

Task 3

Organic growth is achieved when a firm decides to increase its outputs at the same time improving their internal sales. One of the aspects to note is that the profits, mergers, acquisitions and takeovers are not included in the organic growth. The reason as to why the aforementioned aspects are not included in the organic growth is due to the effect that they result in inorganic growth or acquisition thus being discarded with immediate effect. One of the benefits of organic growth is that it enhances the firm to develop and grow from within, Vu (2016). This strategy is important to the Tesco plc since through deciding to utilize their ability to raise funds and generate cash will help the company to expand organically. The firm has also been a stable company for investors as its beta shown on 3rd July 2018 being lower than 1.0. It appears from Tesco's point of view that the firm attempts to continue with a low-risk or a stable method of expanding its business as the firm existing sector is. Organic growth used in hotel industry is known as smart growth. It creates not only more products but also more values for customers, Epuran, Dovleac, Ivasciuc, and Tescasiu (2015) As a result of using the organic growth strategy, the Tesco plc investors will be able to see that the low-risk company in which they invested in is grown and capable to earn more which is in turn will be reflected in the high stock price over the years and expectedly higher than 1.0 beta.

On the contrary, undertaking growth by acquisition is also another available growth strategy that the Tesco plc can use to grow in the grocery sector. However, growth by acquisition usually works best for the small enterprises as they combine efforts with others. In that case, the growth strategy by acquisition is not preferable and advisable for the Tesco plc since it has

already established its position in the grocery market. Furthermore, it is not worthwhile to acquire other companies in hotel sector to compete with InterContinental Hotels Group plc as the Task 3 given statement asserts that InterContinental plc is not ready for a vibrant new competitor meaning that the existing companies are not capable of competing with InterContinental plc. Alternatively, Tesco plc can make a dramatic impact to InterContinental and other firms in hotel sector by expanding internally with new products and current customers. According to Wood et al. (2016), what the firm should do in order to succeed and compete healthily with the other aforementioned firm, InterContinental Hotels Group plc, is to develop and grow from within through using what they have in hand. Despite the given analysis that Tesco plc should consider the organic growth strategy is also appropriate since it leads to quicker and cheaper expansion. In addition, the strategy is also less risky as compared to other methods all involved in the process of firm's growth in terms of sales and marketing efforts. Economists, on the other hand, have encouraged the adoption of the growth through acquisition since it's a two-way growth process. Nevertheless, Tesco plc should not in any way consider the growth by acquisition strategy since it is already established should pursue to expand from within.

Task 4

There are a number of factors that have to be put into consideration if whether Tesco PLC should decide to use more debt or equity in order to finance their expansion. One of the factors to take into consideration is the risk. The risk is very crucial to consider as far as a firm is either using more debt or equity. "First, if Tesco PLC is to issue more debt in introducing a new