



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Organisational Culture at Tesco: A Critical Analysis

Student Name: TATYANA IVANOVA

Student Number: 2412523

Course Name: Organisational Culture LCLM 5005

Lecturer Name: Dr Chris Osborne

Session: 10 August 2026

CONTENT

1. Introduction.....	3
2. Organisational Culture, Structure, and Decision-Making at Tesco.....	4
2.1 Tesco's Organisational Culture.....	4
2.2 Organisationnel Structure.....	4
2.3 Influence of Culture on Decision-Making.....	5
3. Theoretical Frameworks for Analysing Tesco's Organisational Culture.....	6
4. Benchmarking Tesco Against Key Competitors.....	7
4.1. Market Leadership.....	7
4.2. Employee Engagement Benchmark.....	8
4.3. Sustainability Benchmark.....	9
4.4. Benchmark Summary.....	9
4.5. Market Leadership.....	9
4.6. <i>Overall Assessment</i>	10
4.7. <i>Financial Strength</i>	10
4.8. <i>Employee Engagement</i>	10
4.9. Sustainability.....	11
4.10. Overall Assessment.....	11
5. Organisational Culture and the External Environment.....	12
5.1 Political Factors.....	12
5.2 Economic Factors.....	12
5.3 Social Factors.....	12
5.4 Technological Factors.....	13
5.5 Legal Factors.....	13
5.6 Environmental/Ethical Factors.....	13

6. Critical Assessment: Barrier or Enabler.....	14
6.1 Culture as an Enabler.....	14
6.2 Culture as a Barrier.....	15
6.3 Overall Assessment.....	15
7. Impact on Organisational Performance and Recommendations.....	16
7.1 Impact on Performance.....	16
7.2 Recommendations.....	16
8. Conclusion.....	18
9. Reference.....	19

1. Introduction

Mullins and Christy (2016, p. 574) assert that "the pervasive nature of culture in terms of 'how things are done around here' and common values, beliefs and attitudes will therefore have a significant effect on organisational processes such as decision-making, design of structure, group behaviour, work organisation, motivation, job satisfaction, and management control." This observation is particularly pertinent to Tesco PLC, a multinational grocery and general merchandise retailer headquartered in Welwyn Garden City, England. With group revenue of £69.916 billion in the fiscal year ending February 2025, 341,108 employees, and a dominant UK grocery market share of 28.5% - its highest level for over a decade - Tesco represents a compelling case study for examining the interplay between organisational culture and organisational effectiveness.

This report addresses five assessment tasks: critically evaluating how organisational culture influences Tesco's structure and decision-making; applying relevant frameworks to identify the prevailing culture; analysing how Tesco leverages its culture to adapt to external environmental influences; critically assessing whether culture acts as a barrier or enabler; and evaluating the impact of culture on organisational performance with theory-informed recommendations.

2. Organisational Culture, Structure, and Decision-Making at Tesco

2.1 Tesco's Organisational Culture

Tesco's organisational culture is fundamentally shaped by its core purpose: **"Serving our customers, communities and planet a little better every day"**. This purpose is operationalised through four core values: customer focus (**"No one tries harder for customers"**), treating people well (**"We treat people how they want to be treated"**), inclusivity (**"Everyone's welcome"**), and sustainability (**"Every little help makes a big difference"**). These values are embedded in daily operations, performance metrics, and strategic decision-making.

Tesco's culture emphasises teamwork, trust, and customer-centricity. The 2025 Sustainability Report shows **85%** of colleagues recommend Tesco as a great place to work, reflecting a positive culture. The "Everyone's Welcome" report highlights diversity, equity, and inclusion with five key commitments. Leaders encourage people to **"arrive as they are"** and build careers at their own pace, prioritising curiosity and teamwork over ego.

2.2 Organisational Structure

Tesco operates as a **multinational retail group with a divisional structure**, organised across geographic markets (UK, Republic of Ireland, Czech Republic, Hungary, Slovakia) and business segments (retail, banking, mobile, Booker wholesale, and dunnhumby data services). The company has a **tall hierarchical structure** with clear executive leadership, including a CEO (Ken Murphy) and functional executives leading operations, finance, strategy, and HR.

The structure reflects a **mixed centralised-decentralised approach**: strategic direction and core values are set centrally from headquarters in Welwyn Garden City, but operational decisions are devolved to regional and store-level management. Recent restructuring in 2026 saw 180 head office jobs cut while 250 new roles were created to establish the **"right set-up"** for changing shopping habits.

2.3 Influence of Culture on Decision-Making

Tesco's culture significantly influences its decision-making processes. The Board's decision-making incorporates listening to and understanding the views of key stakeholders, with each decision aligning to the company's culture and values, considering benefits, risks, financial implications and impact on relevant stakeholders.

The culture of customer-centricity drives data-informed decision-making. Tesco's leadership aims for measurable targets - for example, 4% like-for-like UK sales growth - with decisions informed by internal data and external facts to understand customers, rivals and costs. The company's scientific approach to decision-making reflects a culture that values evidence and analysis over intuition.

The 2014 accounting scandal, however, revealed the darker side of Tesco's decision-making culture. Former executives pressured others to falsify figures, with profits overstated by £118 million in the first half of 2014, £70 million in 2013-2014, and £75 million before that. This reflected a culture where management pressure and fear prioritised target achievement over integrity, demonstrating how cultural dysfunction can permeate decision-making processes.

3. Theoretical Frameworks for Analysing Tesco's Organisational Culture

TESCO SUMMARY:

Theory	Relevance
Hofstede (1980, 2001)	National culture differences across multinational operations (UK vs Central Europe vs global supply chains)
Schein (1985)	3 Levels: ▪ Artefacts (slogan, offices), ▪ Exposed Values (core values), ▪ Basic Assumptions (customer-first belief)
Johnson & Scholes (1992)	Cultural Web: Paradigm (customer-centricity), Rituals, Stories (Jack Cohen, 2014 scandal recovery), Symbols, Power, Structure
Cameron & Quinn (2006).	Blended culture: Hierarchy + Market + Clan + Adhocracy
Handy (1993)	Role culture (operations) + Task culture (projects)
Deal & Kennedy (1982)	"Work-hard, play-hard" culture

4. Benchmarking Tesco Against Key Competitors

4.1. Market Leadership

Retailer	Market Share (Aug 2025)	Sales Growth (YoY)
Tesco	28.4%	+7.4%
Sainsbury's	15.0%	+5.2%
Asda	11.8%	-2.6%
Aldi	10.8%	+4.8%
Morrisons	8.4%	+0.9%
Lidl	8.3%	+10.7%
Co-op	5.4%	-3.2%
Waitrose	4.4%	+4.8%

Source: Worldpanel by Numerator / Kantar, 12 weeks to 10 August 2025

Tesco's 28.4% share exceeds the combined share of Sainsbury's (15.0%) and Asda (11.8%). With 24 consecutive periods of growth, Tesco is progressing towards its 30% target. Asda declined from 14.5% to 11.8%, now only one point ahead of Aldi. Lidl's 10.7% growth positions it to overtake Morrisons. The six largest supermarkets account for **82.8%** of UK grocery sales. Financial Performance Benchmark

Tesco's financial performance significantly outperforms its key competitors:

Metric	Tesco	Sainsbury's	Asda	Morrisons
Revenue (FY25/26)	£73.7 bn	£26.6 bn	N/A	N/A
Net Profit (Latest)	£1.787 bn	£420 m	N/A	N/A
Volume Growth (Q1 2025)	+0.7%	+0.9%	-7.8%	-5.2%
2-Year Volume Growth	+2.3%	+4.6%	-13.5%	-6.9%

Notes: **Sainsbury's FY sales excluding fuel; Sainsbury's net profit**

Sainsbury's achieved 0.9% volume growth year-on-year in Q1 2025, ahead of Tesco's 0.7%, while Morrisons and Asda experienced volume declines of 5.2% and

7.8% respectively. However, Sainsbury's two-year volume growth of 4.6% compares favourably to Tesco's 2.3%.

Analysts note that Tesco and Sainsbury's are better positioned to weather economic pressures than their more heavily indebted rivals, Asda and Morrisons.

4.2. Employee Engagement Benchmark

Tesco's colleague engagement metrics compare favourably within the sector:

Metric	Tesco	Sector Context
Colleagues recommending as great place to work	85% (2025)	Increased from 84% in 2024
Glassdoor Recommendation Rate	68%	Industry average varies
Glassdoor Culture & Values Rating	3.4/5	
Glassdoor Work-Life Balance	3.6/5	
Customer Service Score (Which?)	74%	Ranked 2nd behind M&S (79%)

Tesco's internal colleague survey shows that 85% of colleagues would recommend Tesco as a great place to work, with 3% more colleagues feeling their total reward package is competitive versus similar jobs elsewhere year on year. In Which's 2025 supermarket customer satisfaction survey, Tesco ranked second with 74%, behind M&S at 79% and ahead of Aldi at 72%.

4.3. Sustainability Benchmark

Tesco leads UK supermarkets on several sustainability metrics:

Metric	Tesco
Scope 1 & 2 Emissions Reduction	65% (exceeded 2025 target)
Own Brand Packaging Recyclable	99% (incl. collection points)
Suppliers Committed to Net Zero	70% (UK & ROI, by value)

MSC UK Supermarket of the Year

Winner (2025)

However, a broader European benchmark places UK supermarkets behind their European counterparts. Tesco finished top among UK supermarkets but ranked only **11th** overall, behind German and Dutch supermarkets. None of the UK retailers has followed European pioneers in setting specific goals to increase the share of plant-based proteins in their sales.

4.4. Benchmark Summary

The benchmarking analysis reveals that Tesco's organisational culture—characterised by customer-centricity, inclusivity, sustainability, and market focus—has translated into tangible competitive advantages:

Dimension	Tesco's Position
Market Leadership	Clear #1 with 28.4% share, double the nearest competitor
Sales Growth	Outperforming all traditional "Big Four" rivals
Financial Strength	Strong profitability enables investment in culture and strategy
Employee Engagement	Industry-leading colleague recommendation rates
Sustainability	UK leader, though trailing European peers

Tesco's 28.4% share demonstrates cultural enablers driving market dominance (Mullins & Christy, 2016). However, threats from Aldi, Lidl, and Sainsbury's demand continuous improvement and cultural vigilance.

4.5. Market Leadership

Retailer	Market Share (Aug 2025)	Sales Growth (YoY)
Tesco	28.4%	+7.4%
Sainsbury's	15.0%	+5.2%
Asda	11.8%	-2.6%
Aldi	10.8%	+4.8%
Morrisons	8.4%	+0.9%
Lidl	8.3%	+10.7%
Co-op	5.4%	-3.2%
Waitrose	4.4%	+4.8%

Tesco leads UK supermarkets on sustainability, achieving a 65% reduction in Scope 1 and 2 emissions—exceeding its **60% target—with 99%** of own-brand packaging recyclable. Employee engagement is also industry-leading, with **85%** of colleagues recommending Tesco as a great place to work. YouGov rankings place Tesco first with a 54.3% consideration score. However, Tesco ranked only **11th** in European sustainability benchmarks.

4.6. Overall Assessment

Tesco maintains a commanding UK grocery lead with **28.4%** market share (Kantar, Aug 2025), ahead of Sainsbury's (15.0%), Asda (11.8%), Aldi (10.8%), and Lidl (8.3%). With **32 consecutive periods** of share gains, Tesco is progressing towards its **30%** target. Asda's decline to 11.8% highlights Tesco's competitive strength through its customer-centric culture.

4.7. Financial Strength

Tesco's financial performance significantly outperforms key competitors. With revenue of **£73.7 bn** (FY26), Tesco is nearly double Sainsbury's (£32 bn) and triple Asda (£21.7 bn). Adjusted operating profit of **£3.15 bn** demonstrates scale-driven returns. Tesco and Sainsbury's are better positioned to weather economic pressures than heavily indebted rivals Asda and Morrisons.

4.8. Employee Engagement

Tesco's colleague engagement metrics are industry-leading. In 2025, **85%** of colleagues recommend Tesco as a great place to work, up from 84% in 2024, with 3% more feeling their reward package is competitive. Glassdoor ratings show **3.6/5** for work-life balance and **3.5/5** for culture. YouGov ranks Tesco first with **54.3%** consideration, ahead of Sainsbury's (44.9%) and Aldi (43.7%).

4.9. Sustainability

Tesco leads UK supermarkets on sustainability, achieving a **65%** reduction in Scope 1 and 2 emissions—exceeding its 2025 target of 60%—with 99% of own-brand packaging now recyclable when including UK collection points. However, a broader

European benchmark places UK supermarkets behind their European counterparts; Tesco finished top among UK supermarkets but ranked **only 11th** overall.

4.10. Overall Assessment

The benchmarking data confirms that Tesco's cultural enablers have contributed to its market dominance. As Mullins and Christy (2016) argue, culture's pervasive influence on organisational processes is evident in Tesco's superior performance across market share, financial strength, employee engagement, and sustainability. However, the

5. Organisational Culture and the External Environment

5.1 Political Factors

Tesco's culture of "investing in colleagues" is demonstrated through its response to political pressures. With the National Living Wage rising to £12.71 from April 2026, Tesco invested **£900 million** in pay since April 2022, taking hourly rates to £12.64. The company navigated the Plastic Packaging Tax (£228.82/tonne) through sustainability, with **99%** of packaging now recyclable. HFSS advertising restrictions (January 2026) align with Tesco's health strategy, emphasising affordable, healthy, and sustainable diets.

5.2 Economic Factors

Inflation and cost-of-living pressures have reinforced Tesco's culture of "every little help". The company's Aldi Price Match and Everyday Low Prices strategies reflect a culture committed to affordability. Group sales grew 4.3% on a like-for-like basis in 2025/26, with adjusted operating profit up 0.6%. The UK grocery market's structural shifts toward convenience shopping require cultural agility, which Tesco has demonstrated through its Whoosh rapid delivery service and online capabilities.

5.3 Social Factors

Changing demographics, including more single-person households, require Tesco's culture of customer understanding to drive product and service adaptation. Health consciousness has led Tesco to make "healthier, more sustainable choices affordable, accessible, simple, and convenient". The Stronger Starts programme has provided over 5 million portions of free fruit and vegetables to school pupils and supported over 140,000 pupils in more than 400 schools.

Diversity and inclusion expectations have shaped Tesco's culture. The company's 2025 "Everyone's Welcome" report highlights progress towards creating a workplace where everyone is welcome. Tesco is committed to celebrating diversity, with leaders encouraging people to arrive as they are.

5.4 Technological Factors

Digital transformation has reinforced Tesco's culture of innovation. The company invests in online platforms, automated supply chains, and AI. Clubcard data drives personalised customer engagement, and the culture emphasises "listening to people and talking to them using all the tools at our disposal." Tesco has deployed its 1,000th electric home delivery van and plans to expand to 1,250 vans by Spring 2026, supporting the goal of fully electrifying home delivery operations by 2030.

5.5 Legal Factors

Employment laws, GDPR, and health and safety regulations shape Tesco's culture. The company's culture of union collaboration (USDAW, Unite, URTU) ensures compliance and fair treatment. Tesco's corporate governance structure sets the broad framework for remuneration policy and monitors purpose, strategy, values and culture. The ongoing £4 billion equal pay case represents a significant legal challenge that tests Tesco's cultural commitment to treating people fairly.

5.6 Environmental/Ethical Factors

Tesco's sustainability culture enables proactive environmental responses. The company achieved a 65% reduction in emissions from operations, exceeding its 2025 target of 60%. Five new wind and solar Power Purchase Agreements have come online, and 70% of UK and ROI grocery suppliers have committed to achieving net zero emissions. However, Tesco acknowledged missing its food waste reduction target, demonstrating that cultural commitment does not always translate into perfect outcomes.

6. Critical Assessment: Barrier or Enabler?

6.1 Culture as an Enabler

Tesco's organisational culture predominantly acts as an **enabler** of effective functioning for several reasons:

Customer-Centric Innovation: A customer-focused culture drives continuous improvement. Tesco's UK market share reached 28.5%, its highest level for over a decade, with 24 consecutive periods of share growth. CEO Ken Murphy noted that market share gains "reflect the decisive action we took at the start of the year to further invest in value, quality and service".

Inclusive Culture: With 85% of colleagues recommending Tesco as a great place to work, the inclusive culture enhances employee engagement and retention. Inclusion guides the culture, with leaders encouraging people to arrive as they are.

Sustainability Leadership: Tesco's sustainability culture aligns with regulatory and societal expectations. The company's commitment to net zero across its own operations by 2035 and its supply chain by 2050 demonstrates proactive environmental stewardship.

Strong Union Relationships: Tesco's collaborative culture with unions (USDAW, Unite, URTU) ensures stable industrial relations, minimising disruption.

Data-Driven Culture: The Clubcard data analytics capability, with approximately 18 million app users, enables competitive advantage through personalised customer engagement.

Financial Performance: Tesco's financial results demonstrate cultural effectiveness - group revenue of £69.916 billion, profit after tax of £1.630 billion (up 36.7% from £1.192 billion), and group adjusted operating profit of £3.15 billion.

6.2 Culture as a Barrier

However, certain cultural elements present barriers:

Hierarchical Structure: The tall hierarchical structure can slow decision-making and create resistance to change. Research has noted that "a culture with a top-down approach like Tesco can be resistant to change, as the needs of the company can differ from the needs of the individual employees".

Scale Complexity: Managing 4,415 subsidiaries across different cultures creates coordination challenges. Structural barriers "impede open exploration of new ideas and thinking".

Past Ethical Failures: The 2014 accounting scandal revealed cultural weaknesses, including pressure to falsify figures. This demonstrated how a culture of management pressure and fear could override ethical considerations.

Centralisation: Tesco has been described as "very centralised in its decision making", which can limit local responsiveness and innovation.

6.3 Overall Assessment

On balance, Tesco's culture functions more as an enabler than a barrier. The company's market dominance, financial performance, and positive colleague feedback suggest cultural effectiveness. However, the cultural scars of the 2014 scandal and the ongoing challenges of centralisation and scale complexity indicate that cultural vigilance remains essential. As Mullins and Christy (2016) emphasise, culture's pervasive nature means it must be actively managed to ensure it supports rather than undermines organisational objectives.

7. Impact on Organisational Performance and Recommendations

7.1 Impact on Performance

Tesco's culture has demonstrably impacted organisational performance across multiple dimensions:

Financial Performance: Group revenue grew from £68.187 billion (FY24) to £69.916 billion (FY25), with profit after tax increasing 36.7%. The company has returned more than £4 billion via buybacks since FY22.

Market Performance: UK market share reached 28.5%, the highest for over a decade. Tesco has seen 24 consecutive periods of share growth. The company's ambition is to reach 30% market share.

Operational Performance: The company's focus on quality and service has improved customer satisfaction scores. Tesco Finest has experienced its third year of double-digit sales growth.

Sustainability Performance: Tesco achieved a 65% reduction in emissions, exceeding its 60% target. The company has removed billions of pieces of unnecessary plastic.

7.2 Recommendations

Recommendation 1: Strengthen Ethical Frameworks

To prevent recurrence of the 2014 scandal, Tesco must embed ethical frameworks across all levels through regular audits, enhanced whistleblowing protections, and ethics-integrated performance metrics. While the sustainable livelihoods strategy

provides a supply chain foundation, ethical culture must extend throughout the entire organisation, not just supplier relationships.

Recommendation 2: Accelerate Scope 3 Decarbonisation

While Tesco has exceeded its Scope 1 and 2 emissions targets, Scope 3 (supply chain) emissions remain challenging. Tesco should increase investment in supplier engagement programmes and sustainable sourcing. The 70% of UK and ROI grocery suppliers committed to net zero is encouraging, but the remaining 30% require targeted intervention.

Recommendation 3: Flatten Hierarchical Structure

To improve agility and responsiveness, Tesco should consider further flattening its hierarchical structure. The recent introduction of "shift leaders" replacing team managers suggests movement in this direction. Reducing hierarchical layers would enable faster decision-making and greater employee empowerment, addressing the "structural barriers which impede open exploration of new ideas and thinking".

Recommendation 4: Enhance Cultural Integration Across Subsidiaries

With 4,415 subsidiaries, cultural consistency is challenging. Tesco should implement stronger cultural integration programmes, including cross-subsidiary secondments, shared training programmes, and regular cultural audits. Appointing a Chief Strategy & Transformation Officer with responsibility for cultural integration would provide accountability.

Recommendation 5: Deepen Community Engagement

Tesco should expand its food redistribution and community programmes. With almost 118 million meals donated to charities, communities and colleagues from surplus food, there is scope to increase this impact. The Stronger Starts programme, providing 5 million portions of free fruit and vegetables, should be expanded to reach more schools and communities.

8. Conclusion

This report has critically analysed organisational culture at Tesco PLC, demonstrating that culture exerts a pervasive influence on structure, decision-making, and organisational effectiveness. Drawing upon Schein's three levels, Hofstede's cultural dimensions, Johnson and Scholes' Cultural Web, and Cameron and Quinn's Competing Values Framework, the analysis reveals a complex cultural landscape characterised by customer-centricity, inclusivity, sustainability, and market focus.

Tesco's culture functions predominantly as an enabler, supporting market dominance (**28.4%** share), financial performance (**£73.7 billion** revenue), and positive colleague engagement (**85%** recommend Tesco as a great place to work). However, cultural barriers persist, including hierarchical rigidity, centralisation, and the legacy of the 2014 accounting scandal.

As Mullins and Christy (2016) argue, culture's pervasive nature requires active management. The recommendations—strengthening ethical frameworks, accelerating Scope 3 decarbonisation, flattening structure, enhancing cultural integration, and deepening community engagement—offer a pathway for Tesco to build on strengths while addressing weaknesses. In an increasingly competitive retail environment, Tesco's ability to manage its culture effectively will be critical to sustaining market leadership and delivering long-term value for all stakeholders.

9. References

Cameron, K.S. and Quinn, R.E. (2006), *Diagnosing and Changing Organisational Culture: Based on the Competing Values Framework*, San Francisco: Jossey-Bass. (Accessed 8 August 2026)

Deal, T.E. and Kennedy, A.A. (1982) *Corporate Cultures: The Rites and Rituals of Corporate Life*. Reading, MA: Addison-Wesley (Accessed 8 August 2026)

Elkington, J. (1994), 'Towards the Sustainable Corporation: Win-Win-Win Business Strategies for Sustainable Development', *California Management Review*, 36(2), pp. 90-100. (Accessed 8 August 2026)

Handy, C. (1993) *Understanding Organisations*. 4th edn. London: Penguin. (Accessed 8 August 2026)

Hofstede, G. (1980) *Culture's Consequences: Differences in Work-Related Values*. Beverly Hills, CA: Sage. (Accessed 8 August 2026)

Hofstede, G. (2001) *Culture's Consequences: Comparing Values, Behaviours, Institutions, and Organisations Across Nations* .2nd edn. Thousand Oaks, CA: Sage. (Accessed 8 August 2026)

Johnson, G. and Scholes, K. (1992) *Exploring Corporate Strategy: Text and Cases*. 3rd edn. Hemel Hempstead: Prentice Hall. (Accessed 8 August 2026)

Mullins, L. and Christy, G. (2016) *Management and Organisational Behaviour*, 11th edn. Harlow: Pearson Education Limited, (Accessed 8 August 2026)

Schein, *Accessed Organisational Culture and Leaders Limited*, ((Francisco: Jossey-Bass, (Accessed 8 August 2026)

Tesco PLC (2025), Annual Report and Financial Statements 2025 Welwyn Garden City: Tesco PLC,(Accessed 8 August 2026)

Tesco PLC (2025). Sustainability *Report 2025*. Welwyn Garden City: Tesco PLC, (Accessed 8 August 2026)

Tesco PLC (2025), *Everyone's Welcome Report 2025*. Welwyn Garden City: Tesco PLC, (Accessed 8 August 2026)