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Organisational culture in Tesco

Report

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1. Introduction

Organisational culture plays a critical role in determining how companies operate, make decisions and interact with employees and stakeholders. It represents the shared values, beliefs, behaviours and assumptions that guide how work is performed within an organisation (Schein, 2010). In highly competitive industries such as retail, organisational culture can significantly influence operational efficiency, innovation, customer satisfaction and overall organisational performance. This report analyses the organisational culture of Tesco plc, one of the largest retail companies in the world. Founded in 1919, Tesco operates thousands of stores globally and has developed a strong corporate culture focused on customer service, teamwork and employee engagement. The organisation has continuously evolved its cultural practices to remain competitive in the dynamic retail environment. The purpose of this report is to critically examine Tesco's organisational culture and its influence on organisational structure, decision-making and overall performance. The report will also analyse the culture using relevant theoretical frameworks, particularly Schein's model of organisational culture and Handy's cultural typology. Furthermore, the discussion will explore how Tesco's culture enables adaptation to external environmental changes and contributes to the company's effective functioning and long-term success.

2. Organizational Culture of Tesco

Organisational culture refers to a system of shared values, beliefs and behavioural norms that influence how employees interact and perform within an organisation (Schein, 2010). In the case of Tesco, the organisational culture emphasises customer satisfaction, teamwork, employee empowerment and continuous improvement. These cultural characteristics help the company maintain competitiveness within the global retail market. One of the most significant elements of Tesco's organisational culture is its strong customer-centric approach. The company's guiding principle focuses on understanding customers better than competitors and meeting their needs effectively. This customer focus influences strategic decision-making, product offerings and service quality throughout the organisation (Quarterdeck, 2024). Managers frequently interact with customers and frontline employees to ensure that decisions reflect customer expectations and market trends. Another key feature of Tesco's organisational culture is teamwork and collaboration. Employees work in team-based environments where communication and cooperation are encouraged. Such teamwork enables efficient store operations and helps employees support each other in delivering quality customer service. A supportive and friendly work environment promotes employee engagement and enhances productivity (Grundy and Brown, 2003). Tesco also promotes employee empowerment and participation in decision-making. The organisation operates with a relatively decentralised management structure where regional and store-level managers have autonomy to make operational decisions. This allows the company to adapt its strategies to local markets while maintaining overall corporate consistency (Pelau and Pop, 2018). Furthermore, Tesco emphasises diversity, inclusion and employee welfare within its culture. The organisation encourages equality and ensures that employees are treated fairly regardless of gender, religion or background. Such inclusive cultural values contribute to employee satisfaction and create a positive organisational climate (Quarterdeck, 2024). Communication also plays a vital role in Tesco's culture. Regular meetings, employee feedback systems and internal communication channels facilitate information sharing across different levels of the organisation. This helps managers monitor operations effectively and address issues promptly (Grundy and Brown,

2003). Overall, Tesco's organisational culture is characterised by customer orientation, teamwork, decentralisation and employee empowerment. These cultural elements create a collaborative work environment that supports operational efficiency and organisational success.

3. How Organizational Culture Helps Shape Structure and Decision-Making

Organisational culture significantly influences the structure and decision-making processes within a company. At Tesco, the culture of collaboration, customer focus and employee empowerment shapes how the organisation is structured and how decisions are made across different levels. Tesco operates with a relatively decentralised organisational structure, which aligns with its cultural emphasis on employee participation and flexibility. Decentralisation allows regional and store managers to make decisions that suit local market conditions while still adhering to the company's overall strategic objectives. This structure improves responsiveness and enables the organisation to adapt quickly to changes in consumer demand (Pelau and Pop, 2018). The company's culture also encourages democratic leadership and open communication. Managers often involve employees in decision-making processes, particularly in operational matters. Such participative leadership fosters trust between employees and management while encouraging innovative ideas from staff members. Consequently, employees feel more valued and motivated to contribute to organisational goals. Tesco's customer-centric culture strongly influences strategic decision-making. Managers regularly engage with customers and observe store operations to understand consumer preferences and behaviour. These insights guide product selection, pricing strategies and service improvements. By grounding decisions in customer needs, Tesco ensures that its strategies remain relevant in a competitive retail market (Quarterdeck, 2024). Additionally, Tesco's organisational culture encourages collaboration between departments and teams. Cross-functional communication ensures that decisions consider different perspectives, including marketing, operations and supply chain management. This collaborative decision-making approach helps the organisation achieve efficiency and maintain alignment between different business units. The cultural emphasis on accountability and transparency also affects decision-making processes. Managers are expected to justify decisions using data, customer insights and operational information rather than relying solely on hierarchical authority. Such an approach reduces the risk of poor strategic choices and promotes evidence-based management. Furthermore, Tesco's organisational culture supports continuous learning and leadership development. Training programs and leadership academies equip employees with the skills required for managerial roles and decision-making responsibilities. These initiatives ensure that decision-makers across the organisation possess the necessary knowledge and competencies. In summary, Tesco's organisational culture directly influences its structure and decision-making processes. The combination of decentralisation, participative leadership and customer orientation enables the organisation to respond effectively to market changes while maintaining operational efficiency.

4. Relevant Frameworks and Models: Schein's Model and Handy's Cultural Types

Understanding Tesco's organisational culture can be enhanced through the application of established theoretical frameworks such as Schein's model of organisational culture and Handy's cultural typology.

Schein's Model of Organizational Culture

Edgar Schein proposed that organisational culture consists of three interconnected levels: artefacts, espoused values and basic underlying assumptions (Schein, 2010). The first level, artefacts, represents the visible aspects of culture such as organisational structures, dress codes, rituals and symbols. At Tesco, artefacts include store layouts, employee uniforms, customer loyalty programmes such as Clubcard, and internal communication systems. These observable elements reflect the company's focus on efficiency and customer service. The second level, espoused values, refers to the organisation's declared principles and strategies. Tesco promotes values such as customer satisfaction, teamwork, respect for employees and community engagement. These values guide employee behaviour and organisational policies. The third level, basic underlying assumptions, represents the deeply embedded beliefs that shape behaviour within the organisation. In Tesco's case, one key assumption is that understanding and satisfying customer needs leads to long-term business success. This assumption drives the company's customer-focused strategies and operational practices. Applying Schein's model helps explain how visible practices and underlying beliefs combine to create Tesco's organisational culture.

Handy's Cultural Types

Charles Handy identified four main types of organisational culture: power culture, role culture, task culture and person culture (Handy, 1993). Tesco is often associated with task culture, where teamwork and collaboration are emphasised to achieve organisational goals. In this culture, employees with the appropriate skills are assigned to specific tasks or projects. Task culture encourages innovation, flexibility and problem-solving (Handy, 1993). Although Tesco's culture primarily reflects task culture, elements of role culture also exist in certain organisational functions. Role culture involves clearly defined responsibilities and hierarchical structures, which are common in large retail organisations. These structures help maintain operational stability and ensure efficient management of complex operations. However, Tesco generally avoids excessive power culture, where decision-making authority is concentrated in a small group of individuals. Instead, the organisation promotes decentralised decision-making and employee involvement. By applying Handy's model, it becomes evident that Tesco's organisational culture combines aspects of task and role cultures, allowing the organisation to balance flexibility with operational control.

5. Organizational Culture and Adaptation to the External Environment

In dynamic and competitive industries, organisational culture plays an essential role in enabling companies to adapt to external environmental changes. For Tesco, a strong and flexible organisational culture has helped the company respond effectively to evolving consumer preferences, technological advancements and economic challenges. One way Tesco adapts to its external environment is through its customer-focused culture. By continuously analysing customer behaviour and feedback, the company can modify its products, pricing strategies and services to meet changing consumer demands. This approach helps Tesco maintain strong customer relationships and sustain market competitiveness. Another factor contributing to Tesco's adaptability is its decentralised organisational structure. Regional managers and store leaders are empowered to make decisions that address local market conditions. This flexibility allows the organisation to tailor its strategies according to different geographical markets while maintaining overall corporate objectives (Pelau and Pop, 2018). Tesco's culture also supports innovation and technological advancement. The company has invested heavily in digital retailing, online grocery services and data analytics. These initiatives demonstrate the organisation's willingness to adopt new technologies in response to evolving consumer expectations and competitive pressures. Additionally, Tesco emphasises collaboration with stakeholders, including suppliers and communities. Strong relationships with suppliers enable the company to maintain efficient supply chains and respond quickly to market fluctuations. Community engagement initiatives also strengthen the company's reputation and brand image. The organisational culture also encourages employees to contribute ideas for improvement and innovation. This inclusive approach helps the company identify opportunities for growth and adapt to industry trends. Furthermore, Tesco's cultural emphasis on learning and development enables employees to acquire new skills and knowledge required in the modern retail environment. Training programmes ensure that employees remain capable of managing technological changes and evolving customer demands. Overall, Tesco's organisational culture provides the flexibility, innovation and responsiveness required for effective adaptation to external environmental changes. This adaptability is crucial for maintaining long-term competitiveness in the global retail industry.

6. Organizational Culture and Effective Functioning of Tesco

Organisational culture significantly contributes to the effective functioning of Tesco by influencing employee behaviour, operational efficiency and overall organisational performance. Firstly, Tesco's culture promotes employee motivation and engagement. By fostering a supportive and collaborative work environment, the organisation encourages employees to perform their duties effectively. Employee engagement initiatives and recognition programmes further motivate staff members to contribute to organisational success. Secondly, the culture of teamwork and cooperation enhances operational efficiency. Retail operations require close coordination among employees working in different departments, including sales, inventory management and customer service. A collaborative culture ensures that these departments work together efficiently to achieve organisational goals. Thirdly, Tesco's emphasis on communication and transparency facilitates effective

coordination within the organisation. Regular meetings, feedback systems and internal communication channels allow employees to share information and address challenges quickly (Grundy and Brown, 2003). Another important factor is employee empowerment. When employees are given autonomy to make decisions within their roles, they are more likely to take ownership of their responsibilities and contribute proactively to organisational objectives. Empowerment also enhances problem-solving capabilities and improves service delivery. Furthermore, Tesco's culture supports leadership development and training. Leadership programmes help develop managerial competencies and prepare employees for higher responsibilities. Effective leadership ensures that organisational strategies are implemented successfully across different levels of the organisation. The culture also contributes to customer satisfaction, which is critical for retail businesses. Employees are encouraged to prioritise customer needs and deliver high-quality service. This customer-focused mindset strengthens customer loyalty and enhances the organisation's reputation. Additionally, Tesco's organisational culture supports continuous improvement and innovation. Employees are encouraged to identify inefficiencies and propose improvements to operational processes. Such initiatives contribute to cost reduction, improved productivity and enhanced service quality. Overall, Tesco's organisational culture plays a vital role in ensuring the effective functioning of the company by promoting teamwork, communication, employee empowerment and customer satisfaction.

7. Evaluation of the Impact of Organizational Culture on Organizational Performance

Organisational culture has a significant impact on the performance and long-term success of organisations. In the case of Tesco, the company's culture contributes positively to organisational performance in several ways. Firstly, Tesco's customer-focused culture enhances customer satisfaction and loyalty. By prioritising customer needs and continuously improving service quality, the company strengthens its competitive advantage in the retail industry. Customer loyalty contributes to consistent revenue generation and market stability. Secondly, the organisation's culture of employee empowerment and teamwork improves productivity and efficiency. Employees who feel valued and supported are more likely to perform effectively and remain committed to the organisation. High employee engagement reduces staff turnover and recruitment costs. Thirdly, Tesco's decentralised structure and participative decision-making processes contribute to innovation and responsiveness. By allowing employees at different levels to contribute ideas, the organisation benefits from diverse perspectives and creative solutions. However, organisational culture can also present certain challenges. In large multinational companies such as Tesco, maintaining a consistent organisational culture across different regions can be difficult. Cultural differences between countries may influence employee behaviour and management practices. Additionally, decentralised decision-making may sometimes lead to inconsistencies in operational practices across different stores or regions. Therefore, Tesco must maintain strong organisational values and communication systems to ensure alignment between different business units. Despite these challenges, Tesco's organisational culture generally supports strong organisational performance. The company's emphasis on customer service, employee engagement and innovation enables it to remain competitive in a highly dynamic retail environment. Overall, the positive aspects of Tesco's organisational culture significantly outweigh potential challenges. By aligning cultural values with organisational objectives, Tesco continues to achieve sustainable growth and strong market performance.

8. Conclusion

Organisational culture plays a crucial role in shaping the operations, management practices and performance of organisations. This report analysed the organisational culture of Tesco and examined its impact on organisational structure, decision-making and overall effectiveness. The analysis revealed that Tesco's culture is characterised by customer orientation, teamwork, employee empowerment and decentralised decision-making. These cultural characteristics enable the organisation to maintain operational efficiency while adapting to changes in the external environment. The application of theoretical frameworks such as Schein's model and Handy's cultural types provided deeper insights into the structure and functioning of Tesco's organisational culture. The analysis demonstrated that Tesco's culture reflects elements of both task and role cultures, balancing flexibility with operational control. Furthermore, the report highlighted how Tesco's organisational culture contributes to organisational performance by enhancing employee engagement, customer satisfaction and innovation. Although challenges may arise in maintaining consistent culture across global operations, the company's strong cultural values help sustain its competitive advantage. In conclusion, Tesco's organisational culture plays a vital role in supporting its strategic objectives and ensuring long-term organisational success.

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