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**Assessment Title: TESCO Supermarket In London**

**Module Name: Introducing The Modern Workplace**

**Module Code: LCBB4003**

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## Introduction

### Organisational Structure and Culture of Tesco Supermarket, London

An organisation builds its performance on the basis of its culture and structure of the operation. The terms culture and structure can be joint together by an 'and', but it has a completely different concept and broad use. Culture is the believes and philosophies that represent the whole organisation in somewhere. Commonly people judge or do comments about any company based on their culture (Schafer, 2014). Company's culture is always public, and it never keeps hidden because it is not something to be hidden. Every company wants to develop a good culture that might become a talking issue and it helps in generating good or bad will also. The organisational structure is the way of maintaining operations inside. The protocol that helps to achieve the ultimate goal of the organisation is called the organisational structure. In this report, these two important factors will be discussed and how these are daily using in Tesco Supermarket, London; a glimpse of real-life research will be presented.

### Organisational structure and culture followed by Tesco Supermarket

Tesco supermarket, London is one of the local areas branches out of their 7 thousand outlets. As most of their products are groceries and regular products for their loyal customers, who want to buy many things at a single place with the right price. **Tesco mainly follows a functional structure** to operate their business. There is a good command under the functional structure. From the top, there is a board of directors, then CEO (Dave Lewis), then departments allocated to their management fluency (Tesco, 2020). Sales and marketing teams make advertisement for new products arrived in Tesco supermarket, announces available prices and special discounts for products.

The production team of Tesco levels prices in products and manage to package for products. Tesco has some of their own products like- clothing, cosmetics, natural products etc. human resource team of Tesco is the busiest and most promising team of this company. The organisational structure is the process of working, monitoring, maintaining a work process that leads to achieving the organisation goal. Structure defines how employees will maintain their protocol of hierarchy inside the organisation.

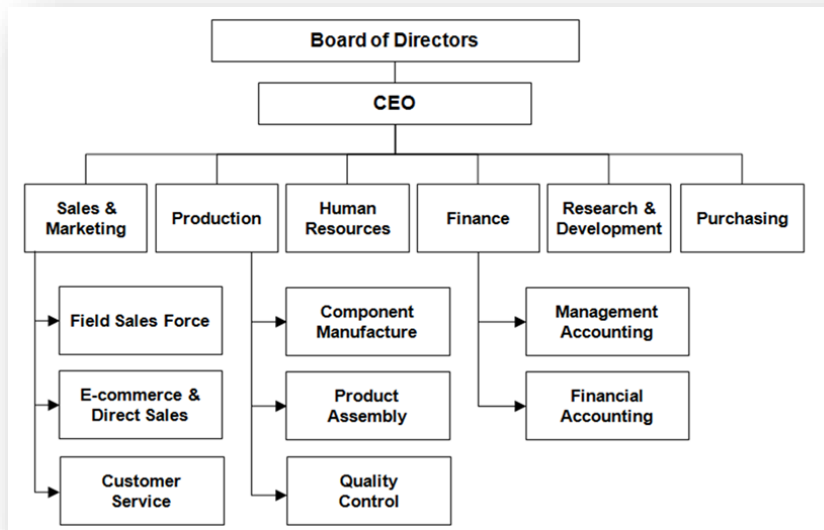


*Figure 1: Functional structure formation*  
*Source: (Oliver, 2015)*

The chain of command might be up straight or straight down. In commonly, top executive maintains its operational structure from top to bottom. From the board of directors, then executive officers, then first-line manager, 2<sup>nd</sup> line manager, third line manager, and on the representative. But structure needs to follow how the flow of information is passing (Brown, 2014). And what will be the correct approach to flow the information for the particular owning company. Considering this there is primary two concentration which is- Centralised and Decentralised. Centralised structure means the information, work orders and monitoring and observation power will be reserved under one leader. There might be several leaders responsible for each superintendent groups. And these leaders may follow the hierarchy chain of commander.

**Tesco supermarket, London has a Hierarchy culture.** As it governed by a central board of directors. All the branches are directly controlled under this board of directors. So everywhere the culture is the same and strictly followed the Hierarchy structure. Which is controlled and maintained from high authority to low authority at the same gesture and maintenance.

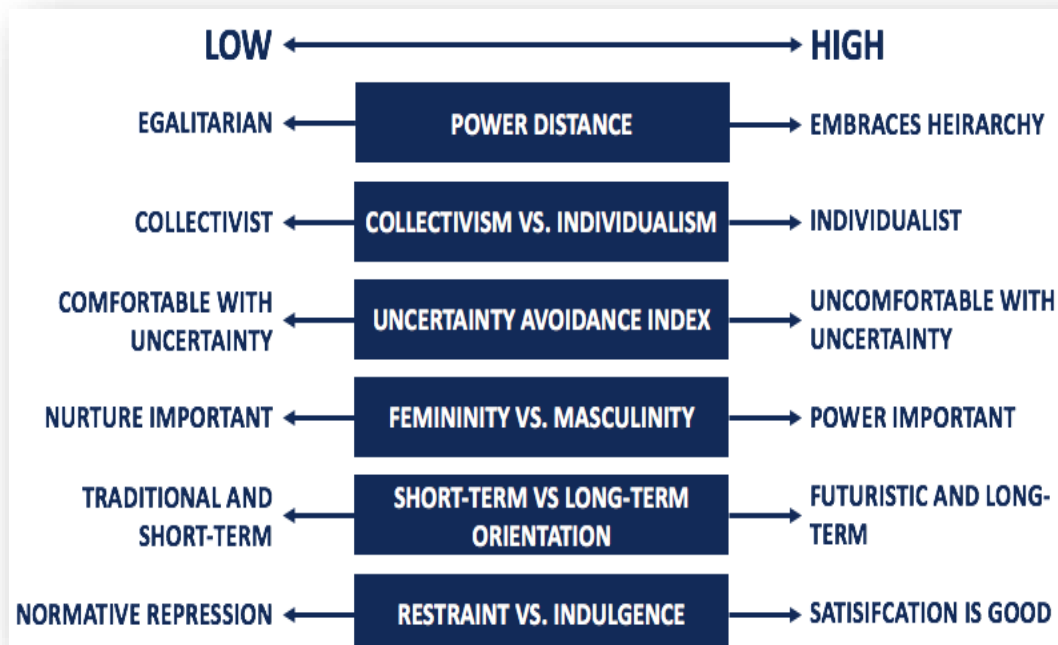


*Figure 2: Hofstede cultural dimensions*  
*Source: (Baker, 2016)*

**Hofstede dimensional culture** explains variables of possible perspectives that create a different type of culture. Tesco has 500 thousand employees around the world. Employees and all the stakeholders often arrive with personal approaches, behaviours. Hofstede's dimensional theory combines all the possible factors. Tesco has set their culture considering **lowering power distance** among root level employees, the moderated hierarchy with collectivist activities. This team is responsible for avoiding any uncertainty of Tesco, observing their daily work hours, maternity leave, facilities, bonus and salary as Tesco's culture is to **avoid uncertainties**. And a global database is maintained by Tesco to supervise all the employees under a document. This document also shows the chain leader of each group of employees. The finance committee of Tesco is responsible for managing the source of investment that is used to purchase regular groceries need to reserve in the supermarket.

Besides this purchase, this team is also responsible for investment decision in such products that is well demand and **risen customer satisfaction** (Coller-Peter, 2016). Finance is the core department that is most close to CEO because this team gives a short analysis of Tesco operation that helps CEO, Dave Lewis and board of directors to understand their financial position. Research and development team do researches on all the supermarkets and understand what is the trending customer demand that should be available in Tesco supermarket as well.

## **Justification of using Functional structure and Hierarchy culture in Tesco Supermarket**

There is four possible structure a company can follow. These are- functional structure, matrix structure, projectized structure and composite structure. Based on project and future projection structure might be used and it is not mandatory to follow only one single structure to build up. But most of the cases, a company has fixed type of operation it might be repetitive in structural practice unless it is not a big enterprise which may have a dimensional group of activities (Ramírez, 2014). There are different types of culture according to the organisation's philosophy and work style. Internal environment, how do they behave, how do they manage customer, what structure does this company follow, how do they spend their vacation, what is the facilities for their employees these all are variables of creating different cultures.

Depending on all these variables, there are four types of cultures- Clan culture, Adhocracy culture, Hierarchy culture and market culture (Flowerdew, 2017). Any culture depends on how its leader approaches, which value one may derive and their beloved theory of effectiveness. Clan culture is consisting of mentorship leading. Its driving values are a commitment. Communication and development based. On the other hand, Adhocracy culture is entrepreneurship-based leadership. Its driving values are- innovations and creativity. It is effectual for innovating new sources. Hierarchy culture is to maintain operational activities followed by top order to bottom. Control and efficiency are the key to effectiveness.

**Functional structure** is operating organisational activities by dividing onto several department or functional bodies. some common departments are- executive department, finance, accounting, research and development, human resource department, marketing, management for example. Executive bodies are responsible for setting strategies, decision making, monitoring ratio of income outcome, fruitful use of resources and looking over other functional department helping in making a decision.

**Hierarchy culture** is the most significant and well organised according to its use or concept. An employee is employed here according to their expertise and ordered from top to bottom work specialisation. For example, an executive of Tesco marketing will not be working in a research and development team. Tesco uses this culture is in business because this structure impacts in management and as there is more resources, qualified human resources for each sector which helps to build up discipline work (Losch and White, 2017).

On the other hand, **Functional structure** can be reshuffled depends on projects. It can be called a one-time management structure that is specially created to handle any single project.

All the members are reshuffled and used according to their comfort zone and brilliance of expertise fitting in that particular project. **Hierarchy culture** is top effective of all the possible structures. It is also the most efficient and elegant culture of all (Russ-Eft and Preskill, 2017). It suits better in the big enterprise who are operating several chain stores under a board of directors. They need to allocate different type of structure for each project. For example, Tesco green food team is operating their project by matrix structure and Tesco frozen food developers are following projectized structure. At the same time, Tesco distribution is handling all their merchandise and upcoming product distribution under the functional structure.

### **How Functional structural and Hierarchy cultural factors contribute to their performance**

Organisational culture and structure are two different things. First of all, organisational culture is the thing that how a company looks like, what is their belief, how do they behave, what is their atmosphere, what is their inside tradition, how do they manage customer, what structure do this company follow, how do they spend their vacation, what is the facilities for their employees, how do they treat with their employees, how do they recruit and classify employees, what is their formal and informal attire. This all is called culture at the sum. Tesco supermarket is a big chain shop in London. There are various kinds of product available from groceries to regular demand products. It operates more than 7 thousand stores all over the world and employees more than 5 lakh people around the world.

There is a big board of management and they have to manage their work structure and maintain its own significant culture. First of all, a functional structure helps to perform its operational activities better in many ways. (1) Top-level managers of Tesco **directly govern** their mid-level management to collect all selling database. This database is **short analysed** by top-level managers and helps the CEO to take further decision. (2) Chain of command makes Tesco more organising to understand the problem and **solve the problem for a specific sector**. (3) Structural work builds a strong value of work and makes more **concentrated** for limited responsibility. Which is the main reason for gaining **high profit**. The benefit of practising Hierarchy culture in Tesco supermarket, London are- (1) All the stores look alike because of their own **style of decoration**, same management style and dress courtesy for every salesman. (2) Same leadership practice and **controlled mentality** do not exceed or give any chance to happen agency problems. (3) The beauty of hierarchy cultural practice is a very formal gesture which founds **attractive to the customers**. That cuts more profit by **well-accepted behaviour**.

This big protocol of several leaders is followed in a big enterprise. But in Small-medium sized enterprise, there will be only one leader who will maintain the overall operation. On the other hand, the decentralised structure will not depend only on one central voice. It will depend and convey every single voice and their decision on every particular events or project. environment and atmosphere, compensation, standard and internal policies, people around organisation, stakeholders and their philosophies, leadership skill and their approach style and organisation's objective which one is mainly responsible to create and maintain culture (Oliver, 2015).

From the outside a significant culture is very important for the company, it adds extra value and makes it different, remarkable in industry. Talking about culture and counting in special honour because of culture sometimes increase market value for a particular organisation and their products or service. Though it is not much affected to the customers but very influencing in industry.

## **Conclusion**

Tesco is one of the most popular supermarkets in the world. It has opened a broader view and made the shopping of daily needs very comfortable for customers by putting all the important groceries at a single point. Their functional structure made the whole global management more discipline and effective.

Besides a very organised structure and they are also following good practice of Hierarchy culture. Which has enhanced customer satisfaction after experiencing a warm welcoming behaviour, same dress courtesy and same taste of service around the world. Following a particular structure and culture for any organisation makes it significant in customers view and satisfaction.

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