

**BUS4010**

**CONTEMPORARY BUSINESS ENVIRONMENT**

**COMPANY APPRAISAL**

**Submission date:**

**Word count: 3041**

Table of Contents

[Introduction 2](#_Toc133581512)

[a. Introduction of the organisation 2](#_Toc133581513)

[b. Comparison and contrast of the forms, aims, objectives and operations 2](#_Toc133581514)

[c. Discussion of the role and impact of digitisation on business structure and operations 5](#_Toc133581515)

[Task 1 5](#_Toc133581516)

[a. Explanation of key components of macroeconomics theories and their impacts on organisational behaviour 5](#_Toc133581517)

[b. Explanation of key components of microeconomics theories and their impacts on organisational behaviour 7](#_Toc133581518)

[Task-2 8](#_Toc133581519)

[a. Examination of leading theories of management, leadership, and control 8](#_Toc133581520)

[b. Discussion on the challenges posed by leadership 9](#_Toc133581521)

[c. Investigation of real-world businesses using relevant tool 10](#_Toc133581522)

[Conclusion 11](#_Toc133581523)

[References 12](#_Toc133581524)

# Introduction

## a. Introduction of the organisation

This assessment is a subjective evaluation of the environmental threats and opportunities which an organisation faces in the market. The UK based supermarket chain Asda Stores is selected for this company appraisal assessment as it is an international organisation. Asda is one of the leading retailers of the UK; the company is focused on serving the customers through the network of supercentres, supermarkets, living stores, petrol filling stations and supermarkets across the UK. The company offers general and grocery merchandise retailers with a wide range of fresh produce, food, bakery products, clothing line, leisure, home services and entertainment goods. Moreover, the main objective of the company is to provide the customers cost effective solutions and affordable inspirational clothing.

However, the company prioritises sustainable business which is based on the aim to protect the environment and impact the business in the long term. This company was selected for the environment friendly approach it has as well as the teamwork it showcases in the internal functions of the company. Moreover, the contemporary business environment refers to the ideologies and circumstances in a company which affects the position of the company in the external market. This assessment focuses on providing an insight on the factors impacting the company’s extensive position in the market.

## b. Comparison and contrast of the forms, aims, objectives and operations

In this assessment, a comparative study will be conducted between Asda Company and Sainsbury's UK for gaining further understanding of the market. Sainsbury's UK has been selected for this study as it provides similar services as Asda Company.



**Figure 1: Business environment of ASDA**

(Source: corporate.asda.com, 2023)

***Contrast of aims and objectives in the selected companies***

As a business, Asda stores prioritise ethical resources which protect the environment and provide high quality products to the customers. These objectives are strictly maintained by the company as the organisation employed a team of ethics specialists for the performance quality maintenance. On the other hand, the company also focuses on providing cost effective products for the general public. Asda stores has created an online platform for the customers; in which, the users are allowed to browse through the available products (corporate.asda.com, 2023). These objectives help the company to maintain its integrity and achieve its goals of a sustainable business. As per the view of Dutchak et al., (2022), harbouring strong aims and objectives is the groundwork of building a long term stable company. On the other hand, the aim of Sainsbury’s UK is based on the five pillars of marketing. The company primarily prioritises knowing the consumers, understanding the needs of the users. The second pillar of the company is to provide quality products and services at a fair price (about.sainsburys.co.uk, 2023). Furthermore, the company focuses on being present for the users and making necessary changes based on the feedback of the customers. Lastly, Sainsbury’s is focusing on valuing the differences and diversities internally existing in the company in order to make the business more sustainable. It is evident from this comparative study that both companies are prioritising sustainability however, the approach differs greatly.

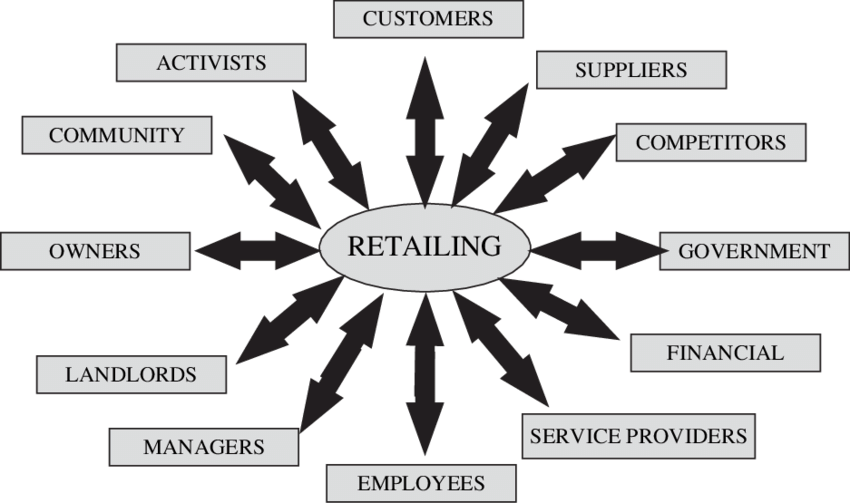
***Comparison of the forms and legal structure***

Asda stores functions with a hierarchical organisational structure as a major number of employees work in various departments of the company. The information passes through various employees prior to reaching a store manager. As stated by Fan et al., (2022), hierarchical structure is typically used for larger businesses as it relies on various levels of authority and a chain of command which connects multiple levels of management. On the other hand, Sainsbury’s UK operates as a Public Limited Company which makes the shareholders liable for the company's financial dysfunctions. However, the shareholders are only accountable for the invested amount of the personal possession. The organisation abides by the UK Corporate Governance Code which emphasises on the production of balanced goods and effective risk management methods (about.sainsburys.co.uk, 2023). Sainsbury’s is a multi-channel retailer as the company operates retail outlets in various convenience stores including supermarkets. This code of conduct is useful for maintaining the remuneration policies with the interests and expectations of the shareholders. Moreover, these policies each focus on certain areas of the business thus it is essential that both the companies initiate necessary changes in the legal structure such as functional structure and divisional structure.

Asda’s competitive approach in develop its position within the competitive environment of UK’s retail industry helped in analysing the key performances that are crucial in maintaining organisational reputation. Corporate performance of the organisation is crucial considering its stability and long term business plan that also focuses on to enhance business functions (Corporate.asda.com, 2022). The company considers it necessary that has also implicated in their sustainability that has also become its one of the key approach in CSR performances. Asda’s corporate functions also included effective marketing and pricing strategy which also helped in managing the company’s effective hierarchal issues and operational malfunctions. The macroeconomic and microeconomic factor also impacted Asda helped them to adopt key strategies.

***Key stakeholders***

The primary external stakeholders of the Asda Stores are the customers, creditors, suppliers of the resources, local communities and pressure groups. As the company serves 18 million weekly consumers, these groups of individuals are the stakeholders that determine the success of the company in the market (corporate.asda.com, 2023). The grocery products of Asda stores are majorly dependent on the suppliers as the quality and supply of the products depend on the supplier’s services. Similarly, the primary stakeholders of Sainsbury’s are the customers and suppliers as the absence of either one of these individual characters the business would cease to exist in the market.



**Figure 2: Stakeholders in retail**

(Source: Radavicius and Tvaronaviciene, 2022)

## c. Discussion of the role and impact of digitisation on business structure and operations

Digitalization is an essential part of expanding businesses in the current market, as it is highly affected by the brands online image. This process helps in improving the efficiency and success rate of operations in the business. Asda stores have initiated digital transformations in order to increase efficiency (corporate.asda.com, 2023). The legal and organisational structure of a business affects the efficiency and results of a business; therefore, digitalisation is an in-depth transformation of the business model. As commented by Radavicius and Tvaronaviciene (2022), digitalisation has the greatest impact on reducing employment hassles in a company. Furthermore, it helps in improving the quality of products and services and lastly, this process allows the government to supervise the businesses with greater transparency. As the Asda stores follow a hierarchical structure, it would be able to increase efficiency through digitalisation.

# Task 1

## Explanation of key components of macroeconomics theories and their impacts on organisational behaviour

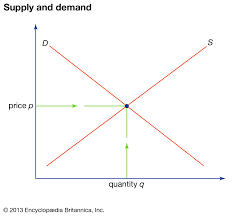
***Theory of General Price Level***

The macroeconomy of a business gives the organisation a top-down view, considering its position in competitive industries. The prices of services and products that are offered by companies are linked considering the connection of economical approach which contributes the business to develop the organisational involvement in financial affairs. In the context of Asda, it is important for the company to offer enhanced quality for its customers who look for budget-friendly shopping. Considering the existing pricing strategy, Asda’s sales upscaled 4.7% in the third quarter of 2022 which attracted more than 400,000 customers despite existing market competition (Bloomberg.com, 2022). Therefore, it is evident from the application of the pricing of Asda that it is important to attract customers. It is important to focus on macroeconomic factors that impact organisational behaviour. Fluctuation in industrial economy also impacts on the employees' moral values, beliefs and attitudes considering the circumstances (Torlaket al.*,* 2021). Therefore, it is important for the companies such as Asda to manage employees effectively to avoid unpleasant scenarios which can impact on organisational outcomes. For instance, in 2019, workers of Asda staged their protest against an unhealthy working contract which caused employee dissatisfaction (Theguardian.com, 2019). This depicts the impact of macroeconomic factors in organisational behaviour.

***Economic Growth as a macroeconomic issue***

Economic growth is a serious macroeconomic issue because of the potential increase in real GDP. This rise in GDP causes inflation which similarly increases the national expenses. As per the opinion of Deleid and Mazzucato (2019), increase in Aggregate Demand caused by economic growth forces central banks to reduce interest rates, which leads organisations to invest and employ more. Therefore, it denotes that international economic rates such as interest rates, and investment rates also contribute to analysing macroeconomic issues. In January 2023, the GDP of UK has grown 0.3%, considering current economic circumstances (Ons.gov.uk, 2023). This indicates an increase in investment for the companies. The impact of economic growth is also visible to the companies as Asda achieved a 6.4% sales growth in December 2022 (Corporate.asda.com, 2022). This increased growth can become a critical issue as this acts as a trigger to increased Aggregate Demand (AD), also causing inflation in the process. It is important for organisations such as Asda to understand the market forecast that analyses the key demand of the consumers and also keep the flow of supply ongoing. Thus, the company is developing approach in maintaining the rate of economy that have also enhanced the scope of its their competitive position.

## Explanation of key components of microeconomics theories and their impacts on organisational behaviour

****

**Figure 3: Theory of Supply and Demand**

(Source: Influenced by Bui et al., 2021)

***Theory of Supply and Demand***

Supply and demand are two key economic functions that focus on determining the price of products or services. As per the opinion of Bui et al., (2021), supply and demand maintain a converse relationship with price of the product. Therefore, Asda is required to understand the demand in market and enhance its supply and distribution. Asda has a collaborative relationship with more than 300 local suppliers that helps them to maintain the flow of production (Asda.com,2023). It helps the company to develop an organisational reputation as a responsible entity who sources raw materials in a sustainable way.

Understanding the needs of suppliers is crucial for organisations to enhance the system of supply and demand. As per the opinion of Mukwakungu et al., (2019), maintaining a balance of demand and supply influenced the inventory management of organisations. In the context of Asda, it is important to develop the implication of supply to their target customers that contribute in analysing core objectives of developing theory of supply chain.

# Task-2

## a. Examination of leading theories of management, leadership, and control

Leadership theory is primarily the characteristics associated with the leaders that helps an organisation to accomplish the organisational goals. Leadership refers to the ability of an individual that guides the team members to walk in the right direction. Leaders play an integral part in order to offer inspiration, and motivation to the employees and support them to enhance their performance level. As stated by (Asbari et al., 2020), leaders play a vital role for the development of the business organisation by accomplishing the organisational goals. Additionally, leaders implement their skills as well as intelligence that addresses the business problems and offer remarkable solutions for the sustainable growth of the business organisation.

A successful leader must always adhere to a definite style of leadership for successful business operations. As opined by (Brown et al., 2019), there are mainly 3 types of leadership style that are commonly followed, namely - transformational, transactional, and autocratic style of leadership. Leadership style that has been adhered to by Asda for their successful operation is transformational leadership. In the views of (Asbari et al., 2020), transformational leadership can be defined as a style of leadership that includes motivation to the employees. It offers an innovative path to the employees to bring changes within organisations and drive the sales margin of the company. It provides a broader overview to the employees to address the business problems and bring strategic changes within business operations.

Transformational leadership style of Asda allows the companies to evolve and bring some new vision to the business operations that is profitable for the organisational growth of the company. According to the views of (Asbari, 2020), challenging goals have been set by the employees within business operations that enable the companies to motivate their employees so that they can embrace the changes and make innovative solutions. The transformational leadership has a strong role in maintaining a positive relationship within business operations. The clear and transparent communication helps eradicate the occurrence of any conflicting situation from the business organisation and leads the company to attain a greater place in this ever-changing business market. As per the views of (Brown et al., 2019), it also offers opportunity to the employees to express their ideas effectively that brings new talents within organisations. In context to Asda, it has been observed that the transformational leadership within the company enables effective communication within team members that promote success to the company.

The management theory suggests several rules and regulations associated with the business operations that enables the companies to manage the entire team and business in a remarkable manner. According to the belief of (Ginley et al. 2021), adoption of proper management skills emphasises on the motivation of the employees that can make them perform in a better way and implement strategies that can help them accomplish the business goals. A manager needs to imply proper management theory to enhance the skills and traits of the manager. It leads them to resolve any complex task in a simplified form. Contingency management theory is implemented in Asda for managing the team and the approach helps to meet the goal of the company (Asda.com, 2023). Flexibility is the advantage of the manager for determining the specific situation and the organisational culture helps to enhance the effectiveness based on the management approach. Appropriate Decision-making technique allows for providing motivation based on the effective situation and the higher motivation helps to improve the quality.

## b. Discussion on the challenges posed by leadership

Transformational leadership is totally dependent on the leader and the dependency reduces the quality of the business operation. The lack of creativity, as well as initiative, reduces the effectiveness of the business performance. Asda faces the challenges as the company follows this type of leadership. For the leadership, no new ideas have been implemented and the process provides resistance to maintain the condition. The leadership approach cannot focus on the motivation and the appropriate communication process is required between team members. Based on the comments of (Asbari et al., 2020), the specific approach helps to provide many short-term goals that reduce the effectiveness of the business operation. The huge number of employees are involved in Asda as the conflict can be observed in the working environment. Asda has not forced on the long-term goals of the company and too many short-term goals of the company reduce the performance. However, higher expectations from the team members increase pressure and stress that helps to deteriorate the performance of the company. Lack of resources such as required technology is applied for preventing the implementation process and ineffective communication reduces the understanding process based on the direction of the company.

## Investigation of real-world businesses using relevant tool

The companies face a major problem associated with ethical decision making. In majority of the scenario, it has been observed that ethical decision making can be recognized as the process through which integrity of the business can be maintained. As opined by Brown*et al.* (2019), it is important for any business organization to consider ethics during the course of its operational activities for the purpose of maintaining the dignity and integrity of the business operations. In that context, it can be depicted that Asda has adhered to the ethical process of decision making as the organisation has fulfilled various activities of CSR. It can be highlighted that Asda has decreased the emission of greenhouse gas from 50 % till the year 2025 (Asda.com, 2023). Furthermore, it can also be stated that Asda has adhered to strict policies and audits of decision making for ensuring that the workers and staff of the organization follow them properly. Various policies of inclusion and diversification have also been adhered to by Asda which can also be identified as a prominent decision-making measure for the company. In that context, it is also worth mentioning that Asda has assured that the suppliers of the company maintain proper ethical audits and policies. Ethical decision regarding promoting fair treatment of employees without discrimination can be recognized as another measure that has been taken by Asda which can be recognized as another ethical decision making of the company

Digital tools in businesses are mostly used in terms of analysing key implications that help in identifying the flaws of businesses. As per the opinion of Shet and Pereira (2021), it is important for the organisations to focus on automated actions that are key in implication which helped in automating the process that helps in analysing project options. Business tools also help in analysing research tools that are key in automating repetitive actions that are crucial in analysing business tools. International global businesses help to develop implications within the performance that contributes to analysing tool that helped in developing implication which contributed to digitisation that helps in developing business process. Asda uses an effective location intelligence that contributed to site selection that is done using spatial modelling. As per the opinion of (Torlak et al., 2021), spatial technology is a crucial piece of digital tool that has helped in workflows and logistics for the organisations that contribute to developed product distribution. Therefore, it is a relevant tool that helps in developing skills in modern digitised perspective of organisational acceptance.

# Conclusion

This company appraisal can be concluded by stating that organisational activities are mostly impacted by macroeconomic and microeconomic factors. These factors act as drivers which make organisations adopt appropriate options to manage the changes. Findings from the report show that organisational leadership plays a crucial role in managing these options and contributes in effective decision-making. Asda's structured leadership and its effective connected network helps to mitigate the challenges that are posed by the leadership approach of the company. Therefore, using effective leadership, Asda obtains a higher competitive advantage over other retailers in the increasingly competitive market.

# References

About.sainsburys.co.uk (2023), *Corporate Governance* Available at:https://www.about.sainsburys.co.uk/about-us/corporate-governance[Accessed on: 27/04/23]

About.sainsburys.co.uk (2023), *Reports and Presentations* Available at:https://www.about.sainsburys.co.uk/~/media/Files/S/Sainsburys/documents/reports-and-presentations/2019/ar-docs/sainsburys-ar2019-businessmodel-strategy.pdf[Accessed on: 27/04/23]

Asbari, M. (2020). Is transformational leadership suitable for future organizational needs?.*International Journal of Social, Policy and Law*, *1*(1), pp.51-55.

Asbari, M., Santoso, P.B. and Prasetya, A.B. (2020). Elitical and antidemocratic transformational leadership critics: is it still relevant?(A literature study). *INTERNATIONAL JOURNAL OF SOCIAL, POLICY AND LAW*, *1*(1), pp.12-16.

Asda.com. (2023). *Better Business.* Available at: https://www.asda.com/creating-change-for-better/better-business/supplier-relations#:~:text=Local%20Sourcing,product%20lines%20into%20our%20stores. [Accessed on: 12 April 2022]

Bloomberg.com. (2022). Asda Sales Rise as Cheap Range Attracts Strapped Customers. Available at: https://www.bloomberg.com/news/articles/2022-11-11/asda-sales-rise-as-as-cheap-range-attracts-strapped-customers#xj4y7vzkg [Accessed on: 12 April 2022]

Brown, M., Brown, R.S. and Nandedkar, A. (2019). Transformational leadership theory and exploring the perceptions of diversity management in higher education. *Journal of Higher Education Theory & Practice*, *19*(7).

Bui, T.N., Nguyen, A.H., Le, T.T.H., Nguyen, V.P., Le, T.T.H., Tran, T.T.H., Nguyen, N.M., Le, T.K.O., Nguyen, T.K.O., Nguyen, T.T.T. and Dao, H.V., (2021). Can a short food supply chain create sustainable benefits for small farmers in developing countries? An exploratory study of Vietnam. *Sustainability, 13*(5), p.2443.

Corporate.asda.com (2022). *Asda updates on Q4 & 2022 trading.* Available at:  https://corporate.asda.com/newsroom/2023/03/29/asda-updates-on-q4-2022-trading [Accessed on: 12 April 2022]

Corporate.asda.com (2023), *ASDA* Available at: https://corporate.asda.com/ [Accessed on: 27/04/23]

Corporate.asda.com (2023), *ASDA expands-trial-of-uks-first-indoor-navigation-tool-for-blind-and-partially-sighted-people* Available at:https://corporate.asda.com/newsroom/2022/09/21/asda-expands-trial-of-uks-first-indoor-navigation-tool-for-blind-and-partially-sighted-people#:~:text=Data%20unavailable-,Asda%20expands%20trial%20of%20UK's%2Dfirst%20indoor%20navigation%20tool,blind%20and%20partially%20sighted%20people&text=Asda%20is%20expanding%20its%20trial,whilst%20they%20do%20their%20shopping[Accessed on: 27/04/23]

Corporate.asda.com (2023), *ASDA Group Limited Selection* Available at:https://corporate.asda.com/media-library/document/asda-group-limited-section-172/\_proxyDocument?id=00000176-8b2d-d4af-ad77-abedd9c00000[Accessed on: 27/04/23]

Deleidi, M. and Mazzucato, M., (2019). Putting austerity to bed: Technical progress, aggregate demand and the supermultiplier. *Review of Political Economy, 31*(3), pp.315-335.

Dutchak, R., Kondratiuk, O., Rudenko, O., Shaikan, A. and Adilchaev, R., (2022). *Internal Audit of the Business Partner’s Reliability for Sustainable Development of the Enterprise.*

Fan, X., Wang, F., Gao, Q., Zhang, Y., Huang, F., Xiao, R., Qin, J., Zhang, H., Shi, X. and Zhang, G., (2022). Nature inspired hierarchical structures in nano-cellular epoxy/graphene-Fe3O4 nanocomposites with ultra-efficient EMI and robust mechanical strength. *Journal of Materials Science & Technology, 103*, pp.177-185.

Ginley, M.K., Pfund, R.A., Rash, C.J. and Zajac, K. (2021). Long-term efficacy of contingency management treatment based on objective indicators of abstinence from illicit substance use up to 1 year following treatment: A meta-analysis. *Journal of Consulting and Clinical Psychology*, *89*(1), p.58.

Mukwakungu, S.C., Mabasa, M.D., Mankazana, S. and Burakeye, S.A., (2019). *The impact of just in time (JIT) in inventory management–perspectives from two case studies in a South African environment.*

Ons.gov.uk (2022). *GDP monthly estimate, UK: January 2023*. Available at: https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/january2023 [Accessed on: 12 April 2022]

Radavicius, T. and Tvaronaviciene, M., (2022). Digitalisation, knowledge management and technology transfer impact on organisations’ circularity capabilities. *Insights Into Reg. Dev, 4*, pp.76-95.

Shet, S.V. and Pereira, V., (2021). Proposed managerial competencies for Industry 4.0–Implications for social sustainability. *Technological Forecasting and Social Change, 173,* p.121080.

Theguardian.com. (2019). *Asda workers stage protests against ‘punitive’ new contract.* Available at: https:/www.theguardian.com/business/2019/sep/16/asda-workers-stage-protests-against-punitive-new-contract [Accessed on: 12 April 2022]

Torlak, N.G., Kuzey, C., SaitDinç, M. and Budur, T., (2021). Links connecting nurses’ planned behavior, burnout, job satisfaction, and organizational citizenship behavior. *Journal of Workplace Behavioral Health, 36*(1), pp.77-103.