



TESCO PROPOSED MANAGEMENT OFFICE/OPENING OF OP SITE IN GERMANY

INTERNATIONAL BUSINESS COMUNICATION

LCBB6001

ASSESSMENT 2

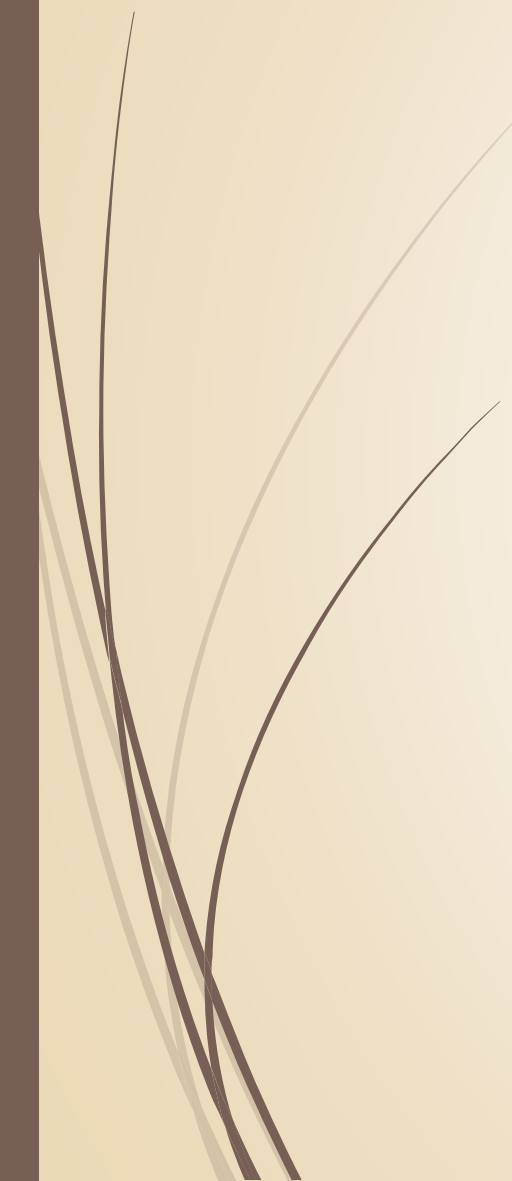
PRESENTATION

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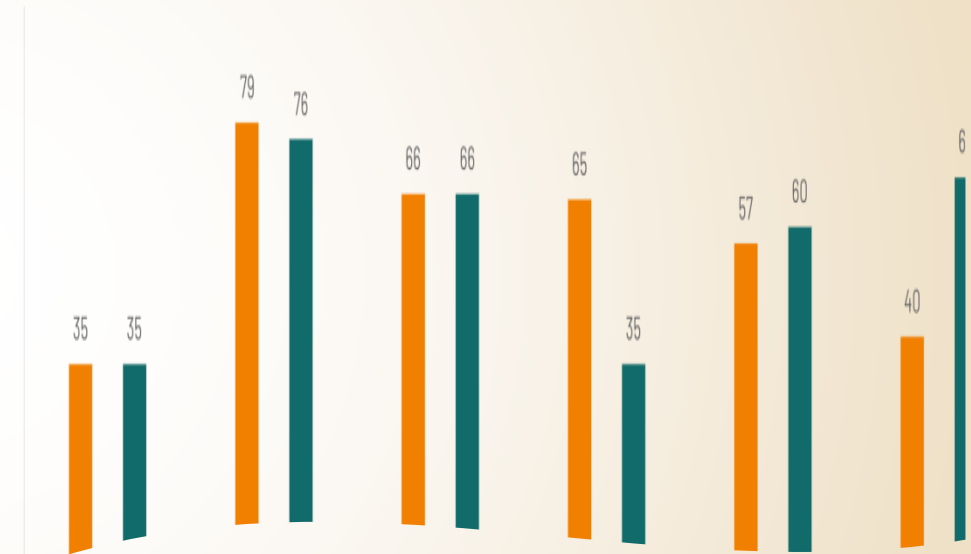
Introduction

- ▶ Tesco, a leading UK multinational, holds significant market share in supermarkets.
- ▶ Presentation aims to explore UK-Germany cultural disparities for Tesco's expansion.
- ▶ Cultural understanding vital for Tesco's successful international expansion plans in Germany



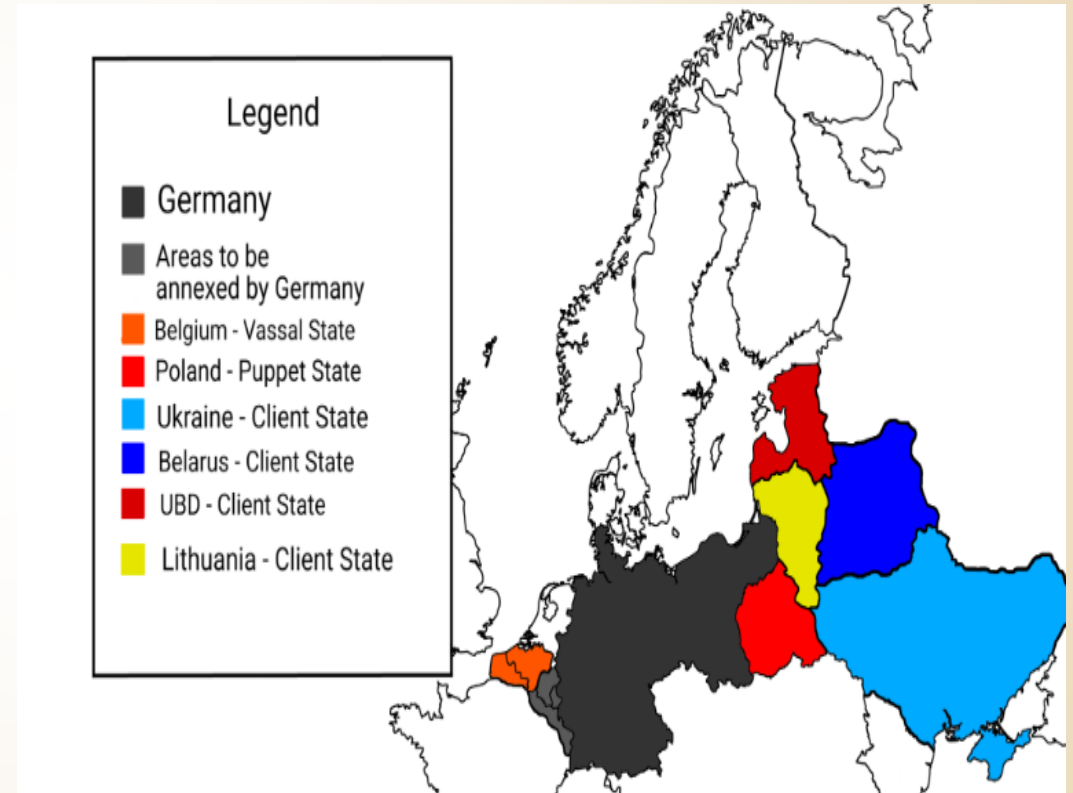
Overview of Tesco

- Tesco operates a vast network of supermarkets across the United Kingdom, serving millions of customers with a diverse range of products and services.
- With a market share of 24% in the UK, Tesco stands as a leading player in the supermarket industry, competing with major rivals such as Sainsbury and ALDI (Tesco.com, 2024).
- Tesco has consistently grown its sales and profits from 2020 to 2024, which shows its good performance and planned efforts.



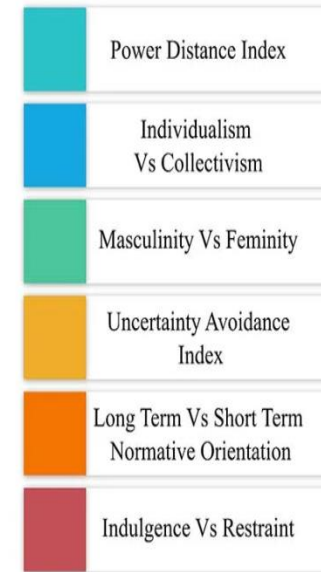
Proposal to Expand into Germany

- Tesco set up a management office in Germany in January 2025 as a smart move to take advantage of the country's economic prospects and grow its position around the world.
- Germany's grocery industry is strong, but there are problems, like GDP growth that has been reduced down to 0.2% for the year and an average jobless rate of 5.7% in 2023 (Imf.org, 2024) that Tesco sees as possibilities.
- Sales and earnings in the German grocery industry have been going up steadily. Big players like Lidl, Aldi, and Rewe are competing hard, and they have a lot of workers to help those (Bahoo et al. 2020).



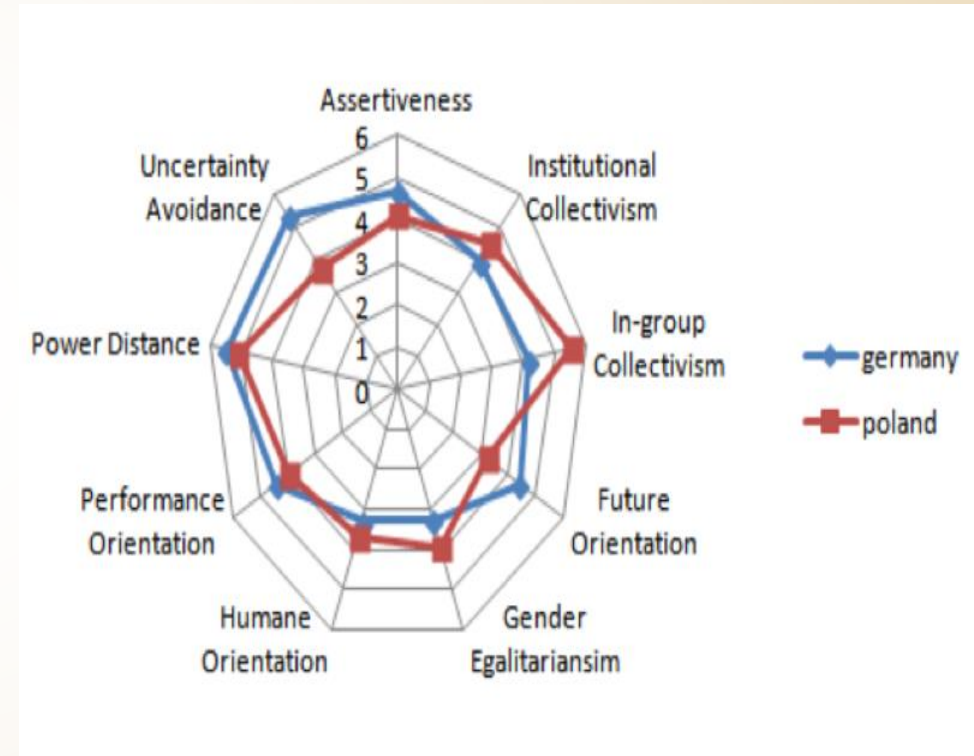
Cultural Dimensions: Hofstede's Framework

- Hofstede's theory describes how cultural values impact behavior and communication, which helps govern social norms (Hajro et al. 2021).
- Hofstede's Power Distance, Individualism vs. Collectivism, and Masculinity vs. Femininity illustrate that the UK and Germany vary.
- Cultural differences effect leadership, decision-making, collaboration, and communication, thus organizations require more complicated strategies to succeed.



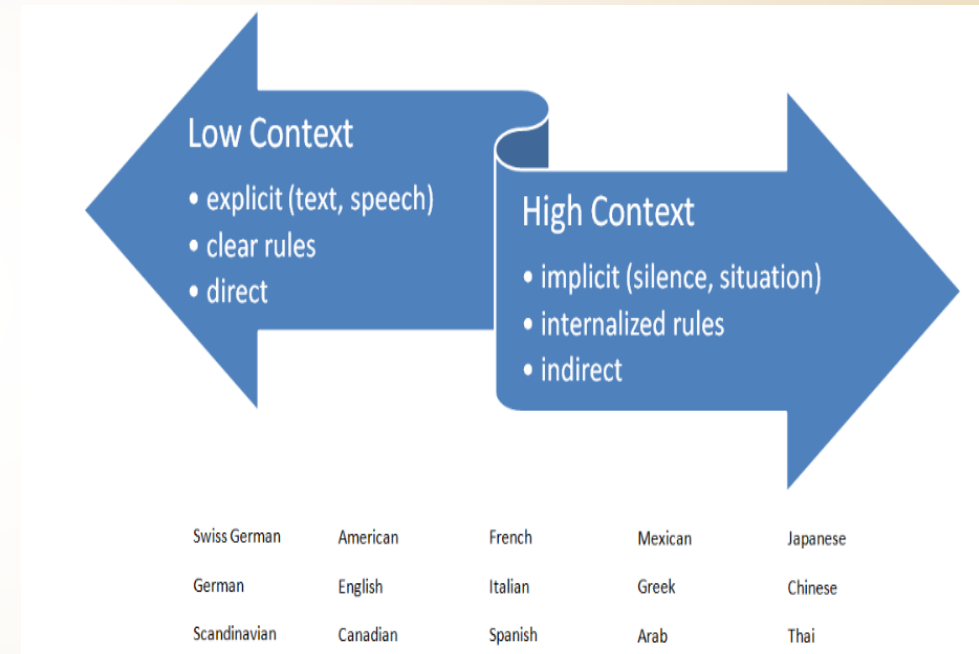
Cultural Dimensions: Globe Study

- Focusing on global leadership and company culture, the Globe study gives us more information about cultural aspects besides Hofstede's theory.
- By applying the Globe study to Tesco's move into Germany, we can see how performance orientation, assertiveness, and future orientation are different in different cultures (Klarin et al, 2021).
- Tesco can learn a lot about cultural obstacles and possibilities for better communication and management by looking at these aspects.



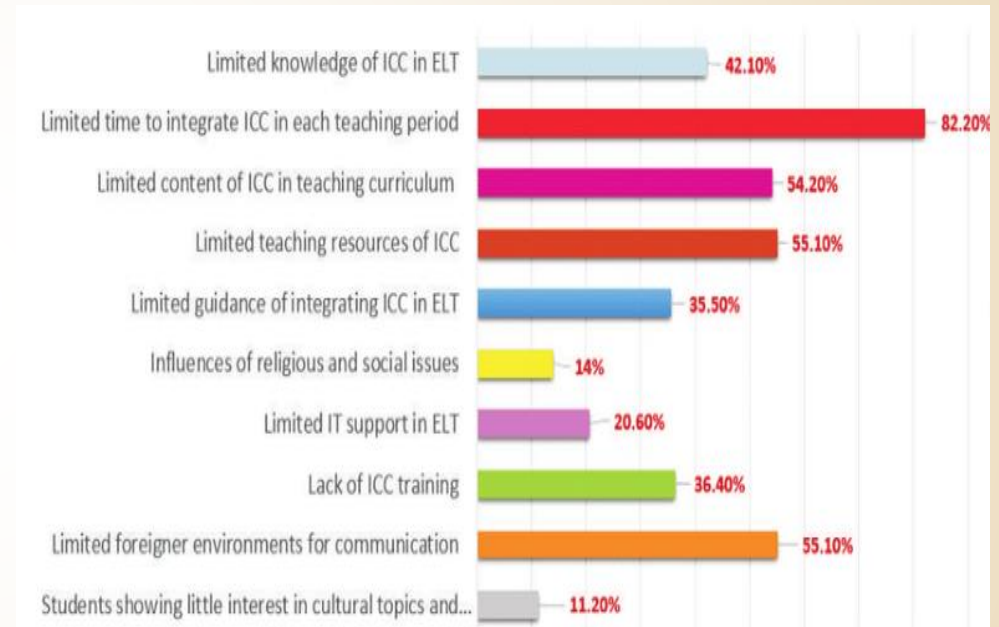
Cultural Context: High-Context vs. Low-Context

- High-context and low-context communication styles are different in how clear they are and how much they depend on context.
- According to Ratten (2023), the UK (low-context) and Germany (high-context) have different ways of communicating and using details.
- When communicating with people in Germany, Tesco needs to be flexible because of differences in cultural background.



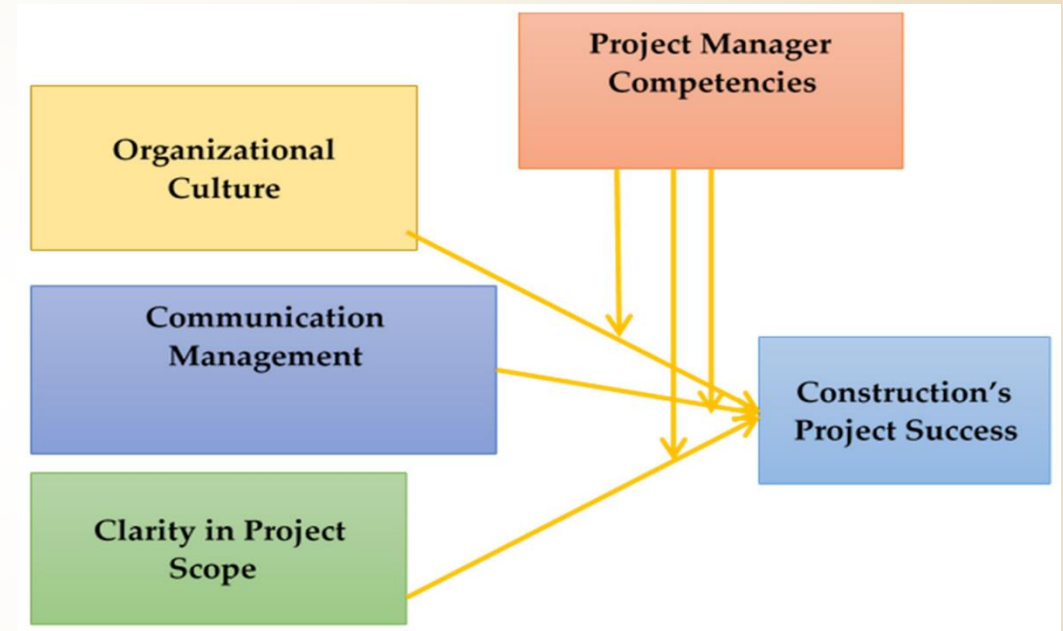
Intercultural Communication Challenges

- Tesco may struggle with hierarchical communication, decision-making, and work-life balance.
- Direct vs. indirect contact and different ideas about time can lead to misunderstandings (Welch et al. 2020).
- Dealing with cultural issues is important for Tesco to run its business well in Germany.



Cross-Cultural Training Strategies

- ▶ Tesco offers full cross-cultural training classes for workers who are moving to Germany.
- ▶ Training teaches national conventions, speaking styles, corporate etiquette, and cross-cultural communication (Griffin and Pustay, 2020).
- ▶ Building cultural skills and developing constructive connections across cultures will be key to success in Germany.



Recommendations for Successful Expansion

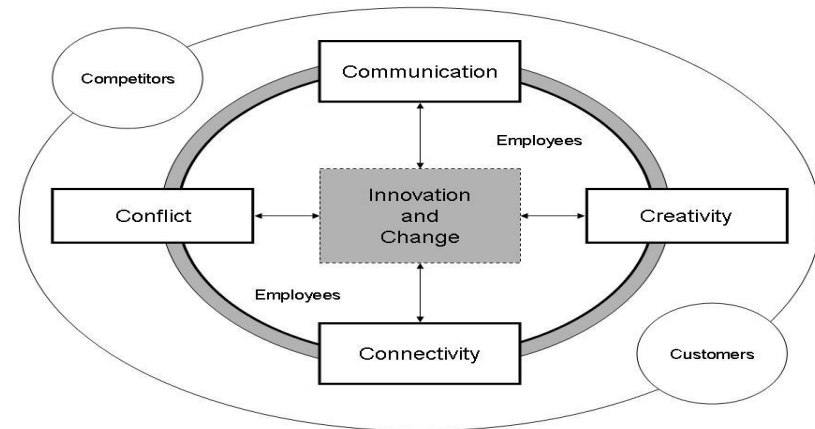
- Cultural training makes employees more aware of other cultures and helps them connect with others in a good way (Mohiuddin et al. 2024).
- Getting management and communication styles to match German culture norms helps people fit in.
- Establishing cross-cultural communication channels facilitates understanding and collaboration within Tesco.



Conclusion

- Cultural understanding crucial for international expansion success and effective communication strategies.
- Key cultural disparities between the UK and Germany necessitate adaptive approaches.
- Tesco urged to implement recommended solutions for smooth transition into German market.

4 C's Global Leadership Model: Supporting Innovation and Change



Questions and Discussion

- ▶ **How does Tesco plan to address specific cultural differences identified between the UK and Germany?**
 - ▶ Tesco plans to address cultural differences through cultural training programs, adaptation of communication strategies, and collaboration with local experts.
 - ▶ What steps will Tesco take to ensure effective cross-cultural communication within its new management office in Germany?
 - ▶ Tesco will implement cross-cultural communication channels, provide language training, and encourage cultural sensitivity among employees.
- ▶ **How does Tesco intend to leverage cultural diversity as a strength in its operations in Germany?**
 - ▶ Tesco aims to embrace cultural diversity by fostering inclusive practices, leveraging diverse perspectives for innovation, and promoting cross-cultural collaboration within teams.



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THANK YOU