

# [Marks and spencer mission, objectives and responsibilities](https://assignbuster.com/marks-and-spencer-mission-objectives-and-responsibilities/)

## Introduction

## Terms of Reference.

The purpose of this assignment is purely for academic reasons; this assignment has been made primarily to complete the module of “ Business Environment” under the course HNC Business (Management) which I am studying

## Aims and Objective

## The assignment attempts to identify mission, objectives and responsibilities of an organization with its environment. It investigates the economic, social and global environment in which the organization operates. It investigates the behavior of organization and the market environment. It explores the significance of International Trade and the European dimension for the UK business.

## Research Methods

## Mark & Spencer Ltd web sites articles, news, case studies. Theoretical studies from different books and Handouts from my tutor. Personal academic knowledge about Business environment

## Mission, Objectives and Responsibilities of Mark & Spencer with its environment

Developing a vision, mission and values is the foundation for the log term success, as demonstrated by Collins & Porras in Built to Last. Mark and Spencer mission statement as former times and still is ‘ Good quality for the penny’ whereby the penny turned bazaars into stores.

## Mission, Values, Key objectives and influence of stakeholders

## Vision

A vision helps working in goal congruence. It comes from within as well as outside. It accomplishes the following

Give a sense of the future

Guides decision making and strategy

Creates a platform with same purpose

Laydown behavior guidelines

Inspire emotion

Reflects the values

Mark and Spencer vision is to be the standard against which others are measured- Benchmarking

## Mission

A Mission statement is a statement reflecting what the organisation business is and what key purpose is there. – Mark and Spencer Mission are to make inspirational quality accessible to others.

## Values

Values are the beliefs and norms of the organisation. They underpin policies, objectives and procedures as they acts as an anchor and reference point for all the activity in the organisation. – Mark and Spencer Values are Quality, Service, innovation and trust

amernassargooglepages. com/MS. pdf –

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## Key Objectives

Employee orientation – Higher expectations that staff can contribute more to the organization. There is a need for succession management. As such developing a career path for employees. Its part of Mark and Spencer to attract, motivate and retain high caliber workforce to assist the transformation of the business and deliver improved performance.

Organizational objectives – Mark and Spencer is to regain their leadership in clothing and specialty food. This is to be achieving by translating their scale and authority into superior quality, value and appeal.

Sales objectives – Mark and Spencer belief that there is plenty of room for improvement in their sales per foot. They saw Return per foot as a key operational objective going forward.

## Stakeholders influence.

Employees -Interested in Job security, financial benefits, and satisfaction

– Pursuit of systems goals rather than shareholders interest.

Suppliers -Interested in Profitable sales, Payment for goods and Long term relationship

-Response to risk refusal of credit, court action and wind down relationship

Government – Interested in Jobs, Training and Tax.

-Response to risk Tax increases, Regulation and Legal action

Pressure Groups Society – Interested in Pollution, Rights and other.

-Response to risk Publicity, Direct action, Sabotage and Pressure on Government.

## Achievement of stakeholders objectives by organization

If a vision and mission is recognised by all stakeholders and affects every hiring, strategic decision and communication: its effect can be magic.

To achieve Stakeholders objective an organisation should be able to separate their interest from each other and as such act according to the power they exert in the organisation.

## Responsibilities of organization and effective they are in satisfying them

Mark and Spencer does satisfies their stakeholders efficiently

## Employees

## They have a welfare department established in 1930.

Their financial interest are safeguarded by bonuses and increases in salary upon job performance

Their package of benefits are extended, such as interest free loans granted

Opportunity of buying shares for the company at bonus or rights issue.

## Suppliers

Always used UK based suppliers, ensuring consistent quality

Relationship to built reliance on suppliers

Life long relationship.

Mutual dependability respects the specification and standard.

## Social commitment

Strong tradition of Corporate Social Responsibility

Sponsorship of Charities and secondment programs

Community development efforts

Government social projects.

## Environment friendly

-Mark and Spencer became the first retailer to remove all artificial colours and flavouring from its entire food and soft drinks range- April 2008

-Mark and Spencer became the first retailer to launch school wear made from recycled plastic bottle

-Despite tough economic conditions Mark and Spencer stick to Plan A. As it gives them brand and differentiation and as AL Gore said “ a sustainable business can be profitable one”

http://plana. marksandspencer. com/media/pdf/planA-2010. pdf

## Economic, Social and Global environment

The economic problem is mainly because of unlimited wants with limited resources. It is basically how nations decide to spread or allocate their resources effectively and efficiently to maximise the production goods and services.

## Economic System-Allocation and Effective use of resources.

To deal with the question of scarcity different countries use different approaches or types of economic system.

Market Economy – Private parties (Individuals or businesses) own a vast majority of land, factories and other economic resources.

Centrally Planned Economy – Government owns most land, factories, and other economic resources and plans nearly all economic activity.

The Mixed Economy – Balance between market forces and state intervention. Certain activities need to be regulated by the state while others can be left to the influence of the market. It comprises:

A free enterprise- where economic decisions reflects the market forces

Public ownership – control of key central industries

Welfare sector – provide a minimum level of medical social and educational services for all citizens regardless of wealth.

## Impact of social welfare and industrial policy initiatives and the wider community.

## Benefit and Pension – Mark and Spencer

Once you’ve worked for M&S for a year you are qualified for the retirement plan where you can save up to 100% of your pay in the plan and the company will match it with double contribution (limited12%). It thus provide a secure retirement and with options to transfer your investment when you

On top of these benefits, M&S also offer our people:

SAYE Scheme to all its employees

Have more holidays the longer you stay with the company

The company also subsidized benefits such as health and care and dental care. Particularly in the UK, the push by retailers to meet the demands of a growing number of ethical shoppers has raised the profile of the ethical practices of businesses. Marks and Spencer, for example, is inviting shoppers to “ look behind the label” at the sustainability of its products, as well as its labor, fair trade and animal welfare practices

http://www. ft. com/cms/s/0/ec333092-f937-11db-9b6b-000b5df10621. html

## Benefit and Pension – Government

Maternity allowance, Paternity allowance and adoption allowance – Benefit for those who do not meet the requirements for statutory payments.

Child Benefit – Paid to whichever parents the child live with.

Child Tax Credit – Tax rebate for couple who has children

Guardian allowance – Tax free benefit for a child whom one is caring for but is not your’s

Disability Living allowance- Child who has care needs or mobility problems.

Housing benefit – If your total income is below threshold and you pay rent you might be qualified for housing benefit.

State Pension – Regular payment people claims when they get to certain age.

Job seeker’s allowance – People who are not working or working less than 16 hrs weekly can claim this benefit.

http://corporate. marksandspencer. com/mscareers/rewards\_benefits

The government also provide Fiscal and Monetary policies for stability.

Fiscal policy – tools used by the government to influence level of economic activity through changing taxation or govt. spending. It can be targeted to a particular group. Fiscal policy is ineffective when investment is sensitive to interest rates and attempts to offset the actions of the government.

Monetary policy- is an attempt to control macro economic variables through use of interest rates. It is very weak when consumers are holding money rather than spending them when interest rates are very low

## Impact of macroeconomic policy and influence of global economy on UK organizations and stakeholders.

## PESTEL – The External Environment

## Political – Integration of EU AND Free Trade Agreement the market has opened up for British companies opening in Europe.

## Technology – The introduction of e-commerce. M& S promoting people to buy on line with incentives likes discount. It provides flexibility 24hr

## Economy – Retail sector very sensitive to changes in the interest rates.

## Environmental – Marks and Spencer’s commitment to the environment put them at them within the top ten “ green brands” in the UK recently – \* Global Warming

## Social – Changes in consumer taste and lifestyle give rise to new market and consumers but also threats in terms of social acceptance to alcohol

## Legal – National Health and Safety

## National Minimum Wage

## Taxation Policy

## Use of renewable resources.

## SWOT ANALYSIS – Mark & Spencer

STRENGHTS

Reputation/Brand/Goodwill

Market position

Quality products – Detail in supplier control

Internet Shopping

Simon Marks – understanding of customers preferences and trends

WEAKNESSES

Lack of newness

Clothing- segmentation

Lagging to provide up to date fashionable clothes

Using most British suppliers believing higher quality but low cost

Competitors using overseas suppliers to cut cost

OPPORTUNITIES

Define target age group

Store a new upbeat look

Respond to customer taste and purchasing power

Improve CRM systems to retain existing customers and target potential new customers.

To go global and expand the business

Use technology to improve their functioning and thus gain competitive advantage

THREATS

Loss of market share of intense competition

Strong competition with Next same price product but more fashionable

Discount stores like Matalan

Threat from Giant Tesco and Sainsbury who penetrate in the market to supply added value.

(http://bizcovering. com/major-companies/a-case-study-on-marks-and-spencer/2/)

Stakeholder’s expectations developed according to changes in the market. For instance, M&S brand loyalty concept is less likely to survive where there are several substitutes of same standard in the market. As such M&S has to be creative and innovative and constantly reacting to the change in the buying behaviour of the consumers.

## Market structures, market forces and Competition commission and regulatory bodies

## Market structures deviate from model of perfect competition.

M&S which has long been in this perfect competition, a market situation of many sellers and many buyers with similar or substitutes product. The price is determined by supply and demand and producers are to sell their products at the price determined by the market. Being in such competition the firm should have the perfect resource to produce and distribute efficiently as it faces fierce competition.

M&S deviated from the perfect competition to an Oligopolistic market structure, with the heavy advertising campaign for its brand name. As they are selling same product like other key players like Tesco, Asda but differentiate with its brand. It relies strongly on brand awareness and loyalty in a competitive market; differentiate itself with the quality standard with other supermarket.

## Relationship between market forces and organizational responses.

## Porter’s Five Forces – The Industry

The five forces model provides a summary of the threats within the immediate industry.

Suppliers

Low in this Industry

Dual Sourcing

Strategies

Rivalry

Low Competitive

In this

Industry

Bargaining

Power – Buyers

Aggressive

Pricing

Strategy

Substitute

Premium

Branded Food

Sainsbury

John Lewis

New Entrants

Low Price Low cost

BHS/ASDA

Porter’s

Five

Forces

## Behavior and competitive strategies, Competition commission and regulatory bodies.

The consumers’ buying behaviour trends is reflected by an ageing population and the high number of women in the workforce. The increase in disposable income and the lifestyle changes recent years. The revolution of ‘ home internet users’ online shopping which call for multi-cultural marketing. (Deloitte: 2005 Global powers of Retailing report). In the recent years because of fierce competition M&S market share suffered a blow mainly their clothing segment.

Unlike when you consider M&S Competitor, Tesco’s strategies to penetrate the UK market. Tesco operated on the ‘ pile it High sell it Cheap formula the early 70’s and thereafter launches ‘ the operation check out’ which cut prices across their product and differentiate themselves from their competitors. Then Tesco diversified there channel of distribution with Stores like ‘ Tesco extra, Tesco metro’ and as well as beginning to open petrol stations.

The Competition Commission has asked the Government to impose an ombudsman on the grocery industry to rule on disputes between supermarkets and their suppliers.

The request comes after it failed to agree a voluntary arrangement with major retailers

Only Marks & Spencer, Waitrose and Aldi backed the plan. The takeover of M&S store card business of £763m by HSBC has given the Office of Fair Trading to launch a competition investigation into the matter.

Richard Fletcher, Executive Editor, Business

Published: 8: 20PM BST 04 Aug 2009 – TELEGRAPH . CO. UK

The Office of Fair Trading has launched a formal competition investigation into HSBC’s £763m takeover of Marks & Spencer’s store-card business.

The firm Freshfield might be under investigation for its work advising Philip Green for abortion bid for M&S and the investigation will be carried out by the Law Society, which regulates the British’s legal profession.

## International Trade and the European Dimension

## Importance of international trade, economic integration and global markets to UK business

International trade is doing business across national borders and is the backbone of our modern computerized business world. These occurs mainly because of lower production costs in one region versus another, specialized industries, lack of surplus of natural resources and consumer tastes.

Globalization is a process driven by international trade and investment. It is the trend towards greater economic, cultural, political and technological interdependence among national institutions and economies. The benefits of globalization are as follows:

Reduces marketing costs

New market opportunities

Balance in level in income

Access to low – cost labor

Access to technical expertise

Access to production inputs.

The main drivers for Globalization are:

GATT

WTO

Regional Trade Agreements

Technological Innovation

## As M&S is growing global and international competition has presented new challenges. The company stress its global sourcing principles amongst its selected suppliers and further down the supply chain which sets a minimum acceptable entry standard. M&S want their suppliers to raise their standard as well to reflect the internationally recognized standard thus differentiating them and enjoying the competitive edge.

## Impact of two policies of the European Union on the UK business organizations

The Agricultural Policy has always been a tension between members state. ‘ The banned of the import of beef from the US by the EU. The EU responded illegally according to the WTO with a refusal to comply. The US retaliated by levying an import tax of $ 117 m on imports of food from the EU. (Source – Undersatnding European Union 3rd edition Anforme 2002.) Such transactions would impact the UK – US relationship, it would adversely affect the UK economy. Last year only one Banking company crash in the US and the effect is still felt and now one can imagine if the US starts implementing quotas, barriers and levying tax on imports from the UK.

The EU directives affect the UK businesses; even the different bodies of the EU are not always unanimous about the directives set. For instance, Advocate General Leendert Geelhoed from the ECJ said that EU health foods directive infringe guidelines in his opinion. In the case brought forward by the industry groups the British Health Food Manufacture Association, National Association of Health Stores(NAHS) and Alliance for Natural Health(ANH) ahead of the ECJ.

(Source : http//news. bbc. co. uk/1/hi/health/441192- 13/04/05)

## The Economic implication for the UK of entry into EMU.

The EMU was masterminded by Jacques Delores which is mainly single currency. The EMU is seen as a logical extension of the single market and as a way of making EU more competitive and powerful in the world market. The EURO ZONE consisting

Lower cost for management of money

Faster transactions across borders

Elimination of exchange rate fluctuations.

Market Transparency

The impacts of EMU on UK economy are huge, since the major partners of the UK are members of the EMU. The Euro relative weaknesses against the pound and UK export to Europe more expensive and thus make it more difficult for UK businesses to sell their products. On the other side domestic consumers will buy imported rather than domestic goods. Government subjected the Five Economic tests before considering membership.

Euro Zone economic structure compatible to UK

Is the UK labor market flexible to meet the requirements of such development

The effect of the Euro Zone on the financial investment in the UK.

The effect of the single currency on the competitive position of the City of London.

Will the EMU be able to promote such growth, stability and employment that the UK has accomplished by its own.

6. 0 Conclusion and Recommendations

M&S has been a leading retailer in the UK, but went through a phase by 1988 which pushed the firm into crisis. By 2006 M&S reposition themselves in the market but could not enjoy the iconic brand it once was. They were to face the UK’S largest and most profitable retailer in 2006 TESCO. M&S respond tot the challenge with a drastic changes in management structure. They have to achieve the right balance between the corporate values, strong market position and the innovation to stay competitive. They need to use their strength ‘ Brand’ and ‘ product quality’ to be enabled to sustain profitability and to be less vulnerable to changes in the market condition. M&S is in a very highly competitive and sophisticated industry, as such the need to be aware of the fashion trends, customer increasing expectations and changing tastes are more than ever one of the most important factor for them to consider. The lowering of international barriers has encourage a vast choices of product available to customer