

# Strategic human resources practices at tesco



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This report reviews and discusses the strategic Human Resource and practices at Tesco.” Strategic HRM has gained both credibility and popularity over the past decade, specifically with respect to its impact on organisational performance “(Paauwe, J & Boselie P. 2003).

By the introduction of strategic management Tesco has introduced a high commitment model which offers training and development to all employees with this the role of HR within the organisation has increased in importance. Strategic management helped Tesco to expand its business. Tesco’ operates in a very competitive market; the consumer has a choice where to shop for their groceries. With this Tesco expanded their portfolio to include CD’s, DVD’s, electrical goods and clothing. Recently they have expanded into the financial services offering customers products from Credit cards to insurance. All their products are available on the internet 24 hours a day Their slogan, “ every little helps” is used to show their commitment to customers, this has been used to reduce prices and to increase the level of customer service. This slogan is now used in their staff training; the human-resource strategy at Tesco’s revolves around work simplification, challenging unwritten rules, rolling out core skills to all head-office employees and performance management linked to achieving steering-wheel targets. This highlights the way in which Tesco’s business measures are closely linked to performance management (Anonymous 2003). Tesco ensures that each and every employee has the opportunity to understand his or her individual role in contributing to the Tesco core purpose and values. This requires an innovative induction programme that caters for different cultures, styles of learning and varying commitments to the job. The frontline employees are

considered the ultimate reflection of Tesco to its customers, but all employees have a very important role to play in turning core values and customer commitment into reality on a daily basis (Whitelock, N. 2003).

“ A business without strategy is a business without direction. A strategy without a competitive advantage is a business without a precondition of success.” The core objective of Tesco is to establish value for customers in order to gain their lifetime loyalty and also to ensure that all of its employees, wherever they work, are aware of the role they play and that they can clearly see how their actions affect the “ big picture” of the overall business. The training creates a graphical journey through the history of Tesco, its core purpose, values, business goals, financial aims, operations and marketing strategy and its commitment to customers. All employees are receiving more training than before (Whitelock, N. 2003). The main advantage of strategic management in Tesco was that it helped it to take lead against its rivals in the competition. strategic action that the Tesco have undertaken is what they labelled as Regeneration. Among the areas where Tesco have “ regenerated” includes Puchung, Kuala Lumpur, and Simpang Pulai. In this strategy, the company places a store in specific areas which they consider as deprived and in dire need of employment. This way, they have instituted a store in a location where there exists little competition and in the same time increases their reputation on the area by providing jobs for people in the community. Moreover, this strategy also moves their commodities closer to the public. Providing the needs and quality service to their customers is the functional dimension of Tesco’s business strategy. TESCO introduced over 5, 000 new food lines this year. Another innovation is

bringing in screw-cap wines and their own label range ' Unwind', which is on-track to be a \$5m brand this year. Grab and Go counters have been introduced into over 500 stores, offering customers a huge choice of cheese and hot chicken without having to queue, making it simpler and cheaper to operate. (2002)

## **ADVANTAGES OF STRATEGIC MANAGMENT**

### **Discharges board responsibility**

In Tesco Tesco's strategic direction is discussed with all employees and managers. This helps the individual employee to understand their role and importance within the organisation.

### Forces An Objective Assessment

Strategic managment creates value by providing opportunities for organic learning, development of intellectual capital and enhances core competencies. This value is crucial to the organisation's future success. This helped Tesco to take the lead over its rivals in the fiercely-competitive UK supermarket sector. The strategic policy (Future) started in the company's supermarkets, where its aim was to free up stores employees so they could do more and improve customer service. This will help them to see their future growth of the company and tackle any competition easily.

### Provides a Framework For Decision-Making

Strategy provides a framework within which all staff can make day-to-day operational decisions and understand that those decisions are all moving the organization in a single direction. Strategy provides a vision of the future,

confirms the purpose and values of an organization, sets objectives, clarifies threats and opportunities, determines methods to leverage strengths, and mitigate weaknesses (at a minimum). As such, it sets a framework and clear boundaries within which decisions can be made. In Tesco by giving training to their staff was able to meet their objective that is customer satisfaction which had a significant impact on the success of the organization.

### Supports Understanding & Buy-In

Allowing the board and staff participation in the strategic discussion enables them to better understand the direction, why that direction was chosen, and the associated benefits. For some people simply knowing is enough; for many people, to gain their full support requires them to understand. This led the organisation in the path of growth and are now the no1 supermarket in UK.

### Provides an Organizational Perspective

Strategic management takes an organizational perspective and looks at all the components and the interrelationship between those components in order to develop a strategy that is optimal for the whole organization and not a single component. At Tesco all the operational issues are handled very effectively.

## **Helps in through planning**

You can think of ways to maintain your strengths and increase your competitive advantage by thoroughly planning . which was done by Tesco and are one step ahead of its rivals

## **DISADVANTAGES OF STRATEGIC MANAGEMENT**

### The Future Doesn't Unfold As Anticipated

One of the major criticisms of strategic management is that it requires the organization to anticipate the future environment in order to develop plans, and as we all know, predicting the future is not an easy undertaking . E. G. recession in UK had a negative impact on the growth of Tesco.

### It Can Be Expensive

It can be expensive for some organisations to hire people who develop strategies. In Tesco also there was a high cost for training of its employees.

### Long Term Benefit vs. Immediate Results

Strategic management processes are designed to provide an organization with long-term benefits. If you are looking at the strategic management process to address an immediate crisis within your organization it is not possible

### Impedes Flexibility

When you undertake a strategic management process, it will result in the organization saying “ no” to some of the opportunities that may be available. This inability to choose all of the opportunities presented to an organization is sometimes frustrating. Tesco had a opportunity of diversification but sad no because of their strategic policy.

## **Conclusions**

Tesco's long term strategy is to continue to place value on employee training and to integrate this value into the culture of the organisation. They are using this approach to maintain their competitive edge. The value that is placed on HR demonstrates commitment from the top levels of the organisation to training. Tesco's intentions are to maintain this increased emphasis on staff training and to integrate this learning fully into the organisation. There is constant reviewing of the intervention, and make adjustment were necessary. Tesco is a very successful UK organisation. They have increased their market share and retail units over the past five years. This has been achieved partly through a fully integrated HR department. Although this is not the only factor to their success, it has certainly been a major factor in it. A combination of good Tesco management, Tesco marketing strategy and a lean business model has seen the supermarket rise above its competitors to dominate the UK market.

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