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Introduction

Tesco PLC is one of the largest and most well-known businesses in the United Kingdom. It was founded by Jack Cohen in 1919, starting as a small supermarket stall in East London (Ward,2026) The brand name Tesco was registered in 1924, and the first official store was opened five years later in 1929.As the company grew over the years, in 1994 Tesco competed with Sainsbury's to take over a business based in Dundee that ran 57 stores-this allowed them to expand into Scotland. Then in 1997, they expanded further by opening stores in Ireland. At first, it only operated small supermarkets, but over the time business grow and added more services. Today offers car and home insurance, its own mobile network, and run different store formats including Tesco Extra, Metro, Express, Homeplus and One Stop. It also manages Tesco bank and petrol stations with small convenience stores.

This report will show how organisation culture influences Tesco's structure and decision-making, using relevant models and theory to analyse the company. It will also examine how culture helps Tesco adapt to its external environment, assess its impact on daily operations, and evaluate how it affects overall performance –before setting out clear recommendations for improvement .

Organizational culture of Tesco PLC

Tesco PLC has a clear system that shows how the business is organised and managed at every level (Custommapposter,2026) Tesco's structure is divisional, hierarchical and decentralised and is set up around the different products and services it offers.

Being divisional means the business is split into separate parts, all belonging to the main Tesco group. As well as its supermarkets, Tesco runs other areas such as banking, insurance, petrol stations, and mobile phone services-each one operating as its own section.

It is hierarchical with clear levels of authority that stretch from the most senior leaders at the top down to the teams working in each store. It also decentralised, meaning managers at different levels can make decisions within their own areas, rather than waiting for instructions only from head office. This is showing that the organisation is arranged around what each division does, instead of keeping everything under one single system (Custommapposter,2026)

This structure works across three mains levels: top,middle,and store level:

Top level-The board: made up of ten directors including the Chief Executive Officer. They decide the overall direction and plan for the whole business.

Middle level –Specialist Committees: Five committees that support the Board and helps guide different areas of the organisation.

Store operates every day. Inside stores roles are organised into four clear management levels:

Level 1-Regional manager: Looks after all stores within their area.

Level 2-Store Manager: is responsible for running one whole store properly each day.

Level 3-Department Managers: Lead key areas such as Food Trading, Non-Food Trading, and Personnel, each managing their own team.

Level 4-Section Managers and Assistants: Look after specific teams including fresh food, ambient food, electrical goods, and clothing, supported by Personnel Assistants.

This structure clearly shows how authority and responsibility pass through the organisation, from the very top down to each individual store.

Tesco culture is strongly focused on customers, and is open and fair for everyone. It works as one big team, with clear shared values that help everyone make the right choices at every level. The business follows a simple, clear vision: to be the most trusted and valued organisation for its customers, staff, communities and shareholders. This vision has five main aims: to be needed all over the world, to grow and create opportunities, to be modern and forward-thinking, to succeed locally while working together globally, and to earn real trust and loyalty.

Its purpose is simply “to make what matters better, together”, supported by three core value: always doing the best for customers, treating everyone with respect, and using its position to do good. The business also invests in new ideas and aims to become a zero-carbon business by 2050(Business Case study, 2019).

Influence on Structure and Decision-Making

Having outlined the main features of Tesco's culture and structure, this section focuses specifically on how culture shapes, designs and guides decision-making at every level.

While the structure provides the operational framework, it is the shared values and beliefs that determine exactly how it functions in practice (Assignment Desk, n.d).

Tesco is hierarchical -not just for rules, but to ensure clarity, define responsibility, and solid organisation. This helps everything run smoothly and keep things consistent across all their thousands of stores.

Most importantly, the structure is decentralised: store managers and teams can make daily operational decisions on their own (Assignment Desk, n.d). This clearly shows cultural influence: power is shared because Tesco is built on trust and taking responsibility. They believe that the staff closest to the customers and serve them in the best possible way.

This same way of thinking guides every choice made in business. From big plan from the top office to small decisions in stores, all follows core values: putting customers first, treating people with respect, and working together as one team.

This makes decisions fair, honest, and quick to respond, keeping the whole company aligned towards the same goals.

Tesco proved exactly how this culture works in practice when it faced an unprecedented 80% surge in online demand and doubled its fulfilment capacity in just three months during the COVID-19 crisis (Herrod, 2021).

Already the UK's largest online grocery, fulfilling 660,000 orders each week, they rapidly scaled operations to reach 1.5 million orders per week through home delivery and click-and-collect by June 2020. They hired 16,000 extra staff, extended operating hours, expanded collection points, and delivered over 50 major changes quickly and confidently.

This speed came from agile, flexible decision-making: leadership meetings shifted to daily at 5 pm, and a core cross-company team meet three times every day to remove delays (Herrod, 2021)

They followed a powerful principle: most decisions are reversible, so they could act fast even without perfect data, and viewed mistakes as part of learning rather than failure. Most importantly, they prioritised over 700,000 vulnerable customers, ensuring those most in need received help first (Herrod, 2021)

Built on strong shared values-treating everyone with respect and focusing on customers-this mindset drives innovation today.

Tesco is testing cutting-edge automated systems, like the smart picking tower in West Bromwich, to serve people even faster.

Overall, these facts clearly demonstrate how a supportive culture enables bold, fast and effective decisions that lead to real progress and strong results.

Analysis using Models and theories

To analyse Tesco's culture effectively, two proven frameworks are applied: Deal & Kennedy's Cultural Typology and Edgar Schein's Three Levels of culture.

Edgar Schein's framework is ideal for analyse large, extended organisations like Tesco-which operates far beyond just supermarkets. This group runs Tesco bank, offers home and life insurance, provide mobile phone services, operates fuel stations, and serves customers through different store formats: large Extra supermarkets, convenient Metro shops, and small Express outlets across the UK.

This model explains culture in three connected layers: artifacts, espoused values, and basic underlying assumptions, showing how shared identity runs through every part of an organisation (FourWeekMBA, 2024)

*Artifacts -what you see immediately: These are the visible features: the famous blue logo, the tidy and consistent store layout, easy to read sign, the well-known motto "Every Little Helps" and the polite, helpful way staff behave.

*Espoused values -What the organisation stands for: These are the official clearly stated principles that guide the whole business. At Tesco, this starts with their mission: "make what better, together" supported by three strong core beliefs: no one tries harder for customer-meaning they give their absolute best and do everything possible to help people, treated people how they want to be treated, and the well-known promise "Every Little Helps"

Beyond these, the company also shows clear committed to diversity, looking after staff's wellbeing and building a more sustainable future.

*Basic Underlying assumptions deep, unwritten beliefs: customers always come first, Colleagues are trusted and respected, and fairness guides every decision. These shared values unite the whole business.

To complete the analysis, Deal & Kennedy's framework further classifies Tesco based on its work pace and risks level.

2. Deal & Kennedy's Cultural Typology

This framework sorts organisational culture into four distinct types, determined by risk level and speed of feedback (MBA Knowledge, 2026)

The following diagram clearly presents the four categories:

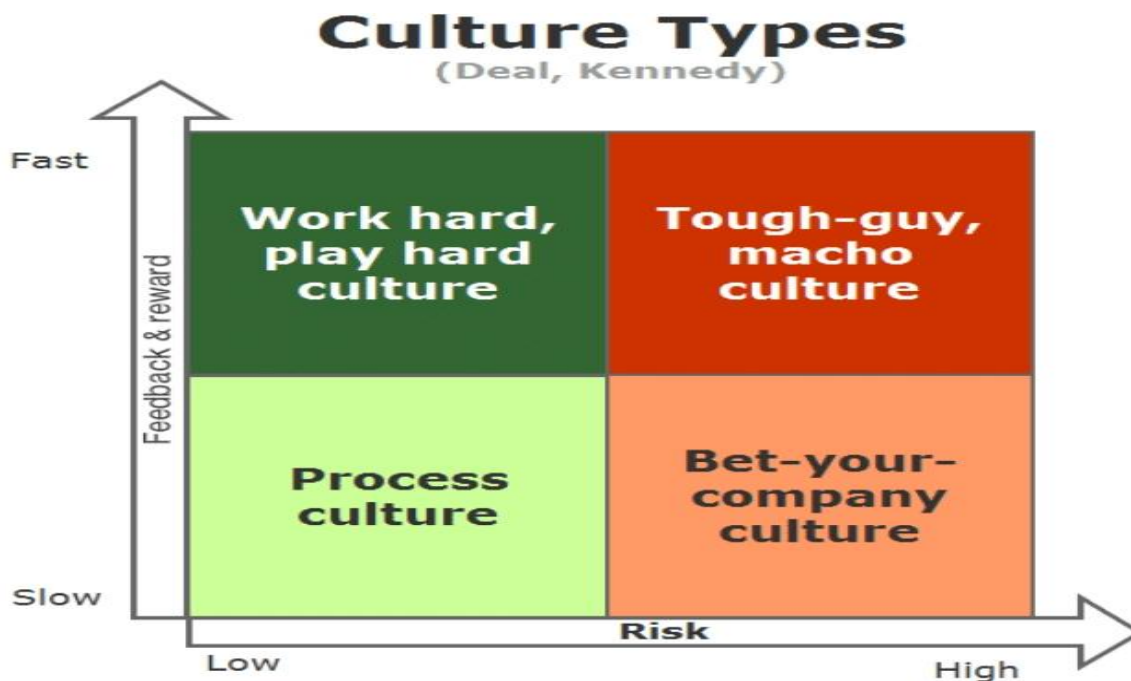


Figure 1: Cultural Typology Diagram (Adapted from Deal and Kennedy, 2000, p.58)

Regarding this image: This model clearly presents four separate quadrants based on those factors. Tesco fits perfectly into the Work Hard, Play Hard section-defined by Low Risk and Fast Feedback

Application to Tesco: Most operations are routine, everyday tasks-serving customers, restocking shelves, arranging products neatly, processing payments at checkout. These tasks involve very low risks: they are simple and any small mistake is easy to correct without causing big problems. Also, results are fast and visible: you know immediately if the work is well done, customers are happy, and the store looks good-you don't need to wait too long to see the outcome.

In practice: This creates a high-energy, team-focused culture. Colleagues work together, help one another one, and keep service fast and friendly.

The motto "Every little helps" shows this well: everyone contributes, and good results appear quickly. Staff are also trusted to solve small problems on the spot, keeping things simple and effective.

While this model describes Tesco's working style, in my following research, I will demonstrate that Schein's model also has a significant impact in explaining the full depth

Culture and external adaptation (Pestle analysis)

Organisational culture does not only shape internal structure and decision-making; it also defines how effectively a business responds to changes outside its walls. As a market leader, Tesco applies its customer first, innovative values to navigate challenges.

This analysis focuses on Technological, Environmental and Legal factors, showing how culture guides adaptation in recent years.

Technological factors

Tesco's culture always focuses on improving and moving forward, leading to big progress in technology over the last few years. The company has invested around 1.5 billion in automation, self-checkout machines, warehouse robotics, and artificial intelligence to make operations faster and more efficient (Infotechlead, 2025). It's well-known Clubcard programme uses data analytic to understand customer preferences, bringing better offers and prices.

At the same time, online platforms, mobile apps, Click+Collect, and rapid delivery options have been expanded to meet growing demand. These services give customers more choices and flexibility whenever they need to shop.

Innovation is key, although it brings costs and cybersecurity risks.

However because the culture is open to change, Tesco adapts quickly, stays competitive, and keeps service convenient for millions.

Environmental Factors

Tesco's culture of progress and responsibility guides its environmental work. The company has reduced its own direct pollution by 65% since 2015, which is much faster than planned (Business Model Analyst, 2026). It aims to be carbon neutral in its own shops and offices by 2035, and fully net-zero across all suppliers by 2050.

It uses 100% green electricity, deals with costs like Plastic Tax, and runs the Deposit Return.

This scheme makes it easy for customers to recycling while they are in the store, it also handles risks like bad weather affecting fresh produce and supplies stability, showing in this way the care about protecting the planet.

Legal Factors

Tesco's culture is built on honesty and doing things right, so it follows all laws carefully.

It focuses on four main areas: fair treatment of suppliers, food safety rules, employment rights and advertising standards (Business Model Analyst, 2026)

Important changes include: higher minimum wage (£12.71/hour from April 2026) and new limits on special offers from January 2026. It also respects data privacy, and safety checks.

Because they act responsibly, they adapt easily to new laws and keep their good reputation safe.

How culture helps the organization

The culture is also adaptable and responsive. When market conditions change or customer needs evolve, the organisation adjusts and improve accordingly. This flexibility is reinforced by how the business supports its workforce: Tesco invests in training, offers fair pay, and recognises achievement.

By keeping staff motivated and valued, the culture helps maintain high standards and ensures employees remain committed to the company's overall purpose (StudySmarter,2022).

These strengths are clearly shown in Tesco's own result. The company's culture is built on the purpose" serving customers communities and planet a little bit every day" guided by the core values: no one tries harder for customers, treat people how we want to be treated, and every little helps (Tesco PLC,2026). This people –focused approach has helped the business grow strongly: in 2025/2026, group sales reached £66.6 billion and market share stood at 28.5%, the highest in the UK grocery market.

The culture market also drives innovation and adaptation: rapid delivery services grew by 51%after the company invested £400 million to improve speed and convenience.

Tesco also follows ethical practices such as fair pay, sustainability targets, and community support (Tesco PLC,2026) showing how culture guides both good behaviour and financial success

How culture limit the organization

However, the same culture can also create serious risks. Pressure to meet financial targets once became so strong that it led to non-ethical behaviour.

In 2014, Tesco overstated its expected profits by around profits around £250 million, later revised to £ 326 million, sending misleading information to investors (BBC News,2017)

The consequence was severe, Tesco was fined £129 million and agreed to pay compensation to the investors (BBC News,2017).

Three former executives faced criminal charges, and share price fell sharply, damaging the company's reputation. The scandal was described as "exceptionally rare" in the UK stock market (BBC News, 2017)

Tesco's chief executive Dave Lewis said, "We sincerely regret the issues which occurred in 2014 and we are committed to doing everything we can to continue to restore trust in our business and brand" (BBC News,2017).

Even though the business recovered and profits grew in the years that followed, the scandal damaged the company's reputation, and people still remembered what happened. This shows that when targets come before honesty, culture can fail causing lasting harm that is not easy to be fixed.

Impact performance and recommendations.

The McKinsey Organizational Health Index measure nine key areas that shows how culture affects results (McKinsey & Company, 2017)

The table below shows Tesco's scores and what area means:

Area	Score	Key practices measured
Direction	11	Shared vision, strategic, clarity, employee involvement
Innovation and learning	10	Top-down and bottom-up innovation, knowledge sharing
Leadership	9	Authoritative consultative, supportive and challenging styles
Coordination and control	7	Performance review, financial and risk management,
Capabilities	5	Talent acquisition, skills development, expertise
Motivation	5	Values, recognition, Career opportunities, reward
Work environment	5	Trust, discipline, creativity, entrepreneurship
Accountability	3	Role clarity, performance contracts, consequences, ownership
External orientation	3	Customer focus, ethics, partnership and community

Research shows that companies with stronger health deliver roughly three times better returns to shareholders (McKinsey & Company, 2017). On average, improving leads to an 18% rise in earnings and 10% increase in total returns, this means if Tesco improves its culture-especially fixing accountability and external orientation, it could expect similar positive results. These numbers show what is possible when a company strengthens its weakest areas.

Tesco's has strong areas, especially direction, innovation and leadership. These high scores show the company has a clear vision and encourage new ideas.

This helps performance in non-financial ways like motivation and progress. The very low score in accountability means roles and responsibilities were not clear enough. Employees felt pressured to meet targets without proper checks, which directly led to the 2014 scandal (BBC News, 2017).

The low score in external orientation shows the company focused too much on internal results, and not enough on customers, ethics or public trust (McKinsey & Company, 2017).

These weaknesses hurt reputation and long-term success as well as financial results.

Benchmark Comparison

Retail Shake benchmarks Tesco's pricing against another UK Supermarket, using 100 as the base price index (Retail Shake ,2026)

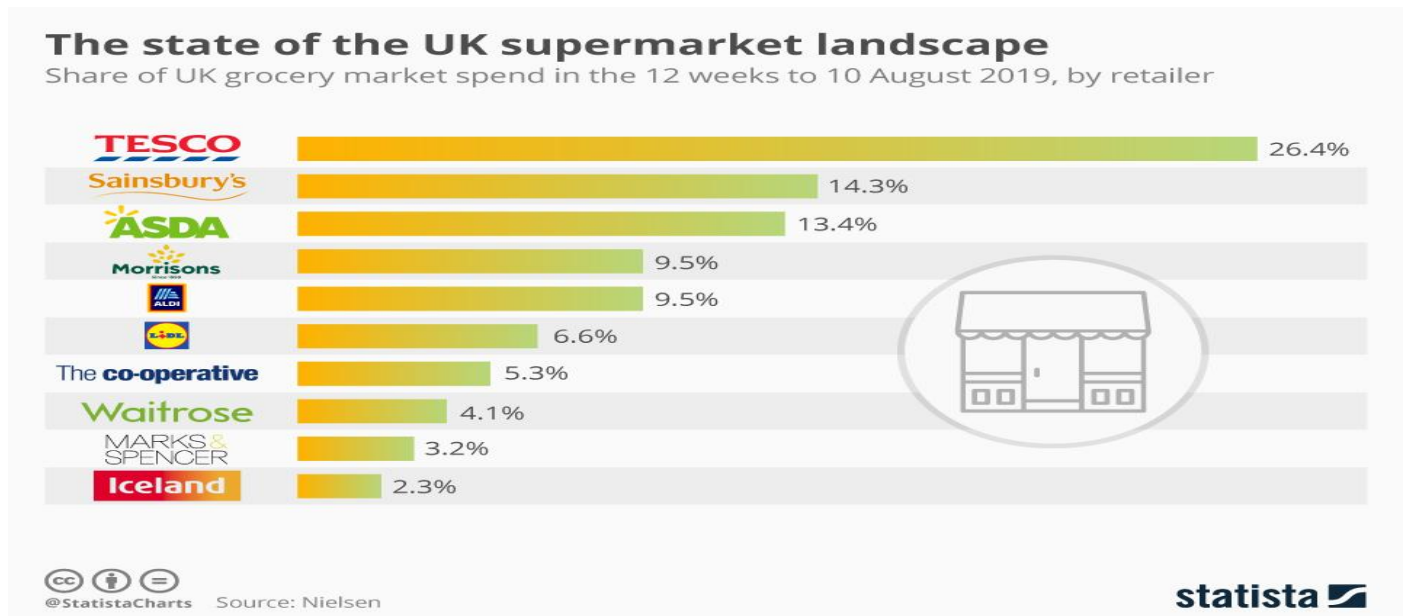


Image Source: Nielsen/Statista (2019)

As the image clearly shows, Tesco is the undisputed market leader with the largest share at 26.4%, while all other competitors follow with significantly smaller percentages. This confirms Tesco's dominant position across the UK grocery sector. However, being the market leader does not mean everything is working well, the same cultural weakness-poor accountability and lack of customer focus, remain serious risks that could damage this strong position.

Recommendations

Tesco must clarify roles and set fair targets with proper checks to prevent the kind of pressure that led to the 2014 scandal (BBC News, 2017).

It should put customers and ethical standards first and use its strengths in vision and leadership (McKinsey & Company, 2017) to build a culture of honesty and responsibility.

Conclusion

This analysis shows that Tesco's culture is the foundation of both its greatest strengths and its most serious risks. Strong vision, capable leadership, and constant innovation have made it the clear market leader. Yet deep weakness in accountability and external orientation remains areas that need more attention.

Even though the business has faced difficult challenges in the past, it continues to recover, rebuild, and maintain its position as the most powerful supermarket in the UK.

A key part of this improvement lies with its people: when employees feel valued, trusted and fairly treated, they naturally deliver better service. Happy employees create happy customers; and this shows that caring to staff is not just kindness, is it the very heart of good business.

Because organisational culture directly shapes performance reputation, and long-term success.

Tesco must courageously address its weakest areas while building confidently on its strengths.

By choosing honesty over pressure and putting both its people and its customers before short-term results, Tesco can truly secure its leading positions and thrive for many years to come.

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