

MODULE CODE: LCBB4003

Introducing the Modern Workplace

Assessment 1 – Structure and Culture - LIDL

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Introduction

An organisation is dependent on its structure and culture for the successful running of its business. Both of these factors contribute to the overall performance of the organisation. An organisation is only able to achieve its objectives successfully when it interlinks its structure with the culture which is exhibited inside the organisation. This essay tries to examine how these factors affect the organisational performance of a company while referring to theories and models of organisational design and culture employed by the company.

Lidl is a supermarket chain which puts special emphasis on discounting their products. The brand is of German origin and was founded in 1930 by Josef Schwarz. Since then, it has expanded its business at a rapid pace. It first opened its UK store in 1994. Now Lidl has over 800 stores in the UK market alone and has over 10000 stores in total including Europe and the United States (Lidl, 2020). Lidl has expanded its base to over 29 countries in total. It operates in Austria, France, Italy and many others. According to the reports published in Retail Detail (2019), the company's revenue grew to a whopping 100 billion euros in 2019, cementing its position as a strong player in the market.

Discussion

The structure employed by an organisation is directly related to the way it achieves the business objectives and serves the customers. There are many types of organisational structures such as 'divisional structure', 'network structure', 'hierarchical structure' and so on followed by different organisations.

A Hierarchical structure is an important organisational structure. In a hierarchical structure, the flow of power is directed downwards from the top to bottom. It is similar to the shape of a pyramid. The main powers lie with the superiors at the upper level who then generate the powers downwards and impose them on the subordinates at the lower level (Morgan, 2016). In this type of structure, information is received at the base level and it reaches the upper level after passing through many designations and segmentations. According to an article on Hierarchy Structure (2017), Lidl, Tesco and other big organisations employ this kind of structure.

There are many advantages of a hierarchical structure. There is clear communication in this type of structure. This type of structure clearly defines who is the authority and controller of power. It leaves no room for indecisiveness or confusion as workers are given clear-cut instructions by the upper bodies and the authorities are the only ones to take bigger decisions.

There are many disadvantages too in a hierarchical structure. If not implemented properly, this type of structure may lead to a lack of teamwork or collaboration between the workers as they would be constantly involved in power-seeking. This, in a way, may prove to be unhealthy for the organisation. The ideas or grievances of the workers at the base-level may not always reach the authorities as they might get downright rejected at the base level itself. This would not give proper importance and respect to the innovation of the workers working at the lower level and they may fail to reach their full potential. In this way, it also makes room for the unequal handling of employees. As the structure is similar to a pyramid, the authorities at the top may use their powers in a fallacious manner without even acknowledging the true credit of an employee. This would negatively impact the image of the organisation which would surely reflect in the overall performance. Lidl too employs the hierarchical structure but does not involve any unhealthy practice which would negatively impact its name. It always gives due credits to its employees. An analysis will further drive home the point.

Lidl follows the hierarchical structure but with some modifications. The traditional hierarchy model is in its place but Lidl mainly focuses on the positive aspects of the model and tries to capitalise on the same (Docherty and McColl, 2018). It mainly believes the theory proposed by Mazzettiet *al.* (2016), that generating revenues and customer satisfaction is directly proportional to a happy workplace. This generates mutual trust and respect among workers working at different segments of the company. Although adhering to the hierarchical structure, the authorities of Lidl do not always impose their decisions on the workers at the base level. The decision-making power lies with them, yet they try to hear out their worker's suggestions and grievances and also work upon those if they deem it necessary. Due to this approach, the negative aspects of the hierarchical structure do not prove to be a threat to Lidl. Confusion among workers, mismanagement of powers by the authorities and unequal treatment of workers rarely prove to be an issue. The authorities are sometimes involved in investigating at a deeper level to see that the grievances of the workers are met (Lidl, 2020).

This proves the fact that Lidl employs 'transformational' or 'relationship theory of leadership' which ensures that leaders work at a base level along with the team members (Haque *et al.*, 2019). This significantly reduces the gap between workers and their leaders. This also proves that Lidl exercises the hierarchical structure albeit in a modified way. A disadvantage that Lidl faces due to this structure is that the information passed from one sector takes a long time to reach another sector. This is for the sole reason that the information has to pass through many levels before finally reaching its destination. The company is involved in producing constant feedback to the employees as well to ensure that they know where they stand and give their best every day.

Ferdous (2017), claims that neo-classical theory tries to analyse and improve upon the norms of the classical which was based on a combination of 'scientific', 'bureaucratic' and 'administrative' theories. If an example is considered, one of classical theory's main negative point was that it did not allow for mutual communication which would be two-sided. Neo-classical theory improved upon this aspect and gave due respect to the values and objectives of the workers. This can be implied in the case of Lidl as well. There is 'simple and direct communication', 'entrepreneurial responsibility', 'constant development' present to a large degree in their structure (Lidl, 2020). As a result, the workers readily accept the instructions vested upon them by the authorities without any questions. This also helps Lidl to better their performance and generate pleasant revenues.

The culture of an organisation is also an important factor for its smooth running. It holds special significance just like the structure of an organisation. Both of these factors are interlinked and one cannot exist without the other. There are a number of organisational cultures such as 'role culture', 'power culture', 'task culture' and others.

Power culture is a type of work culture where powers are vested within the hands of a few individuals or authorities. The big decision making power is vested to them and they exercise it accordingly. Employees are generally evaluated from the perspective of their achievements rather than their behaviour or action. Quick decision making is possible in this type of culture and it is generally a strong culture. The culture might sometimes turn toxic too if the authorities get involved in the mishandling of their powers. Scrimgeour (2018), believes that

the reason for the collapse of Lehman Brothers and Enron is often considered a result of power culture.

There are many advantages of power culture. As discussed earlier, rapid changes can be made quickly within the organisation by taking quick decisions. This structure mainly leverages the vision, skill and expertise of the leaders. Confusion is minimal at times of emergency if one follows this type of culture in an organisation.

One cannot ignore the disadvantages too which comes with power culture. Sometimes decisions taken by leaders for quick profit may turn to be detrimental for the organisation in the long run. The workers, however, are unable to question their leader as his words are considered to be final. The workers have to keep their leaders' wishes at the forefront, even if it clashes with other important works.

Although Lidl employs the power culture in running its business, it modifies some of the norms of the culture. Workers are made aware of their duties and they have to perform it successfully to get approval from the authorities. They also pay a hefty amount to their workers based on their job designations if they perform them without any glitches (Lidl, 2020). This does not mean that workers are harassed or pressurised if they sometimes fail to deliver. Reports on Lidl (2020), claim that Lidl has many employee development policies in place and they readily resort to those if needed. This makes their power culture a transparent one. It enables them to tackle most of the advantages of the power culture and use it to their benefit.

The Model of Organisational Structure developed by Schein is mainly based upon three aspects namely, 'artifacts', 'assumptions' and 'values' (Schein, 2016). Artifacts refer to the uniforms of the workers, furniture used in the organisation or in a nutshell, the basic layout of the organisation that is visible to all from the outside. Values are the structured norms and principles upon which the company or organisation is based. Assumptions are those values which are deeply imbibed within the company and which are not charted and analysed from the general outlook of the organisation. A strong correlation between values and assumptions ensures successful ventures for a company. It can be proven that Lidl is based on this model. For example, the dress code of the employees and the 'open door' policy of Lidl can be referred as the artifacts which are visible from the outside (Indeed, 2020). The values adhere

to the core values exhibited by Lidl such as 'shared goals', 'accountability', 'diversity', 'collaboration' and others. Lidl strongly believes in communicating these core values on a regular basis so that the employees are able to accept and work upon the behaviour accordingly (Lidl, 2020). The assumptions are generally hidden but get reflected in the core values. The employees work hard to give shape to these values and behaviours. It can be said that Lidl closely correlates the values and assumptions together which, in a way, makes them transparent in running their business successfully and also ensures employee satisfaction.

It can be truly said that the structure and culture of an organisation need to go hand in hand for the successful running of the organisation. Hopkins (2019), claims that the culture of an organisation gets strongly reflected in the structure employed by the organisation. A strong culture and organised structure help in addressing the needs of the employees. The satisfaction of the employees makes them generate positive results through their performance. This helps the company to up its game and generate higher revenues. It can be truly opined that the two principal structures upon which an organisation is based are its structure and culture. The power culture of Lidl and the hierarchical structure followed by them may sometimes give rise to the dissatisfaction of employees as their grievances might go unnoticed or take a longer time to get addressed properly. This, however, happens very rarely. Lidl's significant position in the market for the last 90 years is proof of the fact that it knows how to tackle these issues. Lidl offers its employees with certain perks such as commuting benefits, life insurance, medical insurance, paid time offs and many more (Lidl, 2020). All these help Lidl to motivate their employees and make their business a high-yielding one.

Conclusion

It can be concluded that the structure and culture of an organisation are two of its basic aspects. Lidl is able to achieve a successful model because it gives due importance to these two features while conducting business. Its power culture enables it to make quick decisions which prove beneficial. The modification of the hierarchical structure also ensures that the employees are satisfied. All these factors have helped it to generate a strong employee as well as a customer base. If they continue to follow these principles, they would surely expand their business and generate higher revenues in the near future.

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