

# [The objectives of vodafone and how the stakeholders are influenced](https://assignbuster.com/the-objectives-of-vodafone-and-how-the-stakeholders-are-influenced/)

## Introduction

The purpose of this assignment is to demonstrate the objectives of Vodafone and how the stakeholders are influenced by the company. It further illustrates the impact of the economic, social and global environment on Vodafone and how it helps them in making decisions.

Moreover, the second half of the assignment shows how organizations in general act, role of the market structures and what are the strategies employed by the organizations to deal with them.

Finally, The last task gives a good knowledge of how UK businesses have been affected by the European Union and whether joining the European Monitory Union is a solution to overcome recession.

## Mission, Objectives and responsibilities of an organization within its environment

## Mission, objectives and values:

Vodafone is relatively a new company if it is compared with other UK’s leading multinational companies such as Shell, BP and Rolls-Royce who have been in the industry for more than a century.

Vodafone has defined a consistent set of values to achieve the aim of being a respected and pioneering company that puts the customer at the heart of their business. The essence of who they are underpins their values. They emphasize in the importance of;

Speed – Vodafone is focused on speed to market, meaning they persistently prioritise and pursue the outcomes that matter to their business.

Simplicity – They make things simple for their customers, partners and colleagues.

Trust – They are reliable and transparent to deal with. They deliver for others, and believe on others to do the same.

Their objective just like any other organization is reasonably high but they make no compromises in achieving their goals by not only having a bigger portfolio then the rivals but also by making sure that all the stake holders are influenced by the company’s products and services.

## Influence of Stakeholders

Vodafone believes in having constant feedbacks therefore dialogue between stakeholders is a part of normal business practice to them. This way the stakeholders are kept influenced by the company. Vodafone has the following stakeholders;

## Customers:

Customers are the first priority and Vodafone ensures they are taken good care of. No customer would expect to be the cash cows hence it is essential that they are not overcharged for the products or services they use. They ensure this by marketing honestly; communicating openly and making sure customers are happy.

## Employees:

Vodafone strongly believes that for customer satisfaction it is essential that the staff is well trained and have good knowledge of the products and services they are offering. Vodafone does that by recruiting and retaining the best people, invest in improving their skills and motivate employees by setting clear goals and reward them for achievements.

## Shareholders:

They are the ones who have invested their money and time in the organization and therefore expect great returns or the share value of their company will decrease.

## Supply chain partners:

The supplier’s demands fairness and want to be dealt effectively and paid on time or it may cause a bad name for the company.

## Local community:

They participate in local and national charities through “ The Vodafone UK Foundation”, observe and aggressively reduce the impact of the business on the environment by recycling mobile phones, reducing waste and energy saving activities. They also make certain that the concerns of local communities, pressure groups and all other stake holders are heard and considered before coming to a decision.

## Government:

The governments controls organizations by putting laws and acting as watchdogs what the wants taxes, regenerate the area to reduce unemployment and ease disaffection amongst communities.

## Achieving the objectives of Stakeholders:

## Customers:

Vodafone has 10% of the world’s market for mobile telephony and they have achieved this by safeguarding the rights of customers by setting up objectives and ensuring they are met precisely. Their reputation depends on earning trust of their customers and therefore they rely on the following main aspects for customer’ satisfaction.

Content standards: Due to the large range of contents available online on mobile phones, Vodafone introduced a supervisory body where inappropriate content for all customers, especially young users are protected.

Responsible Marketing: They make sure communications are always legitimate, decent, reasonable, authentic, straightforward and sensitive to the views of different groups in society.

Pricing Policies: Clarity and affordability of pricing across the markets have been improved by introducing simpler price plans, and making tariffs more liable and flexible. They have also reformatted bills to help communicate the new price plans in a simpler way.

Driving Safety: They support national legislation to promote safe use of mobile phones to drivers. For this reason they have invested in advertising and campaighing to “ Drive Safe!” and also recommend hands-free kits to be used in cars for emergency.

Product Safety: Before purchasing products, they conduct risk assessments to identify any health and safety issues. In the event that a product or piece of equipment is found to be unsafe, an immediate incident investigation is required and acted upon.

## Employees:

Vodafone relies on it employees. It’s their enthusiasm, talent and commitment that brought the company where it is today. Vodafone aims to treat all employees equally, ensuring healthy employee relations through open communication and consultation processes.

Equal opportunity: Employee diversity is an asset to them, having employed people from different phases of life and of different gender and ages it helps them to serve customers all around the world.

By instructing the recruitment consultants to recommend a suitable female candidate for every vacancy at management level, ensuring mobility needs are met for disabled employees and by international rotation of the employees; Vodafone aims to focus on Gender, Cultural and Disabled diversities, respectively.

Reward and recognition: On meeting the targets they are given bonuses and benefits. They offer benefits such as medical insurance, subsidised mobile phones, share plans and retirement benefits.

Training and Development: They provide training and development prospects to support employees gain new skills, and inspire them to reach their full potential. Vodafone offers a wide range of online courses related to specific aspects of the business or key skill sets.

## Community:

Vodafone invests heavily in the community and has been working with various charities and welfare organizations to serve the community. For this reason they launch campaigns on a regular basis globally and domestically where they either contribute directly by giving charities, medical health to desired countries organizing events and asking the local people, their own employees and customers to participate in it for free.

Vodafone also believes in being an environment friendly organization and therefore it encourages recycling of mobile phones and for this reason they are working on several campaigns as well.

## Responsibilities and Strategies employed to meet them:

Vodafone is largest telecommunications Network Company in the world by turnover and they achieved this by being a pioneer in bringing revolutions. Being at this stage when they have other companies that look onto them, it is their responsibility to maintain their position. For this reason Vodafone is one step forward than its competitors. Vodafone does not only focus on the buying and selling of its products but also ensures that all the stakeholders are kept happy with their products by working on building a sustainable future. They are doing this by meeting society’s needs and focusing on the areas where their interventions can address sustainability challenges most effectively at the same time as offering an attractive commercial return for their shareholders.

They have set clear priorities to;

Capturing the potential of mobile to bring socio-economic value in both emerging economies and developed markets, through broadening access to communications to all sections of society.

Delivering progress against stakeholder expectations on the key areas of climate change, a safe and responsible internet experience and sustainable products and services.

Ensure their operating standards are consistent and of an appropriate level across the group.

## Economic, social and global environment in which the organisations operate

## 2. 1) Economic Systems:

An economic system is a set of basic rules that a country implies to organize the ownership and allocation of economic resources.  From the country’s point of view, production of goods and services are influenced by the limited supply of elements as labour, land, natural resources and capital.

## Types of economies

In general different countries adapt different types of economic systems. They are as follows;

Planned Economy: In this type of economy the government controls the resources and has the command over every decision which is why it is also called “ Command Economy”

Mixed Economy: In a mixed economy both the sectors, individuals and the government, play a vital role in economic-decision making of the country.

Market Economy: In such an economy market decisions are mainly dominated by supply and demand and the government. Government plays a minor role and the consumers drive the economy according to their needs.

## 2. 1. 1) Effective use of resources:

The essential economic problem in any society is to provide a procedure for distributing resources and consumption among individuals who can’t satisfy their wants, given limited resources. Every nation, no matter how the government works, who controls the government or how rich or poor the government is, three basic economic questions must be answered to allocate effective use of resources;

What and how much to produce?

From whom will it be produced?

How will it be produced?

## UK Economic System:

The United Kingdom operates a mixed economic system, where most of the decisions are to be made by the free market but at the same time the government has maintained a “ minimum wage”, set out certain rules and regulations for environmental protection and provides medical facilities for the member of public.

## 2. 2) Impact of Social welfare and industrial policy on organizations and wider community

In 2007-08, about £158 billion was spent on social security benefits in Great Britain. This amounts to approximately £2, 580 for every man, woman and child in the country and represents 25. 6 % of total government expenditure.

The UK believes strongly in the constant welfare of its people and therefore a public sector organization has been formed that ensures anyone who can’t afford the basic necessities is given funds by the government through the tax payer’s money so that they can overcome poverty. Benefits are given from the day a child is born until the day he/she is deceased, provided they are entitled to it. One can be eligible for benefits if he/she is;

Un-Employed

Needs extra help with student finance

On low income

Expecting or bringing up children

Ill or injured

Disabled

In retirement

Caring for someone

Although the social services system was introduced for the welfare of people, it has now been found out that a number of people have been misusing it and this has caused the government billions of pounds. Therefore in the recent budget the government has announced welfare cuts like freezing child benefits for 3 years, housing benefits restricted to a maximum of £400 a week, a proper medical assessment for people claiming disability from work and so on and so forth. In my own opinion many of the benefits that are being reduced should not have existed in the first place.

## Vodafone and the benefits to employees:

Depending on the location, Vodafone offer benefits such as medical insurance, subsidised mobile phones, share plans and retirement benefits.

Retirement benefits are provided through a variety of arrangements, including defined contribution schemes. These vary depending on the conditions and practices in the countries concerned such as local market practice, taxation, legislation and the quality of the state’s pension.

## Industrial Policy:

The issue of climate change is affecting the whole world and steps are to be taken to slow down this process. The UK Government is committed to showing international leadership in this area by taking possible steps to overcome this global issue. However, UK alone cannot overcome this because it is only responsible for roughly 2% of global carbon dioxide emissions.

## Vodafone and the environment:

Vodafone takes climate change very seriously and has therefore set themselves a goal of being recognized as a “ green” brand by 2010. For this reason they have already started working on securing the future by working on the following initiatives;

Handset recycling

Fewer upgrades

Universal and Solar chargers

Reduced packaging

E-billing

## Behaviour of organization and the market environment

## 3. 1) How does market structures deviate from model of perfect competition

Usually, while starting a new business firms start off in a perfect competition market, meaning they have many competitors and buyers. This basically gives them a chance to dissolve in the market. However, an aim for every successful organization is to be able to set a price they want and produce products that no one else is making. For this reason their approach from the beginning is to become a monopoly organization. However, Monopoly between organizations used to exist few years back but now it is impossible to have Monopoly because there is a lot of competition and the regulatory bodies ensure that no one has the right to take over the market all to themselves.

Since becoming a Monopoly organization is not possible, the next best option is to adapt an oligopoly structure. This means there are not many competitors compared to what you find in perfect competition but it’s the maximum an organization can go to. In oligopoly they have a command over their pricing because not many buyers are selling it so they can set up a price accordingly and then approach the consumers.

## 3. 2) Porter’s five forces:

To start a business one needs to find out what problems they might face while entering a new market, for this reason Porter’s five forces are taken into consideration. Porter’s five forces go along with the market structures and it helps in finding out how each market structure may be affected by porter’s forces.

Competitive rivalry

With o2, orange, virgin, 3 and t-mobile operating in the market, there is a high rate of competition and therefore Vodafone ensures they are always offering services that give them a competitive advantage over it rivals.

Bargaining power of customers

The customers of Vodafone hold a very strong bargaining power because they can buy similar products and services from other rivals as well. For this reason Vodafone has to ensure that their pricing are very competitive and customer satisfaction is always taken into consideration before coming to a conclusion.

Bargaining power of suppliers

Due to the geographical existence and being one of the world’s leading mobile services providers, Vodafone has a good control over the suppliers. Vodafone has approximately 1550 suppliers worldwide and this enables them to have a command over the bargaining power of its suppliers.

Threat of substitutes

Vodafone faces a low threat of product substitutes. It is very difficult for the competitors to launch a similar substitute at a lower rate because Vodafone has already penetrated the markets and keeps itself up to date with the price changes and technological advancements.

Threat of entry

Threat of entrants is only possible when your products are either not according to the needs of customers or are relatively higher in price. For this reason Vodafone continuously keeps an eye on the market behaviour and reduces the costs compared to the competitors. Vodafone being the major supplier of mobile products and services can reverse the trend set and make it harder for the competitors to make a potential entry.

## 3. 3) Role of Competition Commission and regulatory bodies:

Competition Commission and regulatory bodies act as a watchdog over the unfair competitions within the countries. They do this by limiting uncompetitive practices between the firms, allowing mergers and preventing monopolies from taking over the market. Regular checks are carried out by the committees on the organizations to ensure they are working on a fair trade.

On 7 January 2002, Competition Commission made a ruling on Vodafone, along with o2, orange and T-Mobile over the call terminating charges. The committee did an investigation on this issue and declared that mobile termination charges were substantially high and therefore commanded the mobile networks to reduce it within a period of 4 years.

Regulatory bodies such as competition commission play a vital role in maintaining a healthy competition within the markets. It is because of them that the emerging organizations can join the market and compete with the other maintained organizations. This gives the consumers an opportunity to choose from a variety of companies and get a better value of money.

## Significance of international trade and European dimension for the UK

## 4. 1) Importance of international trade, economic integration and global markets to UK business organizations

Resources are scattered around the world and there is not a single country that has everything it needs for continues development. Therefore international trade, economic integration and allowed entry of global markets in different countries are very important.

The UK economy has one of the most open economies and is based on the services sector. It therefore encourages free trade with the rest of the world. Through this they are not only fulfilling the basic and essential needs of their people but also providing job opportunities within their country and throughout the world.

## Importance of Globalisation to UK

Overseas Investments:

There has been an increase of overseas investments both inwards and outwards in the UK economy. When companies from different parts of the world open a business in UK, they obviously bring a lot of investments, job opportunities and competitive products to the country and this helps in building the UK economy.

Rising level of import penetration

Particularly in those industries where Britain’s previous comparative advantage has been eroded such as textiles and clothing and the manufacture of lower-valued added electronic products.

Developing a competitive advantage

Through international trade there is no such thing as a monopolistic company in the UK. There are a range of similar services and products offered by different companies. These help the consumers in choosing from different suppliers and get a value for their money.

Structural changes in industries

For example the long-term loss of output and employment in industries such as textiles and other manufacturing sectors. This creates problems where factor resources are occupationally and geographically immobile

In my view, Globalisation has definitely increased competitive pressures on British businesses in tradable goods industries. Cheaper prices for many international commodities and finished manufactured goods have certainly helped to control inflation in recent years and therefore reduce inflationary expectations.

However, on the contrast due to Globalisation many of the well-known UK companies are now outsourcing their services which has resulted in lack of job opportunities within the country. This is weakening our economy and not leaving a good impact on our own people.

## 4. 2) Impact of two policies of the European Union on UK business organizations

The European Union is an economic and political union of 27 member states, primarily in Europe. Together these states merged to form the union so that they could have a mutual identity. Various policies have been imposed by the EU which benefits all the members in some way or another. The most important out of them are,

Working rights:

EU has given people from all the member states a great opportunity to find employment and study in other member countries. According to the EU commission, more than 15 million EU citizens have moved to other EU countries to work. This has given the developing countries like Poland a chance to utilize their skills in countries like UK and earn a decent livelihood.

On the other hand, a large no. of people within the UK believes that the Europeans are stealing their jobs and they should not be allowed work in the UK but in actual they are just employed on the unskilled sector.

In my opinion, there are still unskilled jobs in the UK market but the British either can’t or don’t want to work at the rates it is viable to employ them. So if you were to take all the Europeans out of the country, there will still be no jobs for the British in the unskilled sector.

Free Trade:

Easier cross-border trade within the EU means that small and medium sized organizations now have access to new export markets, which previously were not an option because of the cost and hassle that was involved with border bureaucracy.

Single market has brought major benefits to the businesses in the UK. The free trade of goods have enabled the physical movement of goods within the UK and people across EU easily. This means that there are no trade barriers between the countries and people can freely expand their businesses.

## 4. 3) Implication for the UK of entry into EMU

In the past decades currency unions have failed so it is doubtful if the EMU will be a success either.

As for the UK joining the EMU, I doubt this will be of any good. It is believed that UK might recover from recession if it joins the EMU but it is quite obvious that UK did not get into recession because of its currency. The Euro economy is also entering a recession and how can we expect to be saved by just joining the EMU is questionable.

Moreover, in times like this it is more important that the UK should be independent of any monetary policy so that it could cut interest rates if necessary. Example, if the Euro economy recovers before the UK economy, interest rates may increase too quickly and harm the UK’s recovery.

The UK market for housing is quite sensitive to interest rates and many people have high mortgages. So, if the interest rate was to be increased or decreased it will have a great impact on buyer spending which can lead to either an inflationary boom or a deeper recession.

I agree to the fact that the UK couldn’t benefit from membership of the Euro currency which would have helped the tourists in using the same currency throughout the Europe and not be affected by the currency exchange rates, but it would be a very small percentage and would not have a great impact on UK economy because companies who are willing to expand and exchange business always get a much better deal than the tourists.

## Conclusion:

This assignment in a nut shell has helped me in investigating what Vodafone’s economic environment is like, how it differs from other well-known organizations and what impacts does it have due to the social, economic and global factors.

Vodafone is a global organization and their main aim is to satisfy all its stake holders, may it be the society, customers, employees and even government. It ensures this by having a clear vision and an approachable objective. For this reason, Vodafone always make use of effective use of their resources and take initiatives to overcome any sort of social and industrial issues while the regulatory bodies like competition commission act as a watch dog and ensures that there is always a healthy competition between organizations.

Globalisation has affected everyone, in a good or a bad way. As for UK, where emphasize has been on the services sector it has been of a great use and is continuously building the economy because of the investments made by the global markets. However, the entrance of UK into European Monitory Union is still debatable because it may affect general public and the society.