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**2022-2023 BS4S19 LEADERSHIP & MANAGEMENT
THEORIES AND PRACTICES MODULE**

**Assignment 2 - “Critically discuss the impact of Covid 19 on the Leadership &
Management practices within Sainsbury’s”**

²
Student number (a must include) and name (optional)

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1.0 Introduction

1.1 Aim of the assignment and stating the period for the critical discussion from 2017 to 2022

1.2 Introduce the organisation

Sainsbury plc is considered one of the largest chains of supermarkets in the UK, which was established as a partnership form of business in the year 1869 (Sainsbury's, 2023). The organisation is a public limited enterprise that represents the retailing industry and is involved in the distribution of different retail items like homeware products, food items, merchandising products, and others.

1.2.1 Location of headquarters

The organisation is located in Holborn, London in the UK.

1.2.2 Number of employees

There are over 171,000 workers who are placed within the organisation, and these workers tend to undergo different forms of retailing roles from consumer relationship services, store managers, inventory managers, and others.

1.2.3 Sector activity

According to Statista records from August of 2022, the sales value of retailing in the UK amounted to £36.73 billion. As per the records of the Office of national statistics, the retail sales volume has gone down after the impact of covid-19 (Smith, 2021). Before September 2022, sales volume fell by 1.4% which was attributed to a cost-of-living-related crisis, and issues brought on by the war between Ukraine and Russia.

1.2.4 Products and services

Food items: Packaged products like Sainsbury's Vittoria Cherry Vine Tomatoes, Jubilee Vine Tomatoes, Easy Peelers, and others.

Non-packaged products like groceries including vegetables, fruits, meat, vegan varieties, and others.

Homeware items: Habitat Diffuser Seasalt and Driftwood, Home Klip Top-Jar, Walled Cafetiere 3 cup, party tableware, napkins, and others (Sainsbury's, 2023).

Pet-related items: Wagg active goodness-rich chicken and veg products, Encore natural wet cat food Tuna filled items, and others.

1.2.5 Mission statement

The main mission of Sainsbury's involves providing products that do not compromise on quality and are accommodated by fair prices after being fair with the suppliers and their environment (About.sainsburys.co.uk, 2023). As it assists Sainsbury's to reduce any approach for bringing short-term gains.

1.2.6 Vision statement

Sainsbury's tries to extend its passion for quality by distributing everything that is sold, through offers that involve value, customer service, and choices about clothing, accessories, and other branded items (About.sainsburys.co.uk, 2023).

1.2.7 Introducing the leaders and managers within the company by underpinning the critical discussion in the next section

The two key people involved in the leadership and management of Sainsbury's include Martin Scicluna being the chairman, and Simon Roberts the CEO of the company. These figures will be critically addressed in the next section (About.sainsburys.co.uk, 2023).

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1.3 Overview of the Methodology

1.3.1 Analysis type

The analysis will utilise both quantitative and qualitative forms of analysis in unison. Whereby, through quantitative analysis, exact inputs will be taken that include profit margins, earning multiples, debt ratios, and other likes. Including understanding different yields related to the fair value of the stock (Danieli and Woodhams, 2015).

1.3.2 Data type

Qualitative data will be used that will feature academic journals, scholar-addressed articles, and other desk research elements (Danieli and Woodhams, 2015).

2.0 Critical discussion of how covid-19 impacted the leadership and management practices within the organisation

2.1 Critically discuss the leadership and management practices within the organisation before covid-19 and the circumstances of how covid-19 impacted the L&M practices by referring to respective drivers like socio-economic, technological context, and drivers

Internal analysis

Resources and Competencies of Leaders and Managers	Valuability?	Rarity?	Inimitability?	Organisational?	Competitive Advantage
Simon Robert's quality as a CEO prefers to communicate with their workers, which allowed him to establish flexible worker contracts, especially for the floor workers who prove to be an important part of the retail business outlets (Reuters, 2020).	Yes	No	Yes	No	Competitive Advantage partially realised
The CEO Simon Robert's spontaneous decision-making	Yes	Yes	Yes	No	Realised Competitive Advantage

ability depending on the circumstances affected the retail environment of Sainsbury's during the covid-19 allowed the retailer to shift to online business fronts thereby increasing their shares by 16% (Davey, 2020).					
Chairman Martin Sciculuna can take opinions from the executive team of the organisation, which allows for providing invaluable strategic counsel and guidance. That also demonstrates strong values and allows the executive management teams to participate in the decisions of the firm (BusinessInsider,	Yes	No	Yes	No	Competitive Advantage partially realised

2019).					
Martin Sciculuna's plan to influence like-for-like sales grew by 0.2%, which allowed the business to plough around £150 million, as he focused on selective sections of goods like food brands or non-branded food items (Hardy, 2018).	No	No	Yes	Yes	Competitive Advantage partially realised

A critical approach might be sought upon the above framework by the below discussion. Firstly, Simon Roberts has worked on its supermarket's operating model within the stores. That allowed the company to invest in new technologies that improved product availability, as well as the group's overall productivity. It made the leader revamp the store structures, and thereby standardize the shop floor worker contracts. As a leader of the British retailer, Roberts managed to integrate different operational and customer relationship processes, allowing workers to adopt flexible means of working within the company (Reuters, 2020). Some of the workers working within the same set of contracts failed to consent to the sudden work hour change. That created a problem related to adjustment for the majority of the store workers.

Secondly, Roberts managed to impose authority on its virtual teams to demonstrate prowess, to work virtually as teams pressing the need for short-term crisis management. This change allowed Sainsbury's to give importance to its online market, whereas frequent customer visits to supermarkets where an average spending per shopping trip during the covid-19 period increased the popularity of convenience stores. For instance,

600 retail stores began to optimise their business operations based on online specifications that gave over 800 or more options for their customers (Davey, 2020). This enabled Sainsbury's to realise their competitive advantage within the period.

Thirdly, the chairman of Sainsbury's Martin Sciculuna, assessed ⁹ the short-term and long-term goals associated with the retailer that can help in regulating competitive advantage. This allowed the chairman to bring its executive teams and non-executive teams, and conduct meetings with the manager. That helped in ascertaining the current problems that the retailer is experiencing due to covid-19, and how this can be improved. In the upcoming years, the retailer will look to drive value for its stakeholders, customers, and other interested investors. This allows the company to position their management teams in such a manner, that after deriving better decisions they can take the majority of decisions in favour of the company (BusinessInsider, 2019). Sometimes due to lack of experience, these workers might get hesitant regarding their stance to take important decisions. This might put the company in jeopardy.

Fourthly, as chairman, Martin Sciculuna was required to improvise after the falling sales, not just through the levels of brand promises but also by increasing the range of its food brands to influence like-for-like sales. As the latter became an integral part towards boosting revenue before the covid-19 period. This allowed the chairman to take its sales from 0.5% to 1%, mainly by leveraging groceries that allowed better salvaging of like-for-like sales (Hardy, 2018). The general merchandise-related sales also increased from 1% to 2%, whereas the clothing division showed a dip of 1% from 2%. Therefore, the plan was not entirely successful in this context.

External Analysis

Political Factors: Firstly, the corporation tax within Britain is set to grow by 25%, which is likely to affect a leader's ability within any retail corporation towards managing their expenditures, as well as handle other forms of profits (Reuters, 2022).

¹¹ Secondly, the Bank of England's monetary policy committee reported that smaller retailers accounted for 15% of different merchandise goods, that includes footwear, clothing, food wears, and other entertainment-oriented items like music DVDs and others (Singsit, 2023). This allows the managers and leaders within the retailers, to help the business concentrate on specific products by regulating versatile products.

Socio-economic factors: Firstly, as per the British Retail Consortium like-for-like sales grew by 4.9% from 4% during March of 2022. This was following the pandemic-related problems encountered in the previous years. As previously the sales were dampened for different products including jewellery, fragrances, and other decorative items that were expensive of note (Hutton, 2021). The customer relationship managers were thus directed by leaders and managers, to allow them in influencing revenue beyond 8.5%.

Secondly, consumer price inflation has been seen to be around 0.8% that according to Reuter's consensus came down from 1.1% to 0.5% and hovered (Bäcklander, 2019). Hence, leaders and managers in different retail circles have been trying to keep the prices within an affordable range (Smith, 2023). Especially, considering the pandemic impact that increased inflation to a persistent level, and affected consumer spending capacity.

Technological factors: Firstly, many retailers have encouraged their respective managements, into shifting towards a hybrid operating model in business (Cox and Makin, 1994). That allows customer-facing technologies to become accessible, experimenting with algorithmic retailing, and microservice-based platform adaptation that enables the packaging of products (Businesswire.com, 2021).

Secondly, artificial intelligence and the Internet of Things help in tracking inventory and enable teams to better manage store spaces (Yoder-Wise and Kowalski, 2010, p 316). This helps the managers in providing the needed space for the executives in dealing with their customers. In short, managers can better assist the workers to know if the enterprise is having better facilities for lodging commodities (Businesswire.com, 2021).

Environmental factors: Firstly, a study by Eden McCallum revealed that leaders and managers are trying exhaustive behavioural changes by trying to battle climate change. Ecological destruction has been brought about by many retailers that need to be mitigated (Consultancy.uk, 2022).

Secondly, 79% of the government actions enabled the wastages encountered by retailers, to be reduced through joint actions by government actions (Consultancy.uk, 2022). This is how managers and leaders have been trying to avoid certain product brands, whose packaging creates larger wastages.

2.1.1 Critical Discussion of evident leadership and management theories in Action

Applying the contingency theory of leadership, focusing on key variables that can arise from the environment in which a business is exposed becomes important (Hamad, 2020). It is mainly because leaders can realise the leadership style they might be able to adopt in this context (Junker and van Dick, 2014). This allows the leaders to create a better balance of behaviour, skills, and other traits.

In the case of Simon Roberts, the leader managed to understand the importance and adaptability that Sainsbury's needed to bring into its business model. This brought about a rival mentality of the leader to be projected onto other management members in the firm. That allowed the firm to compete on level ground with grocers, ensuring better value is granted for shoppers (Allio, 2012). For instance, the company delayed thousands of its food delivery orders citing the competitive landscape of the grocery business. As a result, they brought a price-matching strategy which reportedly cost them £550 million over two years (Bayford, 2023). ⁶ The cost of the living crisis put a squeeze on household budgets, but still, the business managed to increase its profitability beyond 15.7% whereas Asda's was at 14.2%. On the other hand, Morrison's was at 10.1%. Hence, the change made a radical difference in improving the gradual sales amassed by the retailer after the covid-19 effects.

Another theory that can be used in the management context, is the human relations theory (szatt-White and Saunders, 2017, p 245). As per the notions of this theory, individual needs and their resultant behaviours might create an interpersonal approach to managing workers (Mango, 2018). It shows that organisations are made up of both formal and informal elements that allow the creation of a social system whereupon individual job satisfaction and their resultant motivation levels could interact with group results and performance (Hatchuel and Segrestin, 2018).

As a chairman of Sainsbury's Martin Sciculuna managed to encourage the retail workers to engage in campaigning for compelling the employers to pay their real living wage. Houses like Share Action, along with General Investment Management, HSBC, along with Fidelity International tried to help pass a resolution within the company. That helped the appeal to raise real wages get increased by up to 75%. Meanwhile, the chairman allowed the workers to express their opinions through decisions, which helped the workers to be in the right place within their minds (Butler, 2022). Especially, when 17% of

the resolutions presented to shareholders in the meeting came from the workers (Bullough and de Luque, 2014).

2.2 Critical discussion of emerging socio-economic and technical context as well as drivers that influences an organisation's leadership and management practices in the future

Some emerging factors that might influence management and leadership practices in the future can be explained in the below manner.

Socio-Economic elements: The food and grocery along with the clothing sector have begun to recover beyond the year of 2020. The restaurants and cafes experienced closures during the same period. This allowed retailers to sell ready-made foods by collaborating with certain small-time householders (Retaileconomics.co.uk, 2022). That increased the online ordering culture among generation z consumers, or those aged around 18-24. The total food orders carried out online increased by around 9.3% beyond 2022, where the same statistic during 2019 was 7.8%. It is thus clear that leaders and managers will work towards developing strategies in influencing the above divisions (Capel, 1992).

Technical elements: Omnichannel retailing is likely to thrive, by revitalizing high-street markets. Ever since the pandemic, technologies like augmented reality, virtual reality, QR codes, blockchains, and other forms of personalisation might replace any manual utility shown by retailers (Certo and Ratcliffe, 2023). In that case, future leaders and managers might look to use talents in managing these forms of innovations.

3.0 Conclusion

The leadership and management theories that were highlighted in the above assessment, saw both Sainsbury leaders in the form of CEO Simon Roberts and Martin Sciculuna who had each other's behaviours and traits to bring forth into the company. This saw the application of a contingent theory of leadership whereby change was adopted in the retail business, and through the application of the human relations theory was another management theory. Chairman Martin Sciculuna brought about a mentality, whereby the

workers involved in the management might be free to exert their choices in controlling the company operations. Similarly, they were also encouraged to demand an increase in wages and compel employers to influence paying of wages that were due. However, most of the workers were seen to have lesser experience in terms of decision-making, and problem-solving. That could become an impediment shortly. Some of the key factors identified the socio-economic, technological, as well as other external factors. It was seen that levying a greater tool through corporation tax might affect the operations of the company. Similarly, the cost of living crisis pushes the prices of retail groceries and food items that become difficult for retailers to increase their revenue. Therefore, the leaders and managers will be looking to undertake a larger push towards technological adaptations in the future, like QR codes, blockchains, and others which engulfs the interest of generation z category customers between the age of 18-24. That might replace the manual labour undertaken by the workers within the retail environment.

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