

# Mission objectives and responsibilities of asda economics essay



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## **INTRODUCTION.....**

This assignment is to identify the Mission, Objectives and Responsibilities of ASDA, and to investigate the economic, social & global environment in which the organisation operates, investigate the behaviour of the organisation & the market. Also the international trade and the european dimension for UK businesses will be discussed .

Through the tasks following subjects will be evaluated about ASDA

How ASDA influence their stakeholders

How ASDA achieves the objectives of three stakeholders

Responsibilities of ASDA & strategies employed to meet them

Explanation about how economic systems attempt to allocate and make effective use of resources.

Discuss the impact of social welfare and industrial policy initiatives on organisations and wider community.

Evaluate the impact of macro economic policy measures and the influence of global economy on UK-based organisations & stakeholders.

Clearly explain how market structures in practice deviate from the model of perfect competition.

Explain ASDA's relationship with market forces and organisational responses.

Explain the behaviour and competitive strategies employed by ASDA & discuss the role of the competition commission & regulatory bodies.

Discuss the importance of international trade , economic integration and global market to UK business organisations.

Analyse the impact of two policies of the European Union on UK business organisations

Explanation of the economic implications for the UK of entry into the EMU.

### **Task 1 :**

Asda is one of the British supermarket chain which retails food, clothing, toys and general merchandise. They also have a mobile telephone network, called ASDA Mobile. Asda became a subsidiary of the American retail giant Wal-Mart , the world's largest retailer, in 1999, and is the second largest chain in the UK after Tesco having overtaken Sainsbury's in 2003. Asda's marketing promotions have usually been based solely on price, with Asda promoting

itself under the slogan Britain's Lowest Priced Supermarket, 12 Years Running. As a wholly owned division of Wal-Mart, Asda is not required to declare quarterly or half-yearly earnings. It submits full accounts to Companies House each October. (Wal-mart 2010)

" Mission statement is described as ' a long awkward sentence that demonstrates management's inability to think clearly' "(Adams, 1996) However , most organisations , in the public or private sector, have objectives . Sometimes those objectives are called " mission statement" or goals of the organisation.

ASDA mission : To be Britain's best value retailer exceeding customer needs ... everyday

This is backed by ASDA Purpose: To save everyone money, everyday.

ASDA believe that by applying " Save money. Live better." mission to big global challenges , they can deliver both value and quality to the customers, and ensure that neither comes at the expense of responsibility. This is why they continually work to build efficient, productive and sustainable solutions into the business, and why they partner with the suppliers and stakeholders to create outlets for the customers to take advantage of the mission and purpose. ASDA believe they have more to do and more to offer the customers and to communities in this regard. But they also believe that their mission is what strengthens the ability not only to do well as a business, but also to do well in the world. (Wal-mart 2010)

Three main stake holders going to discuss in this assignment are customers, employees and suppliers. How ASDA is influencing its customers?

By offering wide range of items for reasonable price.

ASDA won UK's cheapest retailer award consecutively 11 years. Price is not only the factor influence customers but due to the financial crisis customers nowadays well concern of the prices of products as well. (ASDA. com, 2010)

Customer service.

ASDA is offering very good friendly customer service as well. ASDA having online purchasing and free delivery for the customer unable to visit the supermarket and also having special facilities for the customers having disabilities, for example special trolleys, parking space and pickers to reach to the goods in higher shelves . ASDA is listening to customer comments and complains which can made at store, to customer service department or can do online. Company is having a system call " mystery shopper" to find out whether colleagues are following instructions of customer service properly. (Wal-mart 2010)

Free parking facility for customers.

ATM machines at every ASDA store.

Customer cafeteria offer ready meals for very reasonable price.

ASDA credit card.

Influencing employees

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Employees reflect the organizations value to the world so they are very important to ASDA.

Attractive salary.

ASDA colleagues are paid well for example the starting hourly rate for ASDA colleague is always higher than minimum salary rate of UK. Also after confirmation every employee gets a pay rise.(Wal-mart, 2010)

Discount card

Staff can use the discount card to do shopping in ASDA and get 10% off from the purchases.

Employees' right.

ASDA always invite employees to participate in decision making. Treat employees with respect . Management treats colleagues in very friendly manner and having very efficient communication.

Motivate staff with rewards.

ASDA has special competition every month to motivate staff through reward system. ASDA give annual bonus to the staff and also the benefit of buying shares of the company. ASDA provide free uniforms and food for very reasonable price. (ASDA colleague handbook 2008)

Influencing Suppliers

Volume of orders.

Continuous ordering.

All the suppliers getting huge orders consistently because ASDA is having a good sale. Consistent orders are very important to suppliers.

Good communication with suppliers.

On time payment.

Consistent orders are very important to suppliers. Also the effective way of making payments on time and have meetings with suppliers to update them with company requirements as well as to build up good relationship with them to make a strong team. It will influence the suppliers and the same time buildup trust between two parties.( Wal-mart 2010)

## **Task 2:**

Customers, employees and suppliers are three main stakeholders in the organisation. As an organisation function in UK, a country has strong human rights, protect rights of stakeholders becoming very important. ASDA always treat customers, employees and suppliers in a respectable way. Employees getting proper training of the equipments using at work, health and safety training, getting breaks when working long hours and a fair salary. High job security can find in ASDA. Colleague can transfer the department if they are not happy to work in that department and always can report to top management directly when ever have a problem.(Wal-mart 2010)

Suppliers working with ASDA have legal contracts with the company for their protection. ASDA is having good communication with suppliers and daily

basis keep on updating the stock levels so suppliers having their own lead time for production and for delivery. Making payments in time is very important to build up good relationship and trust with suppliers and ASDA is having a tracking system so staff responsible for issuing payments always having a method of reminding to avoid delays can happen. (ASDA training guideline 2008)

Customers are treated well with good manner. Staff always greet customers and show them that they are free to support them if need any help. ASDA always trying to make a very comfortable environment for suppliers. In the competitive market customers need value for the money they spend , so ASDA always do market research , find out the best price can be offered and also try to deliver quality products and services as well. Customers are having the right to return the items after purchase if they are not happy with the product and get full refund easily. (ASDA Colleague handbook 2008)

As an employer you are responsible for setting out the organisation's policy and arrangements for managing the risks arising from violence and aggression. This should include:

The risk assessment process. ASDA is giving a proper training to all new commers , how to react in certain situations.

Competent effective management and management systems. ASDA is a place having proper managemnet system. All the managers are suppose to be a role model to colleagues. It will make the manager a good leader and motivate employees to work efficiently.

The role that technology can play and the types and methods to be used.

Identifying staff training needs. ASDA always identify the needs of individual. ASDA training centre is taking care of all the training needs of the employees.

Identifying responsibilities individuals have towards colleagues and to people who use services. Colleagues are advised to provide proper and effective service to all the customers and respect each other is a main company policy in ASDA.

A working environment that contributes to the health, safety and well-being of employees. All employees trained for health and safety requirements of the individual and in the organisation.

Support in dealing with concerns about threats, abuse and violence. ASDA management take immediate action against any abuse and violence in the organisation. (skillsforcare.org.uk / Wal-mart, 2010)

The resources of the world, countries and most individuals are limited while wants are unlimited. Economics exists as a distinct area of study because scarcity of resources or income forces consumers, firms and governments to make choices. Economics is concerned with people's efforts to make use of their available resources to maintain and develop their patterns of living according to their perceived needs and aspirations. Throughout the ages people have aspired to different lifestyles with varying degrees of success in achieving them; always they have had to reconcile what they have hoped to do with the constraints imposed by the resources available within their

environment. Frequently they have sought to escape from these constraints by modifying that environment or moving to a different one. (ABE, 2009)

The restlessness and mobility implied by this conflict between aspiration and constraint has profound social and political consequences. The Economic Problem and Production but, as far as possible, in economics we limit ourselves to considering the strictly economic aspects of human society. It is usual to identify three basic problems which all human groups have to resolve. These are, what, in terms of goods and/or services, should be produced, how resources should be used in order to produce the desired goods and services & for whom the goods and services should be produced. These questions of production and distribution are problems because for most human societies the aspirations or wants of people are unlimited. (ABE 2009)

It is often seem to want more of everything whereas the resources available are scarce. This term has a rather special meaning in economics. When we say that resources are scarce we do not mean necessarily that they are in short supply though often, of course, they are but that we cannot make unlimited use of them. In particular when use , for example land for one purpose, say as a road, then that land cannot, at the same time, be used for anything else. In this sense, virtually all resources are scarce.(ABE 2009)

An economic system is loosely defined as their plan for the services, goods produced, and the exact way in which its economic plan is carried out. In general, there are three major types of economic systems prevailing around

the world. Market economy, Planned economy and Mixed economy.(ABE 2009)

The UK economy is a mixed one . There is a Public sector (Schools , colleges, NHS, Police ect.) all controlled by the state . Private sector such as sole traders , partnerships , limited companies and public limited companies. Essentially the UK economy is a lazier-fare one. The allocation of economic resources is in the hand of individual companies and citizens with very little state interference. There are few government and EU rules affecting running of business , especially in social policy and in merges / acquisitions.

### **Task 3:**

Perfect competition is the state of affairs existing in a market totally free from imperfections in the communication and interaction of the economic forces of supply and demand. Some writers like to make a distinction between perfect or ideal markets and perfect competition, in addition to the distinction between the market as an area and competition as a condition found in that area. They suggest that the conditions for perfect competition are satisfied when the individual firm is a “ price-taker”, i. e. when it can sell all that it can produce at the market price, which by itself it cannot alter, and when buyers are indifferent as to which seller’s product they buy at that price. (ABE 2009)

Such a very limited set of requirements would be satisfied when firms in an industry were subject to a regulated price set by a government or some other regulatory body which had powers to buy goods unsaleable in the market. This would certainly not be a perfect market. For true perfect

competition to exist, it seems more realistic to stipulate that sellers must be free to enter and leave the market, so that total supply can change and bring about the equilibrium position. Just to establish a market price through some form of price regulation would not produce the same result, unless the regulating body is very sensitive to demand shifts, and production plans can be adapted quickly. So it seems that full operation of perfect competition can be achieved only in a perfect economic market, and to put too much emphasis on differences between the two does not really help very much in our analysis of the main market forces. It refers to a market structure where is complete absence of rivalry among the competing firms. (ABE 2009)

Perfect competition provides a standard or benchmark against which the behaviour of markets can be judged. It is interesting to investigate how the actual markets deviate from perfectly competitive ones. However if a market deviates from the perfectly competitive model, it does not mean that the performance of the market can be improved. These are the main assumptions of a perfect competition. Firms produce the same or homogenous products: It means the product of one firm is indistinguishable from the other firm. This means trademarks and brands do not exist, and consumers cannot differentiate among the products from different firms. here are many buyers and sellers of the product: It assumes that buyers and sellers act as price takers, they take the price at which the product can be sold or purchased. Price of the product is determined by the market and there is no influence of buyer and seller. (ABE 2009)

All the buyers and sellers must possess information about the price and quality of the product : According to this assumption a single price must <https://assignbuster.com/mission-objectives-and-responsibilities-of-asda-economics-essay/>

prevail throughout the market. All the buyers and sellers must be able to move in and out of the market easily without any conditions. Thus the market structure in practice deviates from the model of perfect competition. Market forces are the economic factors that affect the price and availability of a product in a free market. These forces influence the organisations to make changes in order to remain competitive and to serve customers more effectively. There are several market forces that affect the current organisations. Internet is one of them. Most of the UK population have access to online shopping service from the supermarkets and it is becoming more popular every year. (ABE, 2009)

#### **Task 4:**

International trade is an essential feature of the UK economy . UK can sustain its economics strengths and progress in an increasingly competitive global economy. Even without any assistance from economic theory, it is not difficult to list some important advantages from international exchange.

Among the more common benefits are the following. Better Supply of Goods : Through international trade, a country may obtain goods which it could not obtain otherwise. For instance Britain could not enjoy tropical fruit or manufactured goods made of copper, nickel, and many other metals, if it were not for the existence of international trade.(ABE 2009)

Lower Costs : A country can obtain goods which it could not grow or produce itself, and it can also obtain goods which it could grow or produce – but only at higher cost than in other countries. International trade, by opening up the whole world for trading purposes, increases the size of the markets for

various goods. Production on a larger scale is then possible, allowing full  
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advantage to be taken of economies of scale. For instance, if Switzerland only made watches for its own comparatively small domestic market, the cost of production per unit would be much higher than it is; in fact, Switzerland supplies many parts of the world with watches. (ABE 2009)

Famines can be Prevented : World trade reduces the likelihood of famine and of other results of shortages of supply, since it is possible to offset temporary domestic shortages by getting additional supplies from abroad. (ABE 2009)

A Curb on Monopoly : The existence of international trade is an obstacle to the development of monopolies. Even if there are monopolies in existence in one country, their control over prices will be limited by the ever present threat of foreign We must recognise that the threat of competition is often weakened by the development of large multinational companies. Such companies tend to limit world competition by agreements between themselves, and by their own power to absorb competitors. encouragement of International Cooperation : The existence of international trade also leads to a greater degree of interdependence between sovereign states, and this should be a factor making for international peace and friendly cooperation between nations. (ABE 2009)

Agricultural policy : EU agricultural policy is constantly evolving. 50 years ago, the emphasis was on providing enough food for a Europe emerging from a decade of war-induced shortages. Subsidising production on a large scale and buying up surpluses in the interests of food security are now largely a thing of the past. EU policy aims to enable producers of all forms of food – from crops and livestock to fruit and vegetables or wine – to survive by

themselves in EU and world markets. To this end, EU agricultural policy has undergone significant changes in recent years. (Europa , 2010)

Farmers are getting financial support in natural disasters.

support innovation in agriculture by increasing productivity while making farming more environmentally friendly. Projects have included research into how agricultural crops can be used to produce energy without detracting from the primary purpose of producing food and animal feed, e. g. by using by-products and waste products.

Having a better control for prices.

Fisheries Policy : The Common Fisheries Policy (CFP) is the European Union's instrument for the management of fisheries and aquaculture. The first common measures in the fishing sector date from 1970, when it was agreed that, in principle, EU fishermen should have equal access to Member States' waters. However, in order to ensure that smaller vessels could continue to fish close to their home ports, a coastal band was reserved for local fishermen who have traditionally fished these areas. Measures were also adopted for a common market in fisheries products. A structural policy was set up to coordinate the modernisation of fishing vessels and on-shore installations. (Europa 2010)

supporting sustainable exploitation of fisheries resources and a stable balance between these resources and the capacity of Community fishing fleet.

strengthening the competitiveness and the viability of operators in the sector ;

promoting environmentally-friendly fishing and production methods;

providing adequate support to people employed in the sector.

fostering the sustainable development of fisheries areas.

UK seem to be left with a balance sheet of economic costs and benefits that is more or less neutral. But of course it is one thing to evaluate the proposition for EMU, so to speak in the abstract, and another to evaluate the case for joining (or not) an already existing organisation. It is the latter that is now the relevant question. So, to complete the analysis, it is necessary to investigate the pros and cons of a decision to stay out of EMU, what we can term ' the Canada solution'. There won't be such a solution to be in any way an infeasible nor clearly undesirable solution on economic grounds. As the title UK have given it of course implies. Yet there seem to be some risks in such a solution that help tip the balance of advantage a little further towards joining. Something depends on whether non-participation in EMU places the UK's participation in the Single Market at risk. And a great deal depends, all round, on whether exchange rate flexibility and monetary independence provide insurance from external shocks or simply provide an additional route through which destabilising forces can exert themselves. For large developed countries, with well-managed financial systems, the balance of advantage on this score is not obvious. (allbusiness 2010)

The European Monetary Union came into being on 1 January 1999, with an initial complement of 11 out of the 15 EU countries. Eligibility for participation depended on satisfying a set of criteria laid out in the Treaty of European Union (more commonly known as the Treaty of Maastricht).

These criteria require that:

The national central bank of the country concerned should be independent

The country's currency should have participated in the Exchange Rate Mechanism (ERM) for at least two years, without stress.

The country's inflation rate should have been below a reference value given by a range of 1 1/2 percentage points above that of the best three inflation performers.

Long-term interest rate should have been within 2 percentage points of that of the three best inflation performers.

Sustainable convergence between Britain and the countries of the single currency.

The effect on investment. (Europa, 2010)

## **Summaries of legislation and policy**