizational strategy. The vision leadership strategy expresses the future direction of Tesco. The Tesco required a leadership to fulfill the current requirements of communication, negotiation, responsibility, eliminate conflicts and so on. Due to diversity and need of competitive advantage create the future leadership requirements to the Tesco and these can be develop through on job training, discussion with seniors and informal learning.