Tesco Is One Of The Largest Retailers In The Uk

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 basis. Tesco has 4 types of stores format terms 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 the UK grocery market which is nearly double of it 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's 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 rapid change in the business environment because of globalization, Information Technology, restricting, downsizing, and relationships between employees and employers which make important change way of business. Tesco has also made many changes in its organizational structure like 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 terms of the cost of the organization and minimize employee resistance to the maximized effect of changes. Changes happen in an organization because some problems take place but sometimes to take some competitive advantage organizations 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 takes 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 value for a customer by changing the shopping experience by introducing a self-checkout service. This also helps to increase their customer base as do not have to wait a long time in a queue to buy a single or double product. It also gains the advantage of its competitor by this strategy change.

Tesco Organizational Structure

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

Figure 1: Tesco Corporate Governance Structure Source: Org Charting

Tesco organization structure at the store level is consists of 4layer within larger stores. Some stores operate according to their size, location, and other special factors which create a fast flow

of information and more flexibility.

Figure2: Organizational structure at store level Source: Org Charting

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 aim is to provide product value of money with good quality service for their consumers. To maintain its level in the market, the company needs skilled workers at all roles and levels.

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 suggestions from the team member. This approach will help the business to take an important decision in a crisis. In Tesco, managers use 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 decisions. Take input from each member of the team. Staff respond better and encourage them to create ideas and plans for their learning experience.
3. Free-Rein leadership: Managers set goals and workers are free to do an appropriate step to accomplish those goals.

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.

Strategic Analysis Tools:

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 a leader in market shares among big four supermarkets.
- Increase the 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 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 the 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.
- The legal threat of 'Fake Farm': Tesco had launch products on fake farm names for marketing its food products 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 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 the 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 products 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 in organic products.
- Technological factors: The progress in innovation has 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 a 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 that 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 the performance of 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.