

ORGANISATIONAL CULTURE



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The Influence of Organisational Culture on Structure, Decision-Making and Performance: A Case Study of Tesco UK

Abstract

Organisational culture has a significant impact on how businesses function, make choices, and handle both internal and external problems. According to Mullins and Christy (2016), culture is a representation of the common values, presumptions, and ideas that direct how work is done in companies. Today's businesses that operate in competitive, globalised marketplaces place a greater emphasis on culture when it comes to employee engagement, effectiveness, and adaptation. The impact of organisational culture at Tesco, one of the biggest retailers in the UK, is assessed critically in this paper.

The study looks at how Tesco's organisational structure and decision-making procedures are impacted by corporate culture. After that, it uses Schein's Model of Organisational Culture to assess the prevailing cultural traits and find cultural components within the organization. The paper also looks at how Tesco responds to external environmental constraints like rivalry, technological change, and customer expectations by using its culture.

Additionally, the paper evaluates whether Tesco's organisational culture predominantly facilitates or impedes efficient organisational functioning. After assessing how organisational culture affects Tesco's overall performance, evidence-based suggestions are made to improve employee engagement, cultural alignment, and strategic adaptability. The investigation shows that, in the cutthroat UK retail market, Tesco's culture is essential for directing decision-making, forming organisational procedures, and boosting corporate success.

To secure long-term success, this paper emphasises how crucial it is to match corporate strategy with organisational culture. Employee commitment and organisational cohesion at all levels and locations can be improved by a robust and well-communicated culture. The function of leadership in promoting ongoing development and upholding cultural values is also discussed. The report offers a thorough knowledge of how culture supports organisational resilience, competitiveness, and sustainable growth in a retail environment that is changing

quickly by looking at both the advantages and possible drawbacks of Tesco's culture. In order to guarantee long-term success, the research emphasises how crucial it is to match business strategy with organisational culture.

Employee commitment and organisational cohesion at all levels and locations can both be improved by a robust and well-communicated culture. The function of leadership in promoting ongoing development and upholding cultural values is also discussed. The report offers a thorough knowledge of how culture supports organisational resilience, competitiveness, and sustainable growth in a retail environment that is changing quickly by looking at both the advantages and possible drawbacks of Tesco's culture.

Introduction

In contemporary enterprises, organisational culture has emerged as one of the most important factors influencing organisational success. The shared presumptions, attitudes, and behavioural conventions that affect how workers interact, make choices, and carry out their duties within a company are referred to as its culture (Schein, 2017). Mullins and Christy (2016) assert that organisational culture greatly affects management techniques, leadership philosophies, communication approaches, and employee motivation.

Businesses must manage varied workforces and react quickly to shifting customer expectations in an increasingly technologically savvy and globalised business environment. Because of this, organisational culture is essential to maintaining coherence and alignment among various organisational levels and functions (Hofstede et al., 2010).

With thousands of locations nationwide, Tesco is one of the biggest retailers in the UK. The business has grown from a tiny market stall to a significant international retailer since its establishment in 1919. Strong organisational principles, strategic innovation, and a customer-focused culture have all contributed significantly to Tesco's success (Tesco PLC, 2023). But the company has also had to deal with serious obstacles, such as problems with its reputation, financial hardships, and heightened rivalry in the retail industry.

This study looks at how Tesco's organisational structure and decision-making procedures are impacted by organisational culture. It uses Schein's Organisational Culture Model to further examine the company's cultural traits. Additionally, the analysis assesses Tesco's ability to adapt to external environmental constraints such technology innovation, economic shifts, and competitive market dynamics. Lastly, the paper evaluates whether Tesco's culture promotes or hinders organisational effectiveness and offers suggestions to improve the company's long-term performance and cultural alignment.

Organisational Culture and Its Influence on Tesco's Structure and Decision-Making

Organisational culture significantly influences the structure and decision-making processes of organisations. According to Mullins and Christy (2016), culture determines how authority is distributed, how communication flows, and how decisions are made across different levels of management.

Tesco operates with a hierarchical but relatively flexible organisational structure that supports coordination across its large retail network. The company's structure includes executive leadership, regional management teams, store managers and frontline employees. This layered structure enables efficient management of operations across numerous stores while maintaining consistent service standards.

Tesco's organisational culture emphasises customer satisfaction, teamwork and accountability. These cultural values strongly influence the organisation's decision-making processes. For example, strategic decisions within Tesco are frequently guided by customer data, market research and employee feedback. This reflects a culture that values evidence-based decision-making and continuous improvement (Johnson et al., 2020).

Furthermore, Tesco's culture promotes decentralised operational decision-making at store level. Store managers are empowered to make certain operational decisions regarding product displays, staff management and customer service initiatives. This approach allows stores to respond quickly to local customer needs while still operating within the overall corporate strategy.

Organisational culture also influences communication within Tesco. Open communication and employee engagement initiatives encourage staff to contribute ideas and feedback regarding store operations. According to Armstrong and Taylor (2023), organisations that promote open communication through cultural values often achieve higher levels of employee commitment and organisational performance.

However, Tesco's history also illustrates how organisational culture can negatively affect decision-making. In 2014, the company experienced a major accounting scandal involving overstated profits. Analysts suggested that internal cultural

pressures to meet performance targets contributed to unethical decision-making within the organisation (Palmer, 2017). This example highlights how cultural expectations and performance pressures can sometimes lead to dysfunctional organisational behaviours.

Overall, Tesco's culture influences its structure by promoting operational flexibility within a structured hierarchy and shaping decision-making processes through customer focus, accountability and performance expectations.

Identifying Organisational Culture at Tesco Using Schein's Model

One of the most widely used frameworks for analysing organisational culture is Schein's Model of Organisational Culture. Schein (2017) argues that culture exists at three interconnected levels: artefacts, espoused values and basic underlying assumptions.

Artefacts

The visible components of an organization's culture, such as its physical surroundings, organisational procedures, and observable actions, are represented by artefacts. Tesco's shop designs, branding, staff attire, and customer service procedures are examples of artefacts.

Tesco stores prioritise efficiency, convenience, and accessibility. Features like self-checkout technologies, reward programs, and internet shopping options demonstrate the company's focus on the consumer experience. These artefacts show how dedicated the company is to client satisfaction and convenience.

Espoused Values

The official tenets and tactics that organisations claim to adhere to are represented by their espoused ideals. Tesco's corporate principles place a strong emphasis on community involvement, employee respect, and customer service. The company's "Every Little Helps" concept demonstrates its dedication to providing consumers with great experiences and value.

Organisational procedures and employee behaviour are influenced by these ideals. For example, staff members are urged to put customers' needs first and uphold high standards of service. These organisational principles are also intended to be reinforced through training programs and performance evaluation systems.

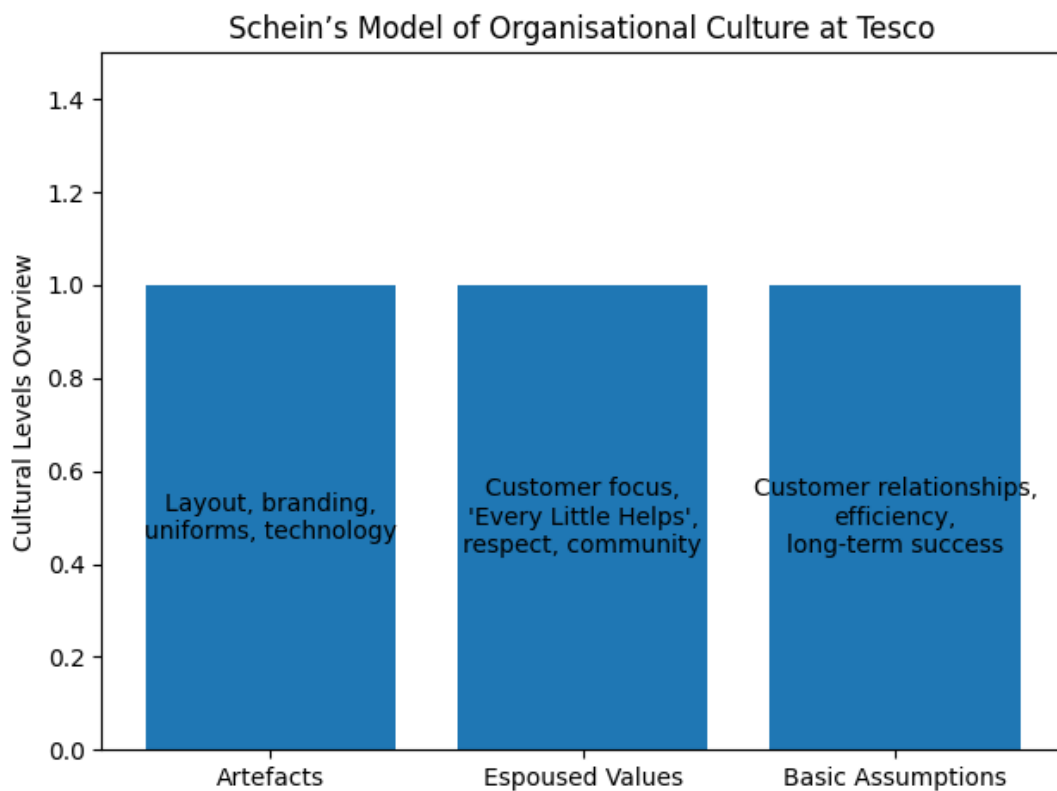
Basic Underlying Assumptions

The fundamental underlying presumptions that unintentionally govern organisational conduct make up the deepest level of culture. Strong customer relationships and operational efficiency are essential to Tesco's long-term success.

This presumption affects strategic choices on digital retail platforms, supply chain

optimisation, and technological investment. Schein (2017) asserts that these underlying presumptions are potent because they influence organisational behaviour without being made clear.

Overall, Schein's model study shows that Tesco's current culture may be characterised as performance-driven, customer-centric, and focused on efficiency, innovation, and service quality.



Organisational Culture and Adaptation to External Environmental Influences

Modern businesses must constantly adjust to changes in the external environment, such as shifting consumer expectations, economic situations, and technology breakthroughs. How well organisations adapt to these changes is largely dependent on their organisational culture (Kotter, 2012).

Tesco works in a fiercely competitive retail market that is marked by fierce pricing competition, quick technical advancement, and changing consumer tastes. The company's organisational culture places a strong focus on creativity and flexibility, which helps it react to these outside demands.

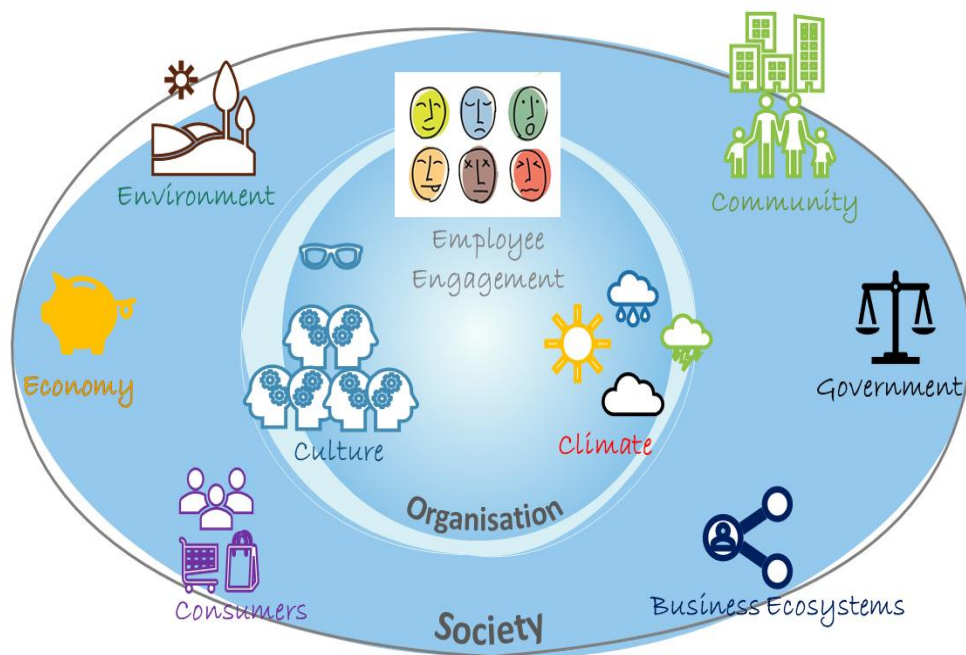
Tesco's investment in digital retail platforms is a prime example. The business has greatly increased the scope of its home delivery services, mobile applications, and online grocery services. This tactical change demonstrates a societal readiness to adopt new technology and adapt to shifting consumer habits (Tesco PLC, 2023).

Tesco's emphasis on corporate social responsibility and sustainability is another illustration. Many merchants are adopting more sustainable operations as a result of growing environmental concerns and regulatory demands. In response, Tesco has launched programs to cut down on food waste, enhance the sustainability of packaging, and reach carbon neutrality.

Tesco's response to economic challenges is also influenced by organisational culture. The company has concentrated on maintaining competitive pricing and growing its selection of reasonably priced products during times of economic turmoil and rising inflation. This shows a cultural dedication to accessibility and consumer value.

To keep employees motivated during times of organisational upheaval, Tesco has also implemented a number of employee engagement initiatives. According to research, companies with supportive cultures are better equipped to handle change and keep workers committed in trying times (Cameron and Quinn, 2011).

Overall, Tesco's organisational culture supports adaptability by encouraging innovation, customer focus and strategic responsiveness to external environmental factors.



Organisational Culture as an Enabler or Barrier to Effectiveness

Depending on how well an organization's culture fits with its objectives and the demands of the environment, it can either help or impede its effectiveness.

Tesco's culture is a major facilitator of organisational efficiency in many ways. The company has been able to stay competitive in the UK retail sector thanks to its strong emphasis on customer service and operational efficiency. In general, employees are urged to put customer happiness first, which promotes favourable customer experiences and brand loyalty.

Additionally, Tesco's culture encourages cooperation and teamwork. Close collaboration between staff members from several areas, including logistics, customer service, and inventory management, is necessary for store operations. These tasks are carried out effectively with the support of a collaborative culture.

But barriers might also be created by some features of organisational culture. Strong performance demands and goal-oriented management styles may cause stress in workers or promote rash decisions. As mentioned earlier, ethical problems during Tesco's 2014 accounting controversy were influenced by cultural influences. Furthermore, big organisations can find it difficult to uphold uniform cultural standards across several regions. Tesco stores may have different organisational cultures due to local customs and management approaches.

However, certain aspects of corporate culture may also create hurdles. Strong performance expectations and goal-oriented management approaches may stress employees or encourage hasty judgements. As previously stated, cultural factors contributed to ethical issues during Tesco's 2014 accounting scandal.

Furthermore, maintaining consistent cultural standards across multiple areas can be challenging for large businesses. Because of regional traditions and management styles, Tesco stores may have distinct organisational cultures. . By maintaining a balance between performance and employee wellbeing, Tesco can ensure that its culture remains a strong enabler rather than a barrier to long-term organisational effectiveness.

Impact of Organisational Culture on Tesco's Overall Performance

Because it affects employee behaviour, innovation, customer happiness, and strategic decision-making, organisational culture directly affects organisational success (Kotter and Heskett, 1992).

Tesco's long-term success has been greatly aided by its customer-centric culture. The company has established great customer loyalty and brand awareness in the UK retail sector by putting client requirements and service quality first.

The performance of the organization is also greatly influenced by employee engagement. Employees are more likely to show dedication, productivity, and job satisfaction when they comprehend and uphold the organization's principles (Armstrong and Taylor, 2023). The goal of Tesco's employee development and training programs is to improve this alignment.

Additionally, the company's innovation is influenced by its organisational culture. Tesco has increased operational efficiency and broadened its market reach by embracing technological advancements including automated supply chain systems and online shopping platforms.

But the connection between performance and culture is nuanced. To stop corporate misbehaviour, cultural strengths must be combined with moral leadership, accountability, and openness.

All things considered, Tesco's competitive edge and operational performance in the retail industry have been greatly influenced by its culture.

Furthermore, a robust organisational culture enables Tesco to effectively address external problems like shifting economic conditions and heightened competition. Faster decision-making and improved departmental cooperation are made possible by a common set of values. This flexibility promotes long-term sustainability and corporate resilience. Additionally, a strong workplace culture can improve Tesco's employer brand by drawing in and keeping talented workers, which improves the company's overall performance and position in the market.

Recommendations for Improving Organisational Culture

Tesco should consider a number of important steps to increase long-term performance and fortify its organisational culture.

First, the business should keep funding the training of moral leaders. Organisational culture is greatly influenced by leadership behaviour, and moral leadership can assist avert future governance blunders.

Secondly, Tesco ought to improve its employee engagement initiatives. Giving workers the chance to participate in decision-making can boost their motivation and uphold healthy cultural values.

Third, the company needs to make sure that various shop locations have a more uniform culture. Initiatives for leadership development and standardised training programs can support preserving alignment with company values.

Lastly, Tesco ought to keep advocating for creativity and flexibility as fundamental culture principles. The company will be able to stay competitive in a retail environment that is changing quickly if staff are encouraged to contribute ideas and embrace technological progress.

Tesco should also improve its internal communication tactics to guarantee clarity and openness at all organisational levels. By fostering trust between management and staff, open lines of communication can lessen miscommunication and enhance teamwork.

To find cultural gaps and areas for growth, the organization might also implement frequent feedback systems like staff surveys and performance reviews. A healthy culture can also be strengthened by praising and rewarding staff members who exhibit actions consistent with company values. Together, these efforts would promote an organisational environment that is more responsive, inclusive, and productive.

Conclusion

Organisational culture plays a crucial role in shaping organisational behaviour, decision-making and performance. In the case of Tesco, culture strongly influences organisational structure, management practices and strategic responses to external environmental changes.

Analysis using Schein's Model demonstrates that Tesco's culture is characterised by strong customer focus, operational efficiency and performance orientation. These cultural elements support organisational effectiveness by promoting service quality, teamwork and innovation.

However, organisational culture can also create challenges if performance pressures or inconsistent cultural practices lead to ethical or operational issues. Therefore, effective cultural management is essential to maintaining organisational alignment and long-term success.

Overall, Tesco's organisational culture has been a key contributor to its competitive position within the UK retail sector. By continuing to strengthen ethical leadership, employee engagement and innovation, the company can further enhance its organisational culture and sustain high levels of performance in the future.

Moreover, a well-managed organisational culture enables Tesco to build resilience in an increasingly dynamic and competitive business environment. As consumer expectations continue to evolve, a strong culture ensures that employees remain adaptable and responsive to change. It also supports continuous improvement by encouraging learning and development at all levels of the organisation. In the long term, maintaining a positive and ethical culture will not only protect Tesco's reputation but also drive sustainable growth, ensuring the organisation remains competitive and relevant within the retail industry.

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