



A Case Study of Tesco's Organisational Structure

Analysis of Functional, Divisional and Matrix Structures

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Outline

Organisational structure concept

Importance of structure

Functional structure

Divisional structure

Matrix structure

Conclusion



Organisational Structure

Organisational structure is important because Tesco manages thousands of employees across multiple countries and requires effective coordination.

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- Formal system defining roles, responsibilities and authority
 - Establishes reporting relationships (chain of command)
 - Supports communication and coordination across departments
 - Helps organisations like Tesco manage large global operations efficiently
 - According to Robbins & Coulter (2021), structure aligns activities with organisational goals



Functional Structure

- Tesco uses functional departments such as HR, Finance and Marketing
- Helps employees specialise in specific roles
- Improves efficiency and productivity

! Limitation

- communication between departments can be slow
- However, it may reduce communication between departments
- This can slow decision-making in large organisations like Tesco

Advantages

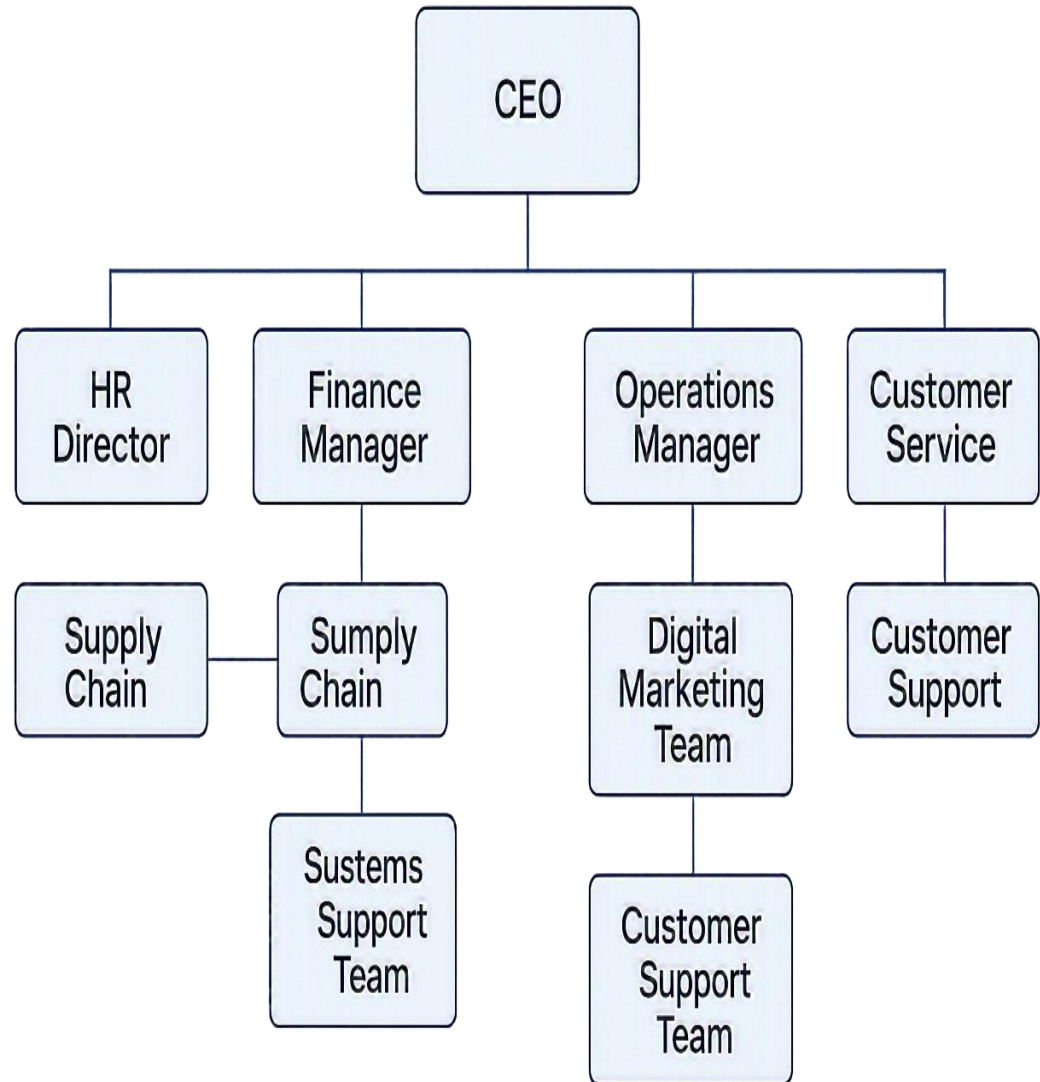
- Improves efficiency and productivity
- Clear hierarchy and supervision
- Supports skill development

For example, Tesco's HR team focuses only on recruitment and training (Tesco PLC,2026)

Functional Structure Chart

This structure shows clear hierarchy and reporting lines (Robbins and Coulter, 2021).

Functional Structure





Owner-
President

Divisional Structure

- Organised by region and business units
- Example: UK & ROI, International, Booker
- Helps Tesco respond to different market needs

✓ Advantages

- Greater flexibility in different markets
- Faster decision-making within divisions
- Focus on customer needs in each region
- Improves performance accountability (*O'Reilly, 2026*)

! Disadvantages

- Higher costs due to duplication of resources
- Risk of inconsistent strategies across divisions (*O'Reilly, 2026*)

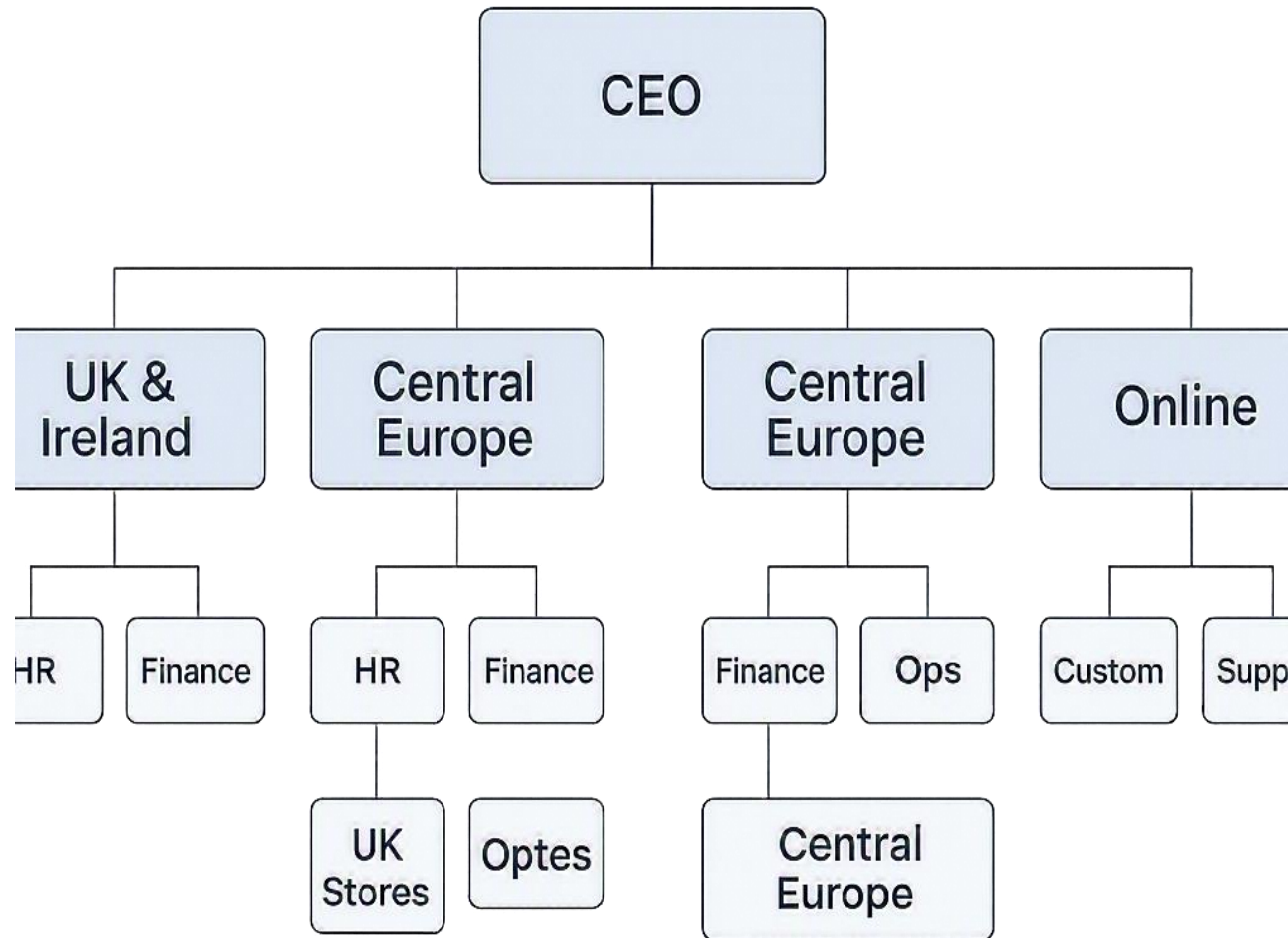
Example:

For example, international divisions adapt products and services to local market conditions (*Tesco PLC, 2026*).

Divisional Structure Chart

Each division operates independently, allowing flexibility (O'Reilly, 2026)

Divisional Structure



Matrix Structure

This structure increases flexibility but can create conflict.

- Integrates functional and divisional structures
- Workers are accountable to both project and functional supervisors
- Improves collaboration and flexibility

✓ Advantages

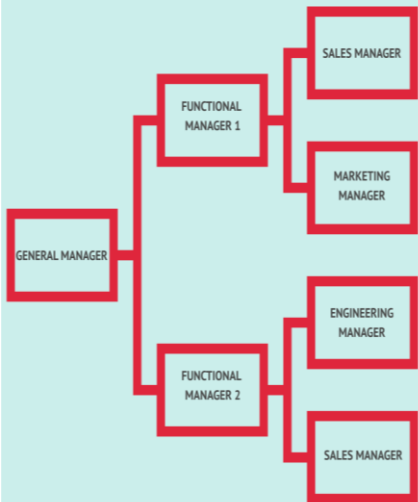
- Improves teamwork
- Increases flexibility
- Better use of skills
- Encourages innovation (*Robbins & Coulter, 2021*)

! Disadvantages

- Role confusion
 - Conflict between managers
 - Slower decision-making
 - Complex structure (*Robbins & Coulter, 2021*)
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- For example, Tesco may use this structure in supply chain or digital.

Matrix Organizational Structure

Based on the cross-functional teams and functions

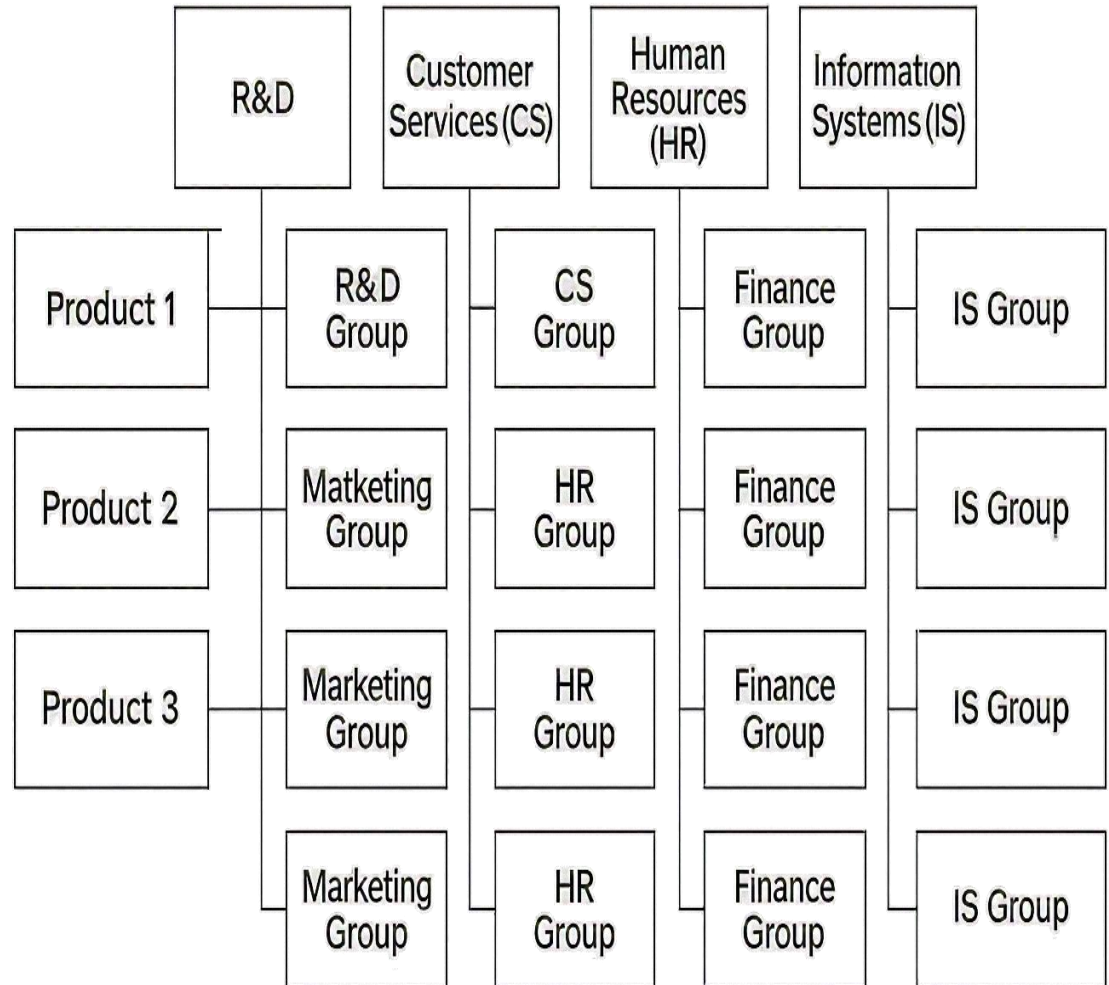


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Matrix Structure Chart

This matrix structure shows that employees report to both functional and project managers, which improves flexibility but can create role conflict (Robbins and Coulter, 2021).

Matrix Structure



Evaluation of Tesco Structure

Strengths:

- Enhances efficiency through functional specialisation
- Provides flexibility through divisional structure
- Supports collaboration via matrix approach

Weaknesses:

- Communication gaps between departments
- High operational costs due to duplication
- Role conflict in matrix structure

Critical Analysis :

Overall, Tesco's hybrid structure is effective for managing global operations. However, improving communication between divisions and reducing complexity could enhance decision-making and organisational performance (Jerab and Mabrouk, 2023).





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Conclusion

Functional = efficiency

Organisational structure is essential for business success

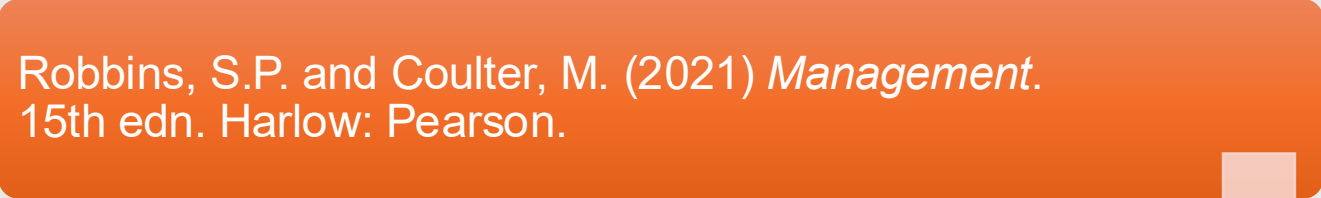
Divisional = flexibility

Matrix = collaboration

Tesco uses a hybrid structure to remain competitive in the global retail industry (Tesco PLC, 2026).

References

Robbins, S.P. and Coulter, M. (2021) *Management*. 15th edn. Harlow: Pearson.

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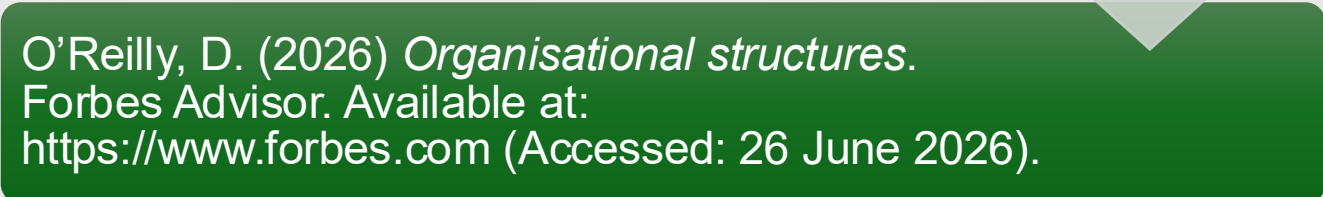
Tesco PLC (2026) *Corporate governance*. Available at: <https://www.tescopl.com> (Accessed: 26 June 2026).

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Jerab, D. and Mabrouk, T. (2023) 'Organisational structures study', *Journal of Business Research*, 12(3), pp. 45–60.

A green rectangular box with rounded corners. A light green arrow points downwards from its bottom right corner towards the dark green box below.

O'Reilly, D. (2026) *Organisational structures*. Forbes Advisor. Available at: <https://www.forbes.com> (Accessed: 26 June 2026).

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Question