

## PEOPLE IN TESCO

In this unit, I will identify Tesco's stakeholders. I will explain how each of the stakeholders has an interest within the business. I will also look at each of the stakeholder's influence on the business and see how it operates.

A stakeholder is any individual or group with an interest in any business. The stakeholders are divided into two main types:

- Internal and connected (for example employees, including managers and shareholders).
- External (the local community and the government).



Tesco's three most vital stakeholder groups are customers, employees and shareholders. Here, creating stakeholder satisfaction is mutually rewarding:



This shows that Tesco has carried out research to count the factors that gives their customers satisfaction. For example the service that the customers receive is important to how satisfied they are.



The circle of stakeholder shows that if all Tesco's main stakeholder groups are happy then Tesco's reputation will go up in the society.

## **INTERNAL AND CONNECTED STAKEHOLDERS**

Internal stakeholders include normal employees and managers of a business. In Tesco, the shareholders, the customers and other groups or individuals are involved in the business. These people are called connected stakeholders. All these are very important to Tesco.

1. **Employees:** All the employees are important stakeholder to Tesco. The reason for this that employees are closely involved with Tesco. They have a strong influence on the business and the way that the business runs. The expectations that the employees have on Tesco are:
  - A clean and safe working environment
  - job security
  - competitive pay rates and benefits such as discounts on Tesco products
  - interesting and rewarding work
  - opportunities for promotion and career structure
  - bonus.

*'Tesco use extrinsic rewards for a vast majority of employees in order to motivate them and gain as a high level of output possible. Extrinsic rewards include extra bonuses based upon quantity and quality depending the employee's job. For example an employee who replenishes shelves will receive bonuses based upon the amount of stock displayed, along with consideration of the quality in which the stock is displayed. Another example of extrinsic rewards at Tesco's is that an employee within the electronicall department will receive a commission-based bonus upon any products sold. This provides the employees with an incentive to success and provides Tesco with a motivated workforce'. **This shows what the employees are interested in Tesco.***

**<http://www.coursework.info/i/28879.html>**

*'Tesco, the supermarket chain, has taken 59,000 employees out of its current pension plan and put them into a scheme which will be based on their average earnings'. **This shows how many employees Tesco takes in.***

**<http://news.bbc.co.uk/1/hi/business/1921807.stm>**

2. **Managers:** All managers as well as the directors of the company are stakeholders. In Tesco the manager has a major say on how the business should be run. The expectations that the manager has on Tesco are:
- developing a local or national reputation as a successful manager
  - working the business to make it bigger than it is now
  - having a greater role in decision-making.

*'For example at Tesco's, those with a high achievement need such as Duty managers or departmental managers tend to seek situations where they have personal responsibility for solving problems, managing projects or for overall performance, where feedback is often clear and rapid, and where tasks are moderately challenging and where innovation is required'. **This shows the achievements of Tesco's managers***

<http://www.coursework.info/i/28879.html>

3. **Shareholders:** This group of stakeholders are interested in the financial part of the Tesco. The expectations that the shareholders has on Tesco are:
- shareholders of Tesco want to receive a large and increasing proportion if the company's profits
  - they also hope the companies share price will rise
  - some shareholders invest in Tesco for other reasons, not just for money. For example the shareholder might invest in Tesco because trade fairly and give money to charity.

*'Investors welcomed the figures, pushing Tesco shares up 3.2% to 211.5p by the close of trade'. – **This is what shareholders of Tesco want when the invest in the business.***

<http://news.bbc.co.uk/1/hi/business/2986216.stm>

4. **Customers:** Tesco are mainly focused on customers. This means that Tesco has to fill the expectations of their customers. These include:

- good quality products delivered on time
- fair prices
- after sales service and support, especially for high- technology products.

OUR CORE PURPOSE IS  
'TO CREATE VALUE FOR  
CUSTOMERS TO EARN THEIR  
LIFETIME LOYALTY'. WE  
DELIVER THIS THROUGH OUR  
VALUES – 'NO-ONE TRIES  
HARDER FOR CUSTOMERS' AND  
'TREAT PEOPLE HOW WE LIKE  
TO BE TREATED'.

**This shows how Tesco are influenced by their customers**

<http://www.tesco.com/corporateinfo/>

*'Tesco, the UK's largest retailer, buys enormous amounts of products from suppliers and so has great influence.'* – **This also shows that Tesco are influenced by their customers**

From the Collins book of Applied Business

*'Ensuring our customers always get the products they came into Tesco for is key to our business,' said Tesco divisional director, Joe Galloway. "Waste reduction is also very important. We can tell whether a promotion will be a success or failure from the first day, often after the first hour's sales.'* – **This also shows that Tesco are influenced by their customers**

<http://www.pcw.co.uk/news/46405>

5. **Suppliers.** They are expecting to be paid on time and receive regular orders from their customers. Tesco's suppliers are interested in any development that might affect the number and size of the orders.

*'Tesco buys its own brand products from suppliers. All products are supplied to Tesco in a finished state, ie they have been washed, processed and packed prior to delivery to the Tesco store and so no processing is done by Tesco.'*

*'The suppliers buy the raw materials for their products from a variety of other suppliers, producers, growers or farmers and then process the product in some way to produce the finished product that Tesco sells.'*

<http://www.tesco.com/everyLittleHelps/csrsuppliersdetail.htm#tsc>

**At Tesco, we work in partnership with our suppliers to meet our customers' expectations.**

### **This is what Tesco's suppliers expect from Tesco**

<http://www.tesco.com/everyLittleHelps/csrsuppliers.htm>

6. **Bankers.** Banks and other financial organisations lend money to Tesco and will be concerned that their money is saved. They want Tesco to run successfully and to earn profits. They will also want information on Tesco's financial position.

## **EXTERNAL STAKEHOLDERS**

External stakeholders include individuals or organisations that have interest in the business but do not do anything and have no relationship with that business. In Tesco the organisation are interested with the business but they are not involved with the business. Tesco has a number of external stakeholders.

1. **Government agencies:** The government has a lots of reasons to be interested in Tesco:
  - the Inland Revenue collects income tax and corporation tax for Tesco. It is interested in the financial affairs of Tesco
  - customs and Excise collects Tesco's taxes. It collects value added tax (VAT)
  - the government's regional offices collect a wide range of information of Tesco.

Tesco has to respond to government's requests.

2. **Pressure groups.** These organisations are groups of people who combine to promote a particular view or cause. Pressure groups attempt to influence Tesco by:
  - campaigning
  - taking direct action against some firms.

Tesco responds to pressure group because they want to have a good public image. They may produce environmentally friendly good and will not sell products that have been tested on animals.

*'We take a very practical approach to environmental sustainability. We know that neglecting our responsibilities may jeopardise our sources of supply in the future. We also know that optimising our environmental performance often goes hand in hand with reducing our business costs and maximising our productivity'.* **This also shows that Tesco are influenced the pressure groups.**

<http://www.tesco.com/everylittlehelps/environmentdetail.htm>



3. **Local communities and society.** Businesses are an important part of the society. Local communities expect Tesco to:

- provide stable employment for the community
- avoid causing environmentally pollution, noise or other problems that might offend the community.

Tesco tries to maintain good relations with the community. They try to avoid cutting jobs, they also try to offer financial support for local charities and try to seek respect form members of the local community.

### ***Charitable giving***

*'Each year, we select a national charity with a strong community network to become our Charity of the Year. This becomes the main focus for staff fund raising and receives a 20% 'top up' from the Tesco Charity Trust. In 2004 we aimed to raise £3 million for Help the Hospices and local hospices'. - **This also shows that Tesco are influenced by the local communities.***

<http://www.tesco.com/everylittleHelps/charitiesdetail.htm>

