

Globalisation have
dramatically
accelerated the pace
of change in modern
organisa...



Introduction:

Technology explosion and globalisation have dramatically accelerated the pace of change in modern organisations (Prastacos 2002). Organisational Change has become a compulsion in order to maintain competitive edge or be successful in modern businesses and a difficult process to implement in practice due to its complex nature (Hamel et al, 1996)

The objectives of this report are to look at the significance of change within an organisation, relation between bureaucracy and hierarchy, stakeholders, models for involving stakeholders, models for change and etc within Tesco.

Tesco was founded in 1924 by Sir Jack Cohen and had earlier roots from selling groceries in London's East End markets. The first store to be opened was in 1929 in Burnt Oak, Edgware. The first Tesco self-service store was opened in St Albans in 1948. In the 1960's, Tesco started to sell fresh food, clothing and household goods in addition to groceries and opened stores in high streets of towns across England. In the 1990s, Tesco started to expand its operations outside the UK into Eastern Europe. In 1992 Tesco opened its city center stores under the branding of Tesco Metro. In 1995 Tesco introduced the loyalty card and by the end of the 90's diversified further into banking. In the year 2000, Tesco is Britain's leading food retailer with 845 stores. It prides itself on quality, customer service and a customer-friendly environment.

Task-1:

Question-1:

Significant change within an organization:

A description of the use of ICT for Internal & External Communications of the business; Information and communication technology has totally transformed, over the last few years, which has led to a major change in the way communication flows through a business. This has had a massive affect on the way Tesco operates today, as they are a service-related organisation, as they don't produce their own goods. Some examples of changes in technology that have had an effect on the way Tesco communicates internally and externally are;

Email- Is used to replace old methods such as faxes, telephone calls and letters, as e-mail is a lot quicker, especially if the message has to be sent to more than one person, it is more convenient than conventional methods, it is also used to correspond with suppliers.

Internet- This allows Tesco to create a communication link with the global market; this allows better communication between staff and customers that are overseas. Tesco's website allows its customers to see what they are doing externally (e. g.) how they help the local community, it also allows them to explore Tesco's range of products and services. Customer can browse through 24 hours a day from anywhere in the world.

Network Databases- Has allowed Tesco to replace the old traditional ways of filling and storing information.

Customer Service-At Tesco any questions or complaints can be dealt with over the phone or through the Internet, this makes the communication process a lot quicker.

Payment Methods- There are a number of ways in which Tesco's customers can pay for their goods or services, some of the payment methods that are accepted at Tesco are;

Cheque- Details can be printed out at the till, using the information given to produce a receipt. Cheques can be used to pay up to a given price.

Debit Card- This allows the customer to pay for their goods or service without any cash, the transaction is automatically checked at the customer's bank account, the payment is guaranteed once it has been checked if there is enough in the persons account.

Credit Card- This is a similar process however, the money is not taken from the customer's account, the sale is paid for at the time. Customers may also ask for up to£50 cash back.

IT in store Operation- Information Technology is essential for any large organisation affectively, it is used for many in store operations, for example, monitoring sales, ordering stock etc.

Tesco sell thousands of products, therefore they use computerised merchandising systems, to order the correct products to the correct place without these type of system it would be a very long process.

Goods are no longer entered manually, which means accurate pricing is guaranteed, because Tesco sell thousands of products, each item has an individual barcode usually printed somewhere on the package, this allows Tesco to monitor their stock levels, which means that once a certain amount of a particular product is sold the computer will automatically re-order the product, this is known as the Sales Based Order.

Home Shopping- Tesco has introduced a home shopping service with the use of information technology, this enables people to order their shopping from home using the internet, this is done through a computer programme, it allows its customers to order any of the products that the particular branch sells, orders can be placed 24 hours a day, orders are delivered to the customers home. These home shopper customers have to register and are given a personal ID number, payments for shopping can be made by debit and credit cards.

Responsible some factors for significant change:

The major sources of changes are the Environmental firstly, taking the shape of economic and political change where we had the rise of enterprise economy and market led economies. Moreover, new work patterns have emerged where more part-time workers and permanent employees are used nowadays, and with the rise of competition from Europe, Japan or multinational corporations have made it difficult to cope correctly with employees. Finally, we must note the various and fast technological advancements which take place and the shortening of product life cycles that lead to short range strategies and increased flexibility. These factors are discussed as below:

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Competition in Marketplace:

Since year 2004, Tesco, who considers to be a market leader as a Grocery retail sector in the UK not only faced first ever fall in its profit on sales but also faced fierce competition from existing & new chains of food retailing market. It is true that falling sales and the first loss in the company's history have forced them to think about radical changes.

The UK food retailing market is mature and highly competitive. In addition, the UK market has been affected by negative inflation in the food sector. This negative inflation has been driven by the so-called 'Wal-Mart effect' i. e. downward pressure on prices from Asda / Wal-Mart's aggressive 'Every Day Low Price' strategy; it was the Wal-Mart effect that pressurized TESCO into a price war.

Changes in Attitude of Customers:

Due to high competition, company has faced a considerable change in attitude of customer towards its products. As a maneuver, Tesco has been making continuous attraction strategies for its customers to keep them in close intact in order to remain at top position. So, they always try to bring most attractive goods for the customers. The new option in the goods has been very well advertised nationwide & as a result customers are very well attracted towards Tesco.

Political factor:

.. Public concern about the effect of out of town superstores on town centers has grown and both current and future planning policies will

seriously hamper future development. Though conversions of existing stores allow some increase in selling space it is limited.

“ Community organizations have since gained momentum consequent to the Competition Commissions ruling and have been lobbying neighborhoods to boycott supermarkets and large food manufacturers and instead support small independent suppliers, processors and retailers at the expense of large supermarkets like TESCO.

Economic:

Businesses cannot control their environment however much they would wish to, instead they must react / adapt to changes within the environment, and this is particularly true in relation to the economy. In periods of recession, many businesses are forced to reduce staffing levels, whilst in boom periods of high growth businesses may seek to expand the size of their workforce to cater for increasing levels of demand for their goods / services. Whilst the UK economy has seen steady overall growth, there has for some time been a cycle of boom and slump within the economy, which has forced businesses to redefine their staffing needs.

Social:

“ The U. K population on a whole is far more health conscious than in previous years. There has been a trend away from genetically modified foods towards organic foods.

“ People’s wealth increases, with the decrease in time for shopping. Besides, people enjoy a busier lifestyle, fewer people cook everyday for themselves. Therefore, the ready meals have become welcome by consumers.

Technology:

The increasing dependency of businesses on technology to gain competitive advantage over competitors, and the subsequent need to keep pace with technological advances have resulted in increasing emphasis being placed on organisations ensuring that their staffs skill base is constantly re-assessed and developed, through training and recruitment to keep pace with the use of technology.

“ The Grocery retail sector is a major user of new technology. The increasing use of electronic data interchange, laser and self-scanning and other point-of-sale equipment has been a feature of recent innovations by retailers. The use of loyalty cards and the provision of financial and other services have also involved the introduction of sophisticated computer-based systems.

Globalization:

In the presence of globalization factor, Tesco also change its policies accordingly. This is considered to be one of the major changes in Tesco operations. Same trend has been showing in international regions also. By that company is working on a change to build strong & reliable partners.

Conclusion:

Organisations are a vital part of our society and serve several important needs and demands. How an organisation is managed in relation to actions of management and the decisions made have an impact on all concerned including other organisations, the community environment as well as individuals. As consumers plays the lifeblood role in Grocery Retail industry, TESCO approach remains Re-active, were it adopts low price strategy to attract customers. Also TESCO is often forced to change their strategy as the competition changes.

Question-2:**Relation between bureaucracy and hierarchy to the organisational structure and change:**

A bureaucracy is a type of organisational structure that is found in many large-scale organisations. It appears in both public and private organisations and is a structure that still exists in the majority of industrial organisations in the world, despite being around since the 18th century.

Ideally bureaucracy is characterised by hierarchical authority relations, defined spheres of competence subject to impersonal rules, recruitment by competence, and fixed salaries. The main aims of a bureaucracy are to be rational, efficient, and professional. German sociologist, Max Weber was the most important student of bureaucracy, and he described bureaucracy as technically superior to all other forms of organization.

Bureaucratic systems have a greater sense of direction and purpose than other types of organisation structure and this helped by the hierarchy of positions and well developed rule system that is consistent in a bureaucracy.

Hierarchy structure is sometimes called the Pyramid structure. In this structure there are few people who working above others. These people such as Marketing Manager have more authority over their employees. In many businesses each part of the department is divided into specialists departments where they deal with different task but have the same overall aim. Management in this structure is led by Vertical Communication, which means that the communication goes from the top of the structure to the bottom of the structure.

Advantages and disadvantages of bureaucracy and hierarchy organisational form:

Weber stressed (Conley, 2002) both the advantages and disadvantages of bureaucracies.

Advantages of bureaucratic system:

Bureaucratic system is a very effective way of structuring an organisation.

So, it has some advantages like as below:

Bureaucracies provide a hierarchical structure whereby workers can rise through the ranks to positions of relative power.

Progression is based on technical expertise thereby increasing the professional management of organisations.

The development of written rules offered protection to less powerful workers and provided a basis for trade union negotiation.

Bureaucracies replaced nepotism and favouritism with impersonal social relations and the basis for equality of treatment.

Disadvantages of bureaucratic system:

Although, bureaucracy organisational form is very effective for an organisation but it also offer various drawbacks which are as below:

Hierarchies and rules formalise power structures and status divides in workplaces

Rules cannot cover every eventuality and are themselves subject to interpretation. Over-attention to a rigid set of rules can often hinder the smooth running of an organisation

Bureaucracies can create ' iron cages' which dehumanise work

The advantages of hierarchy structure are:

A leader or leadership team can give the business a direction

A leader or team could make quick appropriate decisions on behalf of the organisation.

Employees are clear about their position and Span of control within the organisation.

Employees know who to report to in events of problems instead of going to the owner directly for irrelevant issues.

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Employees become motivated because they get a chance to become promoted to a higher tier.

The disadvantages of hierarchy structure are:

Decisions can often take time to follow the chain of command.

Employees can be demotivated if there are considered as at the bottom of the hierarchy.

Decisions may be made by a few that are not in the interest of everyone on the organisation.

After researching I have found out that the main structure that Tesco operate in is Hierarchy I think that this is a good structure mainly this is because there are more advantages then drawbacks plus this is a good structure to operate in for a big company like Tesco.

Question-3

Compare and contrast of bureaucracy and hierarchy organisational form:

Bureaucracy can have a positive effect on the organisation it could also cause alienation and sense of purposelessness from workers within the system. Working in a large bureaucratic organisation may induce the feeling that they are mere ' cogs' in a huge machine, and therefore lead to unmotivated staff and a decrease of efficiency. Communication through the hierarchy may well be slow in a bureaucratic system, due to the tendency towards centralisation, which would affect the initiative at the lower levels.

Due to the bureaucratic systems being well suited to predictable and stable situations, they are not very flexible and therefore find it hard to deal with conditions of change. The rules of a bureaucracy are very rigid and are designed to achieve organisational objectives. However due to the rigidity it may obstruct the attainment of goals and lose sight of its overall organisational objectives.

Although bureaucracy has proved its need in the current business environment, there are still several downsides, not only for the organisation, but also for the employee. Many argue that in the twenty-first century, a bureaucratic organisation will be too expensive to maintain. It will also be incapable of responding quickly to change and will not be using the innovative resource of its members.

Due to the hierarchical system, problems are usually passed upwards, preventing employees contributing to decisions, which will not promote proactive behaviour and can be damaging to an organisation.

Task-2

Question-1

Stakeholders: A stakeholder in an organization is any group or individual who can affect or is affected by the achievement of the organization's objectives.

(R. Edward Freeman, 46).

In the changing business world, a wide range of stakeholders may have an involvement with an organization, such as shareholders, customers,

investors, employees, the media, government and non-government organizations.

Internal and connected stakeholders:

Internal stakeholders include normal employees and managers of a business.

In Tesco, the shareholders, the customers and other groups or individuals are involved in the business. These people are called connected stakeholders. All these are very important to Tesco.

1. Employees: All the employees are important stakeholder to Tesco. The reason for this, that employees are closely involved with organisation. They have a strong influence on the business and the way that the business runs. The expectations that the employees have on Tesco are:

A clean and safe working environment

Job security

Competitive pay rates and benefits such as discounts on Tesco products

Interesting and rewarding work

Opportunities for promotion and career structure

Bonuses

2. Managers: All managers as well as the directors of the company are stakeholders. In Tesco the manager has a major say on how the business should be run. The expectations that the manager has on Tesco are:

developing a local or national reputation as a successful manager

working the business to make it bigger than it is now

For example at Tesco's, those with a high achievement need such as Duty managers or departmental managers tend to seek situations where they have personal responsibility for solving problems, managing projects or for overall performance.

3. Shareholders: This group of stakeholders are interested in the financial part of the Tesco. The expectations that the shareholders has on Tesco are:

Shareholders of Tesco want to receive a large and increasing proportion if the

company's profits

They also hope the company's share price will rise

4. Customers: Tesco are mainly focused on customers. This means that Tesco has to fill the expectations of their customers. These include:

Good quality products delivered on time

Fair prices

After sales service and support, especially for high- technology products.

This shows how Tesco are influenced by their customers- Tesco, the UK's largest retailer, buys enormous amounts of products from suppliers and so has great influence.

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5. Suppliers: They are expecting to be paid on time and receive regular orders from their customers. Tesco's suppliers are interested in any development that might affect the number and size of the orders.

Tesco buys its own brand products from suppliers. All products are supplied to Tesco in a finished state.

6. Bankers: Banks and other financial organisations lend money to Tesco and will be concerned that their money is saved. They want Tesco to run successfully and to earn profits.

External stakeholders:

External stakeholders include individuals or organisations that have interest in the business but do not do anything and have no relationship with that business.

1. Government agencies: The government has lots of reasons to be interested in Tesco:

The Inland Revenue collects income tax and corporation tax for Tesco. It is interested in the financial affairs of Tesco

Customs and Excise collects Tesco's taxes. It collects value added tax (VAT)

2. Pressure groups: These organisations are groups of people who combine to promote a particular view or cause. Pressure groups attempt to influence Tesco by:

Campaigning

Taking direct action against some firms.

Tesco responds to pressure group because they want to have a good public image.

3. Local communities and society: Businesses are an important part of the society. Local communities expect Tesco to:

provide stable employment for the community

Avoid causing environmentally pollution, noise or other problems that might offend the community.

Question-2

Models to involve stakeholders:

In recent years, two useful models -a) the Power/Interest Matrix (Mendelow cited in Johnson and Scholes, 2002: 208) and b) Power/Urgency/Legitimacy Model (Mitchell, et al., 1997) – have become popular.

Brief Introduction of these Two Models:

To assist the analysis, the introduction of the two models is briefly explained in this section.

a) The Power/Interest Matrix (shown as Figure 1) implies the political priorities for managing stakeholder relationships by assessing the level of interest and power for each stakeholder (Johnson and Scholes, 2002: 208).

High

Low

High

Low

PowerE: managing environmentStakeholder Management – Publications –
Management Portal. filesimage004. gif

C D

A B

Level of Interest A

Figure 1 Stakeholder Mapping: the Power/Interest Matrix

Source: Johnson and Scholes, 2002 Adapted from A. Mendelow, Preceedings
of the Second International Conference on Information Systems, Cambridge,
MA, 1991.

Source:

It can be seen from Figure 1; the stakeholders in Segment D have the most
important role among other stakeholders in the success of the strategy. Due
to their high power, organisations should give adequate emphasis on the
stakeholders in Segment C and attempt to meet their expectations. As for
stakeholders in Segment B, organisations need to provide enough
information to satisfy their high interest in the strategies or issues. Under

some circumstances, some stakeholders (Segment A) neither have power nor interest, so it is unnecessary to invest too much in this group.

b) The Power/Urgency/Legitimacy Model, illustrated as Figure 2, divides stakeholders into seven types and uses them to reflect a different degree of stakeholders' salience which is related to the three basic attributes – power, legitimacy and urgency – perceived by organisational managers (Mitchell, et al., 1997).

Legitimacy

Power

Dormant

Discretionary

Definitive

Dominant

Dependent

Dangerous

Demanding

Urgency

Figure 2 Power/Urgency/Legitimacy Model

Source: Based on Mitchell, Agle and Wood 1997

Mitchell, et al (1997) made detailed explanations for the three attributes.

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Power means the possibility for a stakeholder to influence the outcome, originating from coercive, legitimate, expert, referent and reward. Urgency indicates time sensitivity and criticality of the situation. Regarding Legitimacy, it refers to the desire of stakeholders to judge the properness of the issue, based on norms, values and beliefs.

Both two models are helpful to managers in pursuing success in stakeholder management. However, it is important to realise the limitations that each model might have in order for effective utilization of them.

Question-3

Stakeholder mapping in Power/interest matrix model:

“ Stakeholder mapping identifies stakeholder expectations and power and helps in establishing political priorities” (Johnson, G & Scholes, K. 1999: 215). This mapping can be carried out by means of Power/Interest Matrix (Johnson, G & Scholes, K. 1999: 215), which classifies stakeholders in relation to the power they hold and the degree of interest they show to the organisation (Refer to Figure 4).

Low

A Minimal Effort

B Keep Informed

High

C Keep Satisfied

D Key Players

Power

Level of Interest Low High

Figure 4-Stakeholder mapping:

Power/Interest Matrix (Johnson, G & Scholes, K.)

Apply Power/Interest Matrix to Tesco's Stakeholders:

Considering the comments of Power/Interest Matrix for each group, we can ignore Segment A because it only has minimal effort on Tesco. As to Segment C and D, they are all key stakeholders and their expectations should be satisfied continuously. While for Segment B, it has high interest in Tesco and should be properly addressed through informing information to it.

Indeed, stakeholders of Segment D (Owners, Top Managers, and etc) have the expectations of good payback and dividends which require Tesco maintains its profit generation in its strength business – Traditional Imaging. On the other hand, these stakeholders also seek for capital growth in somewhat more potential business – such as Digital Imaging. Stakeholders of Segment C (Customers) always expect better value for money, and they also enjoy the alternatives and value-added products Tesco provided, which ask Tesco to integrate Traditional Imaging with Digital Imaging to generate more innovation.

Conclusion:

Generally, the expectations of stakeholders of Tesco are diversely and variously. It is clearly that we should find out the key stakeholders and balance their expectations. Here, Owners, Top Managers, Creditors and Customers are identified as key stakeholders of Tesco and in particular their expectations are assessed separately.

Obviously, Power/Interest Matrix points out the type of relationship which the organisation need to establish with every stakeholders group. Thus it is helpful in assessing the political ease or difficulty of particular strategic as well as in planning the political dimension of strategic changes

Task-3

Question-1:

Models for change:

There are various models of change are established over the period of time. Every organization can develop & adapt any of those models in change process according to the individual circumstances. Two important models of change which can be used during change management are as follows:

Business Process Re-engineering (BPR)

Total Quality Management (TQM)

I have shortlisted two organizations for the said topic in order to expedite a brief report about adaptation of different models of change as and when required by them.

The first organization was Tesco, London, UK. I worked as Manager Administration with this company for two years. When I joined the organization, it was in a recession phase due to certain circumstances. In those situations, management of the company including me decided to develop & adapt the Business Process Re-engineering (BPR) model of change.

1. Business Process Re-engineering (BPR):-

BPR has four basic key components: Business Processes, Management & Measurements, Jobs & Structures, and Values & Beliefs. BPR is considered to be a much more 'top-down' managed form of change. BPR is best defined as:

“ The fundamental rethinking & radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance”.

For clarity, it is appropriate also to define what BPR is not. BPR is not automation, restructuring or reorganisation, or delivering although these may be consequences of a BPR exercise. It is also helpful to consider why Tesco contemplated BPR given its radical nature. There were three probable reasons:

The business was failing & there was no option but to invoke radical change.

Business difficulties were foreseen & pre-emptive measures were deemed necessary to avoid business failure.

The organization, rather than 'resting on its laurels' wished to build on its success & invoked radical change to widen its lead over the competition.

2. Total Quality (TQ):-

This model of change was developed & adapted by the organization operating by the name of Integrated Business Services (IBS), London, UK. In said company I was worked as Manager Sales & Marketing. The company is the top rated production & manufacturer house of various technical products including aerospace materials. TQ change model was used by the company in January 2004. The Brief description of the model is as follows:

TQ comprises change invoked through four key components: Systems, Processes, People & Management.

TQ is best defined as 'meeting customer requirements' in a context in which every individual in the organization is a customer of the process preceding their own, & a supplier to the process succeeding their own. Thus customers are internal to the organization as well as external.

Additionally 'TQ is a competitive concept because it is concerned with being the "best", where "best" is defined by the market place rather than by the product or service provider & the best companies will achieve the level of superiority that is usually high'. Customer focus is the essence of TQ.

Question-2:

Necessary steps for planning the implementation process of the Business Process Re-engineering (BPR) model:-

The Four Cornices of BPR Considered by Tesco plc-

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1. Business Processes:

The essence of BPR for Tesco plc lied in the adaption of a ' process orientation'. The characteristics of such an orientation were:

Multidimensional: Cross-functional working in organization required combining many tasks into one job or process, & in so doing, eliminated hand-offs, reduced administrative overheads associated with controlling the previous fragmented steps & provided a single point of contact for process-related queries.

Continuous Improvement: BPR recognized continuous improvement in the form of process maintenance & continual re-examination & redesign of processes which, with time, once more became fragmented.

2. Management & Measurements:-

The achievement of a process orientation demanded:

Process Mapping: Existing processes were process-mapped to establish what currently happens & why, that was, to develop an understanding of current process.

Benchmarking: World-wide cross-industry process comparisons were then be used to establish ' best practice' & provided a possible basis for process re-design.

3. Jobs and Structures:-

The results of BPR in this regard were typically the following:

Flat Structure: Flat structure was adapted, a process rather than functional orientation, which together with process-teams performed managerial functions, reduced bureaucracy & the requirement for complex, multi layer managerial hierarchies.

Job Specification: Job descriptions became comprehensive & included details of required level of key competencies such that increased objectivity & accuracy could be applied to selection & appointment processes.

4. Values & Beliefs:-

Creating & sustaining a process orientation in the Tesco plc demanded:

Living the Values: Senior management lead by example in Tesco plc in this regard. For example: by demonstrating the notion of being customer-facing by spen