

# Management leadership styles: tesco



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## **Executive Summary**

The retail organisation whose management and leadership styles will be investigated is 'Tesco PLC'. One will be analysing the management and leadership styles that are currently used by Tesco and whether these styles are effective, and also recommend if they could change or adopt any new styles which may be of more benefit to them.

### **1. 0 Introduction**

Tesco PLC is one of the leading retailers in the United Kingdom and one of the largest food retailers in the world. Tesco has diversified by also selling non-food goods, such as electrical and also clothes in their stores. The initial size of the company indicates that the types of management and leadership styles and the way these are handled are crucial for the success of this firm.

Similar to most companies, the management and leadership styles adopted within Tesco are likely to have continuously been adapted in correlation with the growth of the company over the years. Although the current management style has evidently been successful here in the UK, it is highly likely that they would not be able to use this same management style in certain countries overseas, namely Japan and China. The primary reason for this is due to the different cultures and values which have been adopted by these respective countries and this is something that will be taken into account. The management and leadership styles analysed below, are approaches which are likely to be implemented by Tesco.

### **2. 0 Management & Leadership definition**

Management is the organisational process that includes strategic planning, setting; objectives, managing resources, deploying the human and financial

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assets needed to achieve objectives, and measuring results (Stuhlman Management Consultants, 2007). Boddy (2005) defines management as ‘ the activity of getting things done with the aid of people and other resources’. Mintzberg (1973) makes this definition even simpler by stating, ‘ if you ask a manager what he does, he they will most likely tell you that he plans, organizes, coordinates and controls...’

Hannagan (1995) states that ‘ Leadership can be seen as performing the influencing function of management, largely involved with establishing goals and motivating people to help achieve them. Leaders decide ‘ where we are going’ rather than describe ‘ how we are going to get there’.

House (2004) states that leadership is ‘ the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members.

For a manager to make his/her subordinates work effectively, they have to be motivated. Motivation is a key factor that must be held by a manager or a leader because; a de-motivated workforce leads to lower productivity. A manager keeping his workforce motivated is ensuring that his/her subordinates are working at a high level of productivity. Masterson and Pickton (2004) define motivation as ‘...the complex relationship between needs, drives and goals...’ It is therefore ideal for a manager or leader to identify the needs, find out what drives workers, and subsequently, set them goals.

### **3.0 McGregor's Theory X and Y**

One of the most influential theories on the understanding of leadership is created by the work of Douglas McGregor (1960) in developing theories X and Y. He believed that managers took two different views of their subordinates and conducted practices that would best suit their assumption of the workers they were in charge of.

Theory X managers, take the thinking that people dislike work, and only work as it is a necessity for survival. They perceive workers to be lazy people who want to avoid responsibility, who lack ambition and would prefer to be directed, rather than use initiative to take roles of responsibility. Mainly, these managers believe people want security from their jobs, therefore the managers take a very directive approach to leadership and are very strict and controlling with their subordinates. Organisational goals already established and workers are pushed in a certain direction so that these goals can be fully achieved.

On the other hand, Theory Y managers take an immensely different view to the theory X style of management. Theory Y managers believe that people see work as a daily occurrence and actually accept and strive to have some responsibility. They believe that if workers are in the right conditions, they will work hard their own will, helping the organization achieve the set out goals, and in return, being rewarded for this hard work and effort. In this scenario, managers will work together with subordinates, deciding work objectives and by developing strategies designed to achieve these goals. They will encourage team working and also delegate decision making when and were possible.

In relation to Tesco, the management are likely to take a theory X approach in running their organisation. Due to the enormity of the number of subordinates a manager is likely to be in supervision of, it would be almost impossible to use the latter approach. Furthermore, the tasks needed to be carried out by workers do not require many skills, for example shop floor duties such as shelf stacking, checkouts and sales assistants carry out basic duties. As a result, these workers would need constant supervision and direction to ensure consistency and continuity in order to achieve the firm's goals. Therefore, for Tesco, a theory X approach to management in their stores is the most effective management style.

#### **4.0 Ohio State University Model**

The initiating structure is the pattern of leadership behaviour that emphasises the performance of the work in hand and the achievement of production or service goals. Boddy (2005) states ' This behaviour involves the managers concern for directing subordinates in order to achieve production targets. It is a task-oriented approach, where managers tend to be highly directive and emphasise completing a task according to plan.' This behavioural approach to leadership relates to Tesco in that, managers at Tesco are more concerned with getting the job done and reaching store targets rather than taking a ' consideration' dimension which involves more the concern for people. Boddy (2005) states that typical behaviours included:

- Allocating subordinates to specific tasks
- Establishing standards of job performance
- Informing subordinates of the requirements of the job

- Scheduling work to be done by subordinates
- Encouraging the use of uniform procedures

### **5.0 Blake and Mouton's Management Grid**

'The management grid identifies a range of management behaviours based on various ways that task-oriented and employee-orientated styles can interact with each other.' When looking at Appendix 1, in relation to Tesco, the management would identify themselves mostly to an Authoritarian management style (also known as produce or perish style), which has a high concern for production and efficiency and concentrates less on people. They take a task oriented approach which takes in hand the needs of the task in hand rather than the wants of subordinates. This is again, similar again to the Theory X approach stated approach, and is effective to Tesco where there is a larger amount of lower-skilled employees.

### **6.0 Herzberg Two Factor Theory**

Herzberg was interested in discovering how need satisfaction occurs in a workplace and the impact of motivation on behaviours and attitudes. Fincham and Rhodes (2005) stated that Herzberg's two factor theory involved, firstly the 'motivators' and secondly the 'hygiene factors'. Hygiene factors involved supervision, salary, work environment, company policies and relationship with colleagues. The absences of these were seen as dissatisfying aspects of a job which can affect the morale of workers. Herzberg stated that this is followed by several motivators, which include; responsibility, achievement, promotion and recognition. In relation to Tesco, subordinates of the managers such as shop floor employees, are unlikely to achieve the motivators stated by Herzberg, therefore are likely to be

dissatisfied and de-motivated in their jobs. This can be very negative for a firm like Tesco as a de-motivated workforce is obviously more unproductive than a motivated workforce. Taking this into thought, it is vital for managers to tackle motivational issues of the workforce and see that the hygiene factors of employees are met, making it an effective approach to adopt.

## **7.0 Conclusion and Recommendations**

All in all, the evident success of Tesco shows that the management and leadership styles they are using are immensely successful. Management styles used such as the Theory X approach and authoritarian management are undoubtedly operating well. However, a 2007 DataMonitor Company report based on Tesco states that Tesco are looking to diversify into foreign countries such as Japan and China, and as a result, they may well have to reconsider the management and leadership strategies which they have in place. The reason for this is that the world of work differs in Japan and China compared to that of the UK as they place a large amount of emphasis on Total Quality Management (TQM), also known as Kaizen. This is a well renowned strategy in these countries and has become somewhat of a norm for workers there. As a result, it may be wise for Tesco to implement a similar strategy to adopt and emulate already successful strategies used in Japan and China. Total Quality Management 'is an operational philosophy that stresses commitment to customer satisfaction and continuous improvement, TQM is committed to quality and excellence and to being the best in all functions'. Hunger & Wheelen (2003) state that in order for TQM to succeed in a company, 'the program usually involves a significant change in corporate culture, requiring strong leadership from top management,

employee training, empowerment of lower level employees (giving people more control over their work), and teamwork.’ In order for Tesco to implement such a strategy, they may have to discard the autocratic management approach and may have adopted a more democratic style of management, in which the ‘wishes and suggestions of the members are incorporated into those of the leader’, as stated by Huczynski and Buchanan (1991). Although it may be hard to change from a management style which has been ever so successful for the firm, it may be crucial to adopt a new strategy in order for Tesco to be successful in their foreign ventures.

## 8.0 References

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