

# [The main thing about company - tesco](https://assignbuster.com/the-main-thing-about-company-tesco/)

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## Introduction

Tesco was established in 1919 by Jack Cohen in London. Tesco is one of the largest retailers in the UK. It operates in 14 countries over the world and serves thousands of customers on a daily base. Tesco has 4 types of stores format in term of Metro, Express, Extra, and Superstore, etc. Tesco business is mainly customer-oriented and aims to provide a value of money product with good quality of service for its customers. Tesco has share 27. 3% of UK grocery Market which nearly double of its rival. There are more than 500, 000 employees in 7000 stores worldwide. In 2018, revenue is £57. 5bn in the ninth consecutive quarter of growth. Tesco vision is on more than one aspect by referring to innovation, ways of doing business, customers, communities, and employees. And mission or purpose of Tesco is “ We make what matters better, together”.

## Main Body

Today, there has been a rapidly changing in the business environment because of globalization, Information Technology, restricting, downsizing and relationship between employee and employers which make important change way of business. Tesco has also made many changes in its organization structure like they implement a new payment system, self-service checkout, etc. By this Tesco, improve their customer experience of shopping. To manage to change, the process of planning should be well implemented in term of cost of the organization and minimize employee resistance to the maximized effect of changes. Changes happen in an organization because of some problem take place but sometimes to take some competitive advantage organization make a change in their structure. The performance gap actually describes the difference between actual performance and actual performance capabilities. After recognized the gap, the organization take important steps to tackle it. Tesco has managed to apply effectively and efficiently its strategies to become one of the global retail company in worldwide. Tesco implements strategies both internal as well as external like creating the value of a customer by changing the shopping experience by introducing self-checkout service. This also helps to increase their customer base as do not have wait a long time in a queue to buy a single or double product. It also gains an advantage of its competitor by this strategy change.

## Tesco Organizational structure

Tesco follows a hierarchical organization structure. In which there are 10 members in the Board of Directors. It also has a governance structure of 5 committees which report directly to Tesco PLC board. In this committee, there is 11 member which led by the Group Chief Executive.

Tesco organization structure at the store level is consist of 4layer within larger stores. Some stores operate according to their size, location, and other special factors which create fast flow of information and more flexibility. Tesco also follows Hierarchical management system to ensure smooth running and efficiency till the end of the last level of organization. There are three types of level in management.

1. Top Level: In top level has all power for appointing a president of the company. This level is only the supervisor process and takes important decision making of the company. They are the face of the company in the international market.
2. Mediate level: This level works as a mediator between the worker and the directors. They also must manage funds, marketing, advertisement, personal relations, and human resources management.
3. Base level: At this level, the top post is of the regional manager who is responsible to take important decision related to the situated of the store in his region.

## Leadership Style

Leadership means inspiring People, motivating, influencing, training, developing, etc. its always seeking to create the best teams to achieve organizational goals. Style of leadership can vary according to their situation. Basically, Tesco is a customer orientated business and their aims to provide product value of money with good quality service for their consumers. To maintain their level in the market, the company needs skilled workers at all roles and level.

There is 3 style of leadership, autocratic, democratic and laissez-faire.

1. Autocratic Leadership: It’s a type of leadership where management makes a decision without consulting others. This will give a clear view of the business, but it also ignores suggest from the team member. This approach will help the business to take an important decision in a crisis. In Tesco, the manager uses this type of leadership to solve day to day operational issues.
2. Democratic leadership: In this type of leadership, manager and employees work together and make combine decision. Take input from each member of the team. Staff respond better and encourage to create ideas and plans for their learning experience.
3. Free-Rein leadership: Managers set goals and worker are free to do an appropriate step to accomplish those goals.
4. Tesco uses the democratic type of leadership where they believe in ‘ They believe in treat each other with respect and everyone have an equal opportunity, Tesco ensure that good place work.

SWOT Analysis

Strengths Weakness

Largest grocery retailer Failed in Japan and US Market

Leader in market share Accounting and Trial Scandal

Increase number of stores Financial Criss

Largest employer Low-cost strategy

Good Supply chain

Opportunities Threats

Alliances with other brands Controversy ad of Christmas

Joint Ventures legal threat of ‘ Fake Farm’

Online market Brexit

Market Emerge Competitor

Strength

Largest grocery retailer: In the UK, Tesco is a leading retailer with high sales and revenue.

Leader in market: Tesco is the leader in market shares among big four supermarkets.

Increase number of stores: Tesco operates in 7000 stores worldwide.

Largest employer: Tesco creates more than a thousand jobs opportunities on a daily base worldwide.

Good Supply chain: Tesco has simple business models which reduce waste and incurring costs. This created an efficient and reliable supply network.

## Weaknesses:

Failed in Japan and the US Market: Tesco close store in US and Japan because of export operation failed.

Accounting and Trial Scandal: For wrong accounting data and profits Tesco had been charged fines by authorities.

Financial Criss: Due to credit card liability and high debts has affected financial profit.

Low-cost strategy: Due to the low-cost strategy in the different market which decrease profit margins.

### Opportunities

Alliances with other brands: Develop a partnership with well know companies which create good opportunities to offer good product and quality to the customer.

Joint Ventures: Joint venture with a local player as they have knowledge regarding the local market will help to improve performance.

Online market: Due to internet penetration and an increase in smartphone user create an opportunity for online shopping with home delivery.

Market Emerge: Tesco should more focus on developing countries to open stores because of its good opportunity to increase the profitability of the company.

### Threats

Controversy ad of Christmas: In 2007, Tesco had launched a Christmas advertise which disrespect Christian faith by this it has faced backlash and boycott store.

Legal threat of ‘ Fake Farm’: Tesco had launch product on fake farm names for marketing his food products by this Tesco face legal threats.

Brexit: If Britain will not be European Union, it creates a pose threat for Tesco in term of cost matters and trade deals.

### PESTEL Analysis:

Political Factors: Since the retailing organization works around the world, worldwide political factors greatly impact the performance of Tesco. These include taxation policy, demonstrations of legislation and obviously, the stability of the nation it works in. Because of progressing monetary insecurity in the world, the various government urges retailers to make employment for the local workforce. As Tesco has its impact in making business openings, it additionally, thus, expands the interest for its items and broadens its workforce.

Economic Factors: These variables are the central matter of concern for Tesco, as they are well on the way to use costs, demand, prices, and profit. Along these lines, the organization should know about any adjustments in strategies, for example, changes in tax assessment or whatever other components which could influence the availability of financing. It is essential to refer to that although the business is developing globally, the organization is still very reliant on the UK market. All things considered, internationalization and enhancement have been two key techniques sought after by the organization throughout the years, and a major purpose behind its success. Besides, because of a decrease in household income and disposable cash flow levels, Tesco, has moved the focus towards promoting its brands.

Social Factors: Due to various social changes, patterns show that consumer in the UK has moved towards mass shopping and one-quit shopping. Along these lines, Tesco has expanded the quantity of non-food product offered available for sales. The kind of product and service requested by customers is for the most part affected by their convictions and attitudes which, thusly, are impacted by the social condition. As consumers become more aware of health problems, because of which their approach towards constantly changing in Food, Tesco is adjusting to these progressions by pleasing the interest for organic products.

Technological factors: The progress in innovation have brought different new opportunities for Tesco. Two of the most particular ones, introduction and development facilities of online shopping with home delivery. Also, self-service checkout focuses have given accommodation and simplicity to the consumer, which reduced work costs. Moreover, to fulfill its long-run goals to minimize its carbon impression Tesco invested contributed a critical amount in productivity.

Environmental factor: With expanded pressure on organizations to deliver environmental issues and to receive methods for tasks which what might profit society, Tesco is clearly dedicated to decreasing its carbon impression by half by 2020. Likewise, Tesco is limiting the waste produced in its stores by expanding social moral sense in consumers.

Legal Factors: Government strategies and legislation impact directly on the performance Tesco. For instance, the Food Retailing Commission (FRC) in 2004 recommended a Code of Practice ought to be presented which would boycott various present practices, for example, changing costs without notice or requesting installments from providers. To encourage these approaches, Tesco gives its consumers value decreases on the fuel they buy, in understanding to the sum spent on their markets. Likewise, there are a few advancements offers where costs are brought down.

### Key stakeholder

Stakeholders are a group of people who have their own interest in a business. It’s also affected by the organization’s policies, decisions and rules are internal stakeholders. Tesco has various stakeholders like customers, shareholders, government, suppliers, local community, financers, employees, director, Owners, etc. And the key stakeholder of a business is as follow:

1. Customers: They are the lieolile who liurchase a liroduct to fulfill their needs at lower lirices.
2. Emliloyees include directors, owner, and managers.
3. Directors: They arrange to finance for the business and taking risk of investment.
4. Managers: They must handle a good atmoslihere for work among worker to achieve estimated goals.
5. Sulililiers: They are an imliortant liart of any business which sulililies goods to different branches.
6. Owners: They are the asset holder of a business, liays salaries to the workers.
7. Roles of business

## Human resource management in Tesco:

Tesco humane resource management is about retention, attraction, motivation, utilization, rewarding, disciplining of employees in a firm. Mainly there are 3 different aspects of Tesco human resource management strategies as follow:

Selection and Recruitment: It’s a process of every organization must attract employment for their firm. Tesco mainly relies on manpower planning in term to facilitate their selection process and recruitment. Every year Tesco workforce planning runs a quarterly review of their system. Tesco insists on having clear job descriptions and personal specification. In process talent planning scheme which helps the employee move upward chain and also have 7 work level in which skills required are stated clearly.

Development and learning: Training is usually a planned process to modify the attitudes, knowledge or skill behavior through learning to achieve effective performance. Development usually covers training and learning, it may cover a long or short period of enhancing skills and knowledge through different techniques. Tesco has a flexible and structured approach to training and development which adapts to individual employee needs. Links in with the VAK learning theory taking a kinesthetic approach for store-based jobs and adopting an auditory approach.

Reward and performance: Performance and reward is the process of evaluating the performance and assessing the development/training needs of an employee. Tesco thinks that with their performance appraisal system this will increase motivation, output and business growth. A lot of emphasis on their performance appraisal system and believe it’s the best compared to their competitors. When it comes to performance management Tesco take very similar if not identical processes that are seen in the goal-setting theory. Tesco has reward objective, which they follow to keep their employees happy and motivated, their reward objective. Tesco has a unique approach when they come to give rewards to their employees.

## Market mix-operation management:

Product Marketing mix: It provides a variety of product including clothing, food, financial service, electronics, etc. This regularly growing, product offering to fulfill the possible need of the buyer and extend into the online marketing sector. Tesco also gives a various range of brand, type, regional produce, international cuisine, other choices, etc. by which customer doesn’t lack when it comes to select.

Price in Marketing mix: Tesco always maintains its low price without a compromise in quality of the product which makes the customer happy. By this Tesco become a leading brand and leave his competitor behind in Uk market. Tesco also introduces a Club card system by which customer will get point of their purchase afterward they can redeem it from other purchase.

Place Marketing mix: In Tesco, there are two type of distribution channel for its product and service-offline and online. It has 6 different types of an offline store like Tesco Extra, Express, Compact, Metro, Superstore, Homeplus, etc. All consumer doesn’t feel comfortable to visit a big store as well as it’s not possible for them to open big store. So, they have started small and easy access stores.

Promotion Marketing mix: Tesco has a good brand value which benefits it in promotion activities. They use a different mode of media like television, newspaper, social media, etc. for advertising of their product. They roll out offers like ‘ buy one get one free’,’50% discount price’, Clubcard member get extra benefit on purchase. Customers buy more and save more which also increase loyal customer, as well as revenue, is increasing.

Physical evidence: Tesco doesn’t spend more fund on furniture and refurbishes of its stores. Stores are easy to navigate a different product because the product is well categorized and easy to search. Tesco also offers placed in a good way by which consumers buy more compared to what they need. Online shopping is very easy to visit the customer website.

People Marketing mix: Sales assistant plays an important role in the success of Tesco. It also invests money and time in the development of employee and their training. They also have a reward scheme for staff which is very good.