

Internal and External Analysis of Tesco Company Limited

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Introduction

The Covid-19 epidemic was a landmark point in history that will be remembered for the rest of time. The Covid-19 pandemic, one of the world's most significant contagious diseases, started at the onset of 2020. The covid-19 pandemic has impacted most organizations, affecting internal and external components (Belas et al., 2021). Many people were obliged to withdraw from the world and substantially restrict their socioeconomic activity. It resulted in significant restrictions and business closures in numerous countries due to the cessation of corporate operations in many industries. As a result of the Covid-19 pandemic, several organizations were forced to change their business practices to improve workplace transformation. They had to reassess core business procedures and technologies to keep things operating. This report aims to critically examine and conduct an internal and external analysis of Tesco Company and how the Covid-19 pandemic impacted the organisation's performance.

Tesco Limited is a multinational corporation based in the United Kingdom. The company was established in 1919 to mainly provide and offer affordable, healthy, sustainable fast foods to customers worldwide (Tesco plc, 2022). Tesco plc has been performing well over the recent years, backed by good structural governance and services the company has been offering. As a result, the company has increased its productivity due to increased sales revenue. The company expanded its global market, which was made possible with effective marketing strategies that Tesco plc incorporated to promote its products (Donthu and Gustafsson, 2020). However, at the onset of Covid-19, the company's performance started deteriorating, as this global pandemic resulted in some strategies introduced worldwide, affecting most businesses and economic development (Bartik et al., 2020). Tesco plc felt the impact both in its internal and external environment.

Internal Analysis of Tesco Plc

The internal environment is the backbone of the success and growth of Tesco plc worldwide. These internal factors include leadership and corporate governance, organisational

culture, human resources, finance, technology, core values, and physical resources (Bailey and Baron, 2021). The potency of Tesco plc's corporate governance is one of the company's strengths. Tesco's choice to grow its operations in other countries was advantageous to the company's overall progress. In addition, the corporation placed a significant emphasis on expanding its global activities, and the decisions that it has taken regarding its policies are in line with those that were made many years ago. The emphasis on development was at the heart of corporate governance, founded on similar concepts to the rest of corporate governance (Baron, 2018). The group intended to grow and focus its efforts on emerging nations. Rigid rules tolerated within the corporation were suitable given that they enabled the company to implement a top-to-bottom governance structure. Similarly, accountability and sustainability were ideals that could only find their footing in the business world; hence, Tesco plc frequently incorporates ethical rules to advance the company's agenda and meet its objectives.

Tesco plc has put a lot of effort into developing a business culture that allows its employees to flourish personally and professionally by providing a balanced combination of work, leisure, and individual growth opportunities (Lowe et al., 2018). Tesco plc strives to maintain a constructive environment by fostering healthy communication channels and providing support through its organisational structure. The company hosts various events and allows them to participate in leisure activities to stimulate employees' performance throughout the year. This culture fosters solid interpersonal connections and a sense of unity among Tesco's team members and promotes work-life balance, which benefits the company's employees (Harrell et al., 2016). Tesco plc's culture was designed to maximise profits while minimising the impact of any potential setbacks; it also emphasises a commitment to diversification and putting employees first. Because of these characteristics, the production and performance of the company are guaranteed to improve.

Tesco's success is also impacted by another internal element: the company's organisational structure. Tesco company limited is following a strategy that demands business owners to carefully analyse and build up a business management process to ensure that operations run smoothly within the organization to achieve the goal of having an appropriate

organisational structure (Bonotti & Zech, 2021). Tesco plc's department managers are responsible for ensuring that all the company's customers have access to the most recent information. In addition, appropriate laws and regulations are being used to guarantee that the benefits of the employees and the business are realised. It does not matter whether the system is centralised or decentralised; what matters most is how well it works for the company, regardless of how it is organised.

Technology is also another factor that has dramatically impacted Tesco plc positively. Tesco has been presented with a wide variety of new prospects due to technological advances. Two of the most notable ones are the creation and launch of online shopping, with possibilities for home delivery being one of the first significant steps in this direction (Jones, 2020). Second, introducing self-service checkout lanes has made things more convenient and less complicated for customers, reducing the amount of money spent on labor. Additionally, to accomplish its long-term goal of lowering its carbon footprint, Tesco has put a sizeable amount of money towards developing projects that improve energy efficiency.

Tesco plc has improved its effectiveness in the current economic environment, which progressively emphasises the economic worth of ideas and technical skills rather than the value of physical resources (Martin-Neuninger and Ruby, 2020). Tesco plc has also been impacted by human resources factors that internally influence the performance and productivity of the company. The most valuable asset that the corporation possesses is its human resource. For instance, Tesco plc's workforce comprises knowledgeable and driven individuals who work together to improve the company's overall success (Jean et al., 2019). In addition, workers at Tesco are given comprehensive training. They are encouraged to have constructive attitudes toward their tasks, contributing to the organisation's success. Furthermore, Tesco has strategic and efficient workplace relationships for the benefits the firm can reap and the positive growth their employees may experience.

The technique of making improvements throughout a company's processes, all of the actions that lead up to the end product and service, is meant to be encompassed by the idea of operational efficiency (Baron, 2018). Tesco examines its business procedures and processes to

determine whether or not they are being carried out appropriately. It is done because operational efficiency directly affects the level of success that the firm enjoys in the market. According to (Jones, 2020), studying the current state of the company's business, paying close attention to product costs, mapping out and identifying points of a process failure, and making use of technology to improve operational productivity are some of the strategies that Tesco company has implemented to improve effective operations and achieve greater levels of efficiency.

Physical resources, including infrastructure, are another internal factor influencing Tesco plc's performance (Höhler and Lansink, 2020). Tesco's infrastructure, which is adequate for all of the firm's operations, makes it possible for the company to have an efficient operational and organisational system. Tesco's employees are already well-trained and motivated, making it feasible for them to do their jobs effectively. Tesco plc is equipped with modern and high-quality facilities and dependable electricity, internet, and wifi connection, all of which contribute to the company's improved performance (Sigcha et al., 2020). For example, a best-of-breed warehouse management system supports Tesco's infrastructure development. This system plans, manages and improves distribution center operations while expanding execution capabilities across the distribution chain to trading partners. Tesco's performance has improved due to the development of large retail shops and outlet shops worldwide that are simple to access (Höhler & Lansink, 2020). It is because customers can now access the outlet shops to make their selections of the commodities they choose.

Impact of Covid-19 on the Internal Aspect of Tesco Plc

The impact of the covid-19 pandemic interrupted the regular operation of Tesco company. Its internal factors enhancing the company's performance were majorly affected by the disruptions of the new covid-19 rules that had to be implemented (Bailey and Baron, 2021). The global pandemic led to introducing and adopting of work away from the office as new rules minimised physical gathering. Consequently, new rules directed the company's employees to embark on online work, an implementation that was not successful as Tesco company was not able to sustain most of its employees (Verhage and Visser, 2018). Most employees were laid off as Tesco was trying to cut the cost of hiring and labour. With the implementation of this rule,

Tesco recorded a low production level as its human resource was heavily affected. Besides, sales revenue was reduced, resulting in the company facing financial constraints.

The technological sector also was significantly impacted by the covid-19 pandemic. Tesco company experienced a positive impact based on its innovations that were only possible with the arrival of the global pandemic (Sigcha et al., 2020). It forced many businesses to shift their operations online via various technological systems. Tesco plc developed and formulated proper strategies to increase its sales volume as the company started experiencing massive losses. Online shopping platforms were embraced by the Tesco management sector to enhance the continuation of their services. According to Belas et al. 2021, people's reactions to Covid-19 have sped up the adoption of digital technology by several years. The organization has increased the rate at which they are digitising their contacts with customers and supply chains, as well as their internal operations (Harrell et al., 2016). Due to the fact that consumers could now shop online, which was more convenient, the proportion of digital-enabled commodities in their portfolio has increased significantly.

Operational efficiency was another internal aspect of Tesco Company limited that was majorly affected by the covid-19 pandemic. The pandemic created fear among individuals globally in the business environment. Issues such as maintenance of social distance and even movement restrictions by individuals disrupted everyday operations as employees and senior staff could not discharge their functions (Lowe et al., 2018). Besides, it led to a decrease in the overall production within the Tesco company alteration in movement affected the company's motives towards discharging their work. There was no proper distribution of goods and services to customers as this was also altered. As the company opted for online services, including shopping, it was difficult for consumers to navigate through Tesco's websites to purchase and pay for their commodities.

External Analysis of Tesco Plc

Tesco's external environment is analysed by incorporating PESTLE analysis influencing the company's performance. Tesco was subjected to a PESTLE analysis, which examined the company based on its business strategies. PESTLE analysis investigates the myriad of external elements, including political, economic, social, and technological factors that affect the

company's operations and legal and environmental considerations (Sigcha et al., 2020). The PESTLE analysis sheds light on the myriad extraneous factors affecting the company's bottom line. Pestle analysis is a tool that is essential for companies such as Tesco since it enables the company to understand the dynamics of the market and continuously improve its operations.

Tesco's success is heavily influenced by global political considerations, given that the retail giant operates globally. There are many factors, including tax rates, legislation, and the political stability of the country in which the company operates (Sammur-Bonnici and Galea, 2020). Many countries push businesses to create jobs for their citizens because of the global financial uncertainty. Increasing the demand for Tesco products and diversifying its workforce is a result of Tesco's efforts to provide employment possibilities. To keep its items compliant and safe, the corporation must adhere to some rules as one of the world's top retailers. Due to its global reach, the company must monitor political developments in each nation in which it operates. The stability of the political system is a serious concern for a business environment (Harrell et al., 2016). The more stable the political climate, the more likely trade will be possible, with Brexit serving as a recent example. As a result of Brexit, there is difficulty regarding the new laws that may come into effect and affect sales. The trade war between the United States and China has also impacted Tesco. Due to the increasing economic tensions between the US and China, which have resulted in restrictions on the sale of American goods in China, businesses have been fighting for a legal foothold in the country (Belas et al., 2021). The company's profitability will be affected by changes in tax policy in the various supply countries.

Tesco sells a wide variety of goods, and the economy plays a significant part in determining how much of these goods are purchased and used by customers. Tesco's primary concern is these aspects because they will likely impact the company's costs, demand, profitability, and prices. Therefore, the corporation should be informed of any policy reforms, including changes in taxation and other elements that could impact the accessibility of financial resources (Bonotti and Zech, 2021). The organization has made great strides toward globalisation and diversification, and these efforts have significantly contributed to its overall success. In addition, as discretionary expenditure and household incomes have fallen, Tesco has switched

most of its advertising efforts toward promoting its value brands instead of the higher-end products it sells. Even if the company is expanding its operations in other countries, it is still heavily dependent on the market in its home country of the United Kingdom, where it holds a market share of approximately 30 percent.

The social factor is another external factor influencing the performance of Tesco company limited. As a result of the hectic nature of modern living, most people prefer to make all of their purchases in a single transaction. Recognising this preference, Tesco has designed its stores to make it easier for customers to make bulk purchases. The corporation has shifted its business approach to focus on food cum non-food rather than main food products. The social impact of its diverse clients, also known as a societal influence, determines the kinds of things those customers want to buy (Bonotti & Zech, 2021). The selection of items could also be influenced by the myriad of cultural elements an individual has been exposed to throughout his life. Tesco is responsible for analysing the shifts in cultural norms and societal influence among the younger generations. Tesco has successfully captured its client base by adjusting its approach toward pushing organic items to please its customers (Sigcha et al., 2020). This shift coincides with a shift in customer preference toward organically produced goods. Tesco is committed to positively contributing to the communities in which it operates and, as a result, has helped create jobs in many different nations.

Moreover, technological aspects also influence the external performance of Tesco company. The way things are done has been shifting quickly. For a business to remain competitive in the modern era, it must remain abreast of the latest technological developments. Tesco has been exploring several facets of the retail industry through various initiatives, and they have found some measure of success in a couple of these undertakings (Donthu and Gustafsson, 2020). By providing a variety of technological advancements, such as online buying and promotion through social media, businesses can exert more influence on their customers. Forty-three percent of the company's customers currently make purchases from its online store and have their purchases delivered to their homes due to the company's success in moving shopping preferences toward an online format. The latest announcement made by Tesco on its partnership with Amazon Go to develop new technology for cashier-less invoicing is an upgrade

that will transform the retail purchasing process (Tesco plc, 2022). Customers will be able to avoid waiting in long lines and will have an easier time paying their bills thanks to this innovation, which will also help them save time.

The recent shift in government policy immediately impacts the company's day-to-day operations. To maintain smooth operations, it must comply with the regulations governing not only the local market but also the worldwide market. For instance, the Food Retailing Commission has established a set of norms and regulations that all the retail sector members must adhere to remain in good standing (Lowe et al., 2018). Tesco was subjected to several charges throughout, all of which centred on the performance and changes that persisted inside the workplace culture. The media have also scrutinised Tesco in connection with a fraud case, leading to a legal settlement of twelve million dollars. The most recent development is that the corporation is being sued for paying its male and female employees differently, which results in unequal pay. It is imperative that these legalities be taken into consideration and strictly adhered to preserve its reputation (Belas et al., 2021). When a corporation has already lost its reputation, it would be challenging and expensive for that company to regain its previous place in the market.

Tesco has launched many programs to contribute to protecting the natural environment and developing more ecologically responsible societies (Verhage and Visser, 2018). The second part of Tesco's remove, reduce, reuse, and recycle strategy was made available to customers. The corporation has embarked on several projects to eliminate and cut back on all of the non-recyclable material to the bare minimum level, as well as investigate new possibilities for making use of the remnant plastics still in use (Harrell et al., 2016). It will establish a closed loop control system and reduce the amount of waste that may become piled in landfills. For the last few years, the company has made 800 product changes and contributed to reducing the waste of about 3500 tons of plastic garbage, which is difficult to recycle (Tesco plc, 2022). Working for a retail chain comes with significant duties regarding sustainable sourcing, and Tesco ensures that all of its marine products are certified and obtained sustainably. A zero-tolerance approach toward unlawful sourcing is one of the goals the company has set for itself. As part of that effort,

it is developing a method to identify the vessel upon which fish were caught. The company is making these adjustments to contribute, in some little way, to the creation of environmental conservation.

Impact of Covid-19 on the External Aspect of Tesco Plc

The economic aspect of Tesco company was mainly affected by the impact of Covid-19. Production and distribution of goods and services to the global market were interrupted due to restrictions of movement that were put in place to curb the spread of the global pandemic (Bonotti and Zech, 2021). Tesco could not reach the international market effectively, thus affecting its sales volume based on the goods produced, some of which were perishable. COVID-19 continued to threaten public health and the global economy significantly. During the pandemic, the global lockdown had various consequences, including job losses, business closures, and stock market crashes (Belas et al., 2021). Two key factors negatively impact economic growth: COVID-19 initial concern regarding financial and capital market instability stemmed directly from the epidemic's rapid expansion. The second factor is that governments have implemented tight restrictions on people's mobility and transportation to keep tabs on the spread of the disease, which has resulted in a considerable drop in economic activity.

The covid-19 pandemic also impacted the environmental aspect of Tesco plc. As a result of the production of various wastes, environmental issues arise indirectly. Since the most dangerous cases are given precedence in hospitals, home isolation confinement facilities are a regular practice in nations that have suffered significant Covid-19 consequences. Hotels were employed in certain countries to isolate new arrivals for at least two weeks distribution of food staff to such places by Tesco plc. Quarantine efforts in various nations resulting in increased internet purchasing activity have resulted in more fantastic home garbage (Höhler and Lansink, 2020). Food purchased online is also packaged, increasing inorganic waste. The amount of medical waste is also on the rise. The installation of waste management services will face new and significant challenges due to this exceptional scenario, and Tesco company limited was deeply concerned about this difficulty. It is imperative that municipal waste collection and management, as well as other public services, modify their practices to keep pace with Covid-19-related exponential alterations in behaviour and societal norms.

The pandemic impacted Tesco plc, which also affected the transportation sector and the economy. It made it difficult for Tesco plc to meet expanding market demand. As a result of the severe restrictions placed on international flights entering and exiting many countries, the growth of air travel has decreased dramatically (Bonotti and Zech, 2021). The majority of commercial sectors are expected to suffer a financial loss on par with none before seen in recorded history, according to industry analysts.

Conclusion

In conclusion, it is feasible to observe that different aspects of the organization, such as corporate governance, culture, and corporate structure, have had varied impacts on the organisation's development at different times. It is also abundantly evident that the external environment has significantly shaped these internal elements. For example, due to the shift in society's attitude toward ethical concerns in the business sector, Tesco has had to reevaluate its corporate culture, leadership, and governance. As a result, external influences, such as those included in the PESTLE study, have also been identified as elements that influence the performance of firms. Therefore, Tesco plc should consider all the elements in their internal and external environments while formulating their plans. It is also crucial to understand the interplay between these components.

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