

Title: Organisational Culture Individual Report

Module: Organisational Culture
LCLM_5005

Lecturer: Dr. Mustakkina Afrin

Student Name: Malgorzata Maciejuk

Student ID: 2416874



Table of Contents

1. Introduction	3
2. Organisational Culture of Tesco	3
3. Culture, Structure and Decision-Making	5
4. Application of Organisational Culture Models	6
4.1 Why These Models?	6
4.2 Application of Schein's Three Levels of Culture	6
4.3 Application of Handy's Cultural Types	7
4.4 Comparison and Critical Evaluation	7
5. Organisational Culture and External Environment	8
5.1 Tesco's External Environment (PESTEL Analysis)	8
5.2 Environmental Uncertainty	9
5.3 Tesco's Cultural Adaptation	10
5.4 Critical Evaluation	10
6. Culture and Organisational Effectiveness	11
7. Performance Evaluation and Recommendations	11
8. Conclusion	13
References	14

1. Introduction

Tesco plc is a UK based retailer with a network of supermarkets and convenience stores, wholesale and online retail businesses spread throughout the UK, Ireland and Central Europe. The firm has more than 340,000 co-workers, and organisational culture is needed to ensure a steady customer service, employee participation, and performance (Tesco plc, 2025a). This report is a critical analysis of the organisational culture of Tesco, the effects it has on the organisational structure and decision making, the ways in which it adapts to external environmental changes, its effects on organisational effectiveness and performance, and evidence-based recommendations on how to improve it. The organisational culture is thus an important aspect of maintaining the long-term competitive advantage of Tesco (Tesco plc, 2025b).

2. Organisational Culture of Tesco

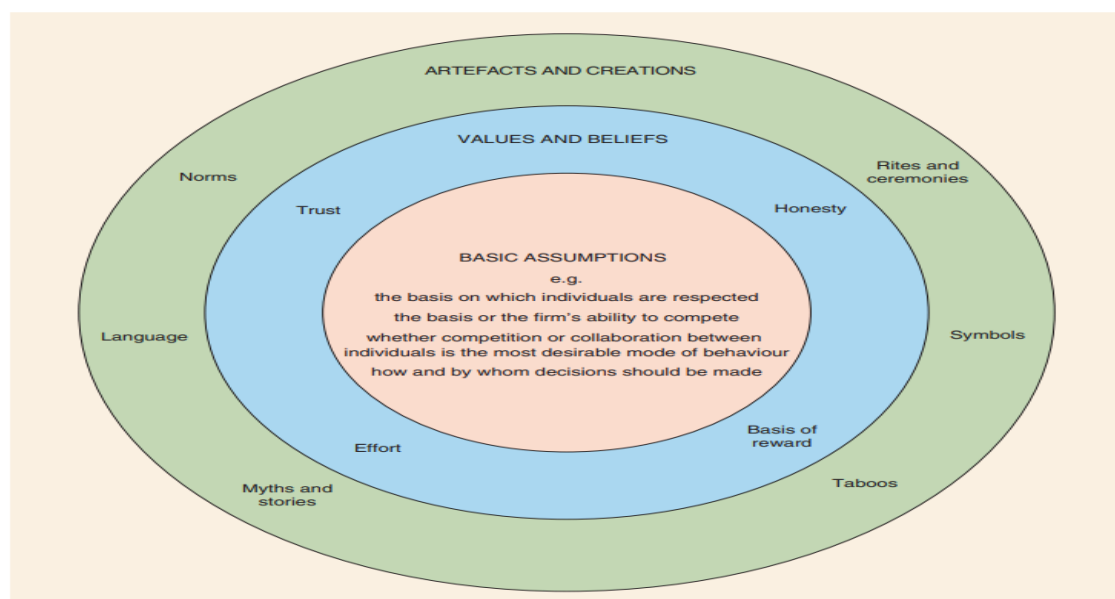


Figure 15.2 Schein's levels of culture

Figure 1 Key elements of Schein's levels of culture. Source: Adapted from Lecturer's Week 1 slide presentation (2025).

Organisational culture is defined as a set of values, beliefs, assumptions and behaviours that are shared and affect the way employees communicate and behave in an organisation (Schein, 2017). At Tesco, organisational culture focuses on customer first philosophy, which is underpinned by teamwork, inclusion,

accountability and continuous improvement. These cultural attributes form the basis of the strategy of the company and inform the behaviours of the employees in its retail processes (Tesco plc, 2025a).

The customer-first strategy is portrayed in the way Tesco ensures that it provides value, quality, and convenience to its customers through its efforts to provide Clubcard, online shopping services and in its ongoing investment in customer experience (Tesco plc, 2025a). Team-based working encourages collaboration, and inclusive leadership and diversity programs are designed to help develop a workplace that treats colleagues with respect and support (Tesco plc, 2025b). Innovation is also promoted in the company, as it invests in digital technologies and empowers employees to see opportunities that can be used to improve operational (Tesco plc, 2025a).

Some of the visible elements of the Tesco culture are regular communication by the leadership, colleague recognition programmes, standardised professional uniforms, standardised practices in customer service and inclusion programs that have strengthened organisational values in its daily operations (Tesco plc, 2025b). These visible practices are artefacts of an organisation, and the underlying assumptions are that excellent customer service, empowerment of employees and continuous improvement of operations are key to maintaining a competitive advantage, according to the model of Schein (2017).

But the values stated by Tesco do not always directly coincide with organisational practice. Despite the advocated inclusive and supportive culture in the company, employees have expressed worries over workload pressures, staffing and work-life balance in certain of the stores (Glassdoor, 2025). However, Tesco is still investing in the wellbeing of its colleagues, leadership and employee engagement, and it shows that the company is still trying to narrow these disparities between its desired and implemented culture (Tesco plc, 2025b). On the whole, Tesco has a very similar organisational culture as it is reflected in the published values, but there are also operational issues that point to the need to develop the organisational culture further.

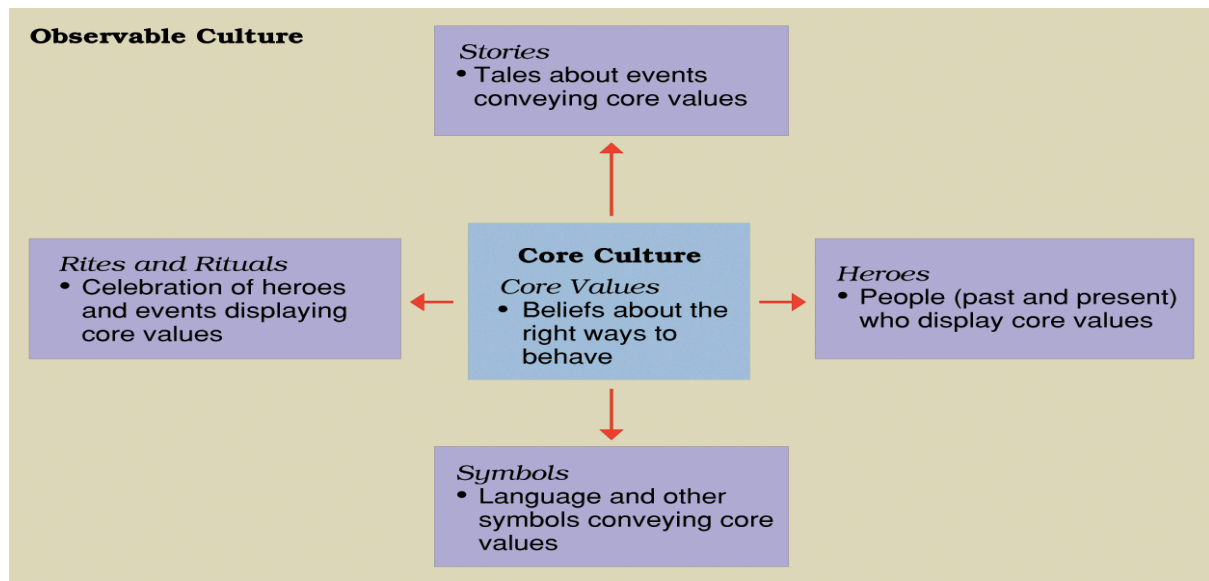


Figure 2 Levels of organisational culture—observable culture and core culture.
Source: Adapted from Lecturer's Week 1 slide presentation (2025).

3. Culture, Structure and Decision-Making

The organisational structure of Tesco facilitates Tesco culture by establishing clear responsibilities as well as allowing teamwork among various business units. The company has a more functional hierarchy with strategic control at the Board and executive leadership with delegated powers to regional and store managers to meet the local operational needs (Tesco plc, 2025c). This is a mixture of central coordination and local accountability that represents a culture that promotes responsible leadership without undermining the consistency in organisations.

Long-term priorities such as digital transformation, operational efficiency and sustainable growth are the driving forces of strategic decision-making in Tesco, but operational decisions are made at a closer proximity to customers to enhance service quality and responsiveness (Tesco plc, 2025c). Store managers are also empowered to make decisions about inventory, management of colleagues and customer service and allow stores to adjust to local conditions in the market without leaving the corporate goals (Tesco Careers, 2024).

The way such decisions are made is directly affected by organisational culture. Customer-oriented culture pushes the managers to maintain customers comments, data about operations and colleagues information in the process of enhancing products and services. Edmondson (2019) argues that organisations that foster trust and open communication will be more inclined to facilitate informed decision-making

and continuous improvement. Tesco emulates this strategy by inviting colleagues to present ideas on how to enhance the performance of operations and customer experience in the company (Tesco Careers, 2024). Moreover, sustainability commitments and ethical beliefs are becoming more important in strategic decision-making about responsible sourcing, cutting down on emissions, and investing in communities (Tesco plc, 2025d).

Nonetheless, there are constraints to the connection between culture and decision-making. Hierarchy may slow down communication and make the decision-making process slow, especially in a big multinational retailer. More so, it is difficult to sustain a coherent organisational culture in thousands of stores due to the possibility of differences in leadership approaches and experiences of employees in different stores (CIPD, 2023). Despite these constraints, store level delegated authority assists in balancing central control and local responsiveness. Overall, the organisational culture of Tesco enhances organisational decision-making through integrating the strategy with operational flexibility, but sustained leadership commitment is needed to maintain the culture throughout the organisation.

4. Application of Organisational Culture Models

4.1 Why These Models?

In analysing Tesco, Schein Three Levels of Organisational Culture and the Cultural Type by Handy are suitable models since they offer a complementary view of organisational culture. The model by Schein describes the visible practices that are used to express culture (Schein, 2017) and the framework by Handy determines the prevalent cultural orientation of the organisational behaviour (Handy, 1993). By using both models, it is possible to have a holistic analysis of the culture of Tesco and its role in the organisational effectiveness.

4.2 Application of Schein's Three Levels of Culture

Schein (2017) acknowledges that organisational culture comprises of artefacts, espoused values and basic underlying assumptions. The artefacts of Tesco comprise standard store designs, uniforms among colleagues, self-service digital technologies, leadership communication and standard customer service practices, all of which support the sense of a single organisational identity (Tesco plc, 2025e). These

apparent practices convey professionalism and operational uniformity throughout the organisation.

The values embraced by Tesco are evident in the way it is dedicated to serving its customers, the service it gives to its colleagues and the responsibility that it undertakes towards communities and the environment (Tesco plc, 2024). Such values shape the leadership behaviour and organisational priorities, as they encourage teamwork, responsibility and making ethical decisions. In the most fundamental level, Tesco has the underlying assumptions that customer satisfaction, employee contribution and continuous improvement are core to sustainable business success. Such assumptions influence the normal behaviours in everyday life and determine the reaction of the employees to the challenges of operations and customer expectations.

4.3 Application of Handy's Cultural Types

According to the framework proposed by Handy (1993), Tesco mostly exhibits Role Culture, in which there is a clear definition of the responsibilities, formal procedures and reporting relationships that facilitate efficiency in operations. This culture fits a multinational retailer since the uniformity of processes guarantees the same customer experience and adherence in many stores. Task Culture also manifests itself in cross-functional projects that entail digital transformation, sustainability and innovation where specialist teams need to collaborate to accomplish organisational goals (Tesco plc, 2025f). Power Culture and Person Culture are not as pronounced in contrast since decision-making is not controlled by individual powers or authority of a select few, but by formal governance systems.

4.4 Comparison and Critical Evaluation

Even though both models describe crucial features of Tesco organisation culture, Schein framework offers the most detailed analysis. The model developed by Handy can pinpoint the Tesco dominant Role Culture but lacks the insights into the underlying assumptions that may be driving employee behaviour and organisational decision-making. On the other hand, the model by Schein, links visible organisational behaviour to the collective beliefs which form the foundation of customer focus, accountability and continuous improvement. The two frameworks are however limited as organisational culture is dynamic and can differ in different departments, leadership and international markets (Hogan and Coote, 2024). In general, the

current culture of Tesco can be described as a Customer-centric Role Culture that is reinforced with powerful assumptions underlying it that facilitate service quality, operational excellence and continuous improvement.

5. Organisational Culture and External Environment

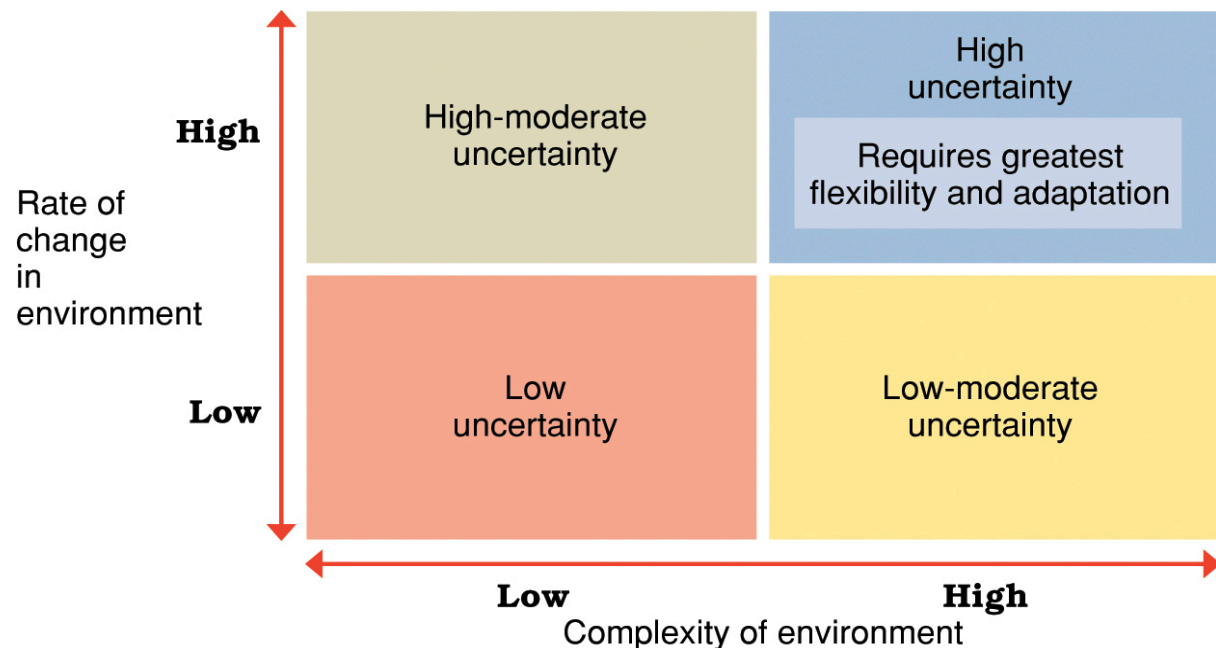


Figure 3 Uncertainty in organisational environments. Sourced: Adapted from Lecturer's Week 2 presentation slides (2025)

5.1 Tesco's External Environment (PESTEL Analysis)

Tesco is a very dynamic retail environment with external forces that have a lot of impact on the organisational culture and strategic decisions. A PESTEL analysis illustrates the influence of political, economic, social, technological, environmental and legal aspects in shaping Tesco cultural priorities instead of merely impacting its business strategy (Johnson, Scholes and Whittington, 2020).

Tesco must adhere to the UK food safety regulations, employment laws and environmental laws, which are politically and legally enforced. These standards strengthen a culture of responsibility, ethical behaviour and compliance with regulations across the organisation (UK Government, 2024). The employees should be subjected to uniform operational processes, and the leaders should encourage responsible business practices to ensure that stakeholders are not lost.

The culture of operational efficiency and customer value has been reinforced by economic forces especially inflation, increased labour costs and evolving consumer

spending behaviours, which have enhanced Tesco. Tesco instead of contraction in its customer focus in the face of economic uncertainty has engaged in long-term investment in initiatives to focus on affordability, such as Clubcard Prices and Aldi Price Match, which reflects a culture that favours long-term relationships with customers over immediate financial benefits (Office for National Statistics, 2025).

Tesco has also been influenced by social factors to its organisational culture. The growing consumer need of healthier goods, the rise of diversity and workplace inclusivity has prompted Tesco to intensify its people-based culture by offering employee wellbeing programmes, diversity initiatives and responsible sourcing (Statista, 2024). These changes show that organisational culture changes in conjunction with shifting stakeholder expectations.

Technological change is one of the best forces that have influenced the cultural change at Tesco. The growth in the application of artificial intelligence, data analytics, self-service and online retailing technologies has promoted a culture of innovation, continuous learning, and evidence-based decision-making (Deloitte, 2025). The environmental issues, such as climate change and waste minimisation, have also strengthened the sustainability of Tesco, as the responsibility towards the environment was integrated into daily organisational activities via its Net Zero strategy (Tesco plc, 2025f).

5.2 Environmental Uncertainty

Duncan (1972) says that organisations in environments where change and complexities are common have high levels of environmental uncertainty, which necessitates high organisational adaptability. Tesco is in such an environment as consumer preferences, technological advancement, regulatory needs and conditions in the global supply chain are in a state of constant flux. This has led to organisational culture being a very important mechanism in promoting flexibility and resilience.

To minimize environmental uncertainty, Tesco promotes constant improvement, sharing of knowledge and problem solving. The staff are urged to find ways of how improvements can be made to the operations, and investing in the digital capabilities allows the organisations to respond faster to the evolving customer needs (KPMG, 2024). One of the many benefits of this adaptive culture is that Tesco can react to changes better than organisations with strict bureaucracy.

5.3 Tesco's Cultural Adaptation

Tesco has shown adaptation to culture by several strategic initiatives. Online shopping and home delivery services have experienced growth which is indicative of a culture that is digitally innovative and convenient to customers (Deloitte, 2025). Likewise, artificial intelligence and Clubcard analytics investments can lead to a more personalised customer experience and enhance operational efficiency.

Another way in which the organisation has enhanced supply chain resilience is through enhanced collaboration with suppliers and inventory management, which have allowed Tesco to react better to disruptions due to inflation and global economic uncertainties (Tesco plc, 2025g). Moreover, cultural adaptation to the changing workforce expectation reflected in employee wellbeing programs and flexible working practices supports employee engagement in times of organisational change.

5.4 Critical Evaluation

The organisational culture of Tesco largely has facilitated effective adaptation to the external environmental pressure due to development of innovation, customer focus and continuous improvement. Such cultural attributes have enhanced organisational resilience and have helped in maintaining competitive advantage in an increasingly complex retail world. Adaptation also, however, poses difficulties. The constantly changing technology demands constant employee training and it is hard to balance operational efficiency and employee wellbeing in times when the economy is pressured (CIPD, 2024). Moreover, the issue of cultural change that will be maintained throughout the multinational workforce is a great challenge to the managers.

In general, the organisational culture of Tesco is a strategic capability that enables adaptation to political, economic, technological and social change. Despite the changes in the external pressures, the company has been committed to innovation, sustainability and customer value, which places it in the position to sustain its competitiveness in the long term. However, this advantage will be maintained by constant leadership, employee capability and organisational learning.

6. Culture and Organisational Effectiveness

The organisational culture of Tesco is important in the overall performance of the organisation as it shapes the behaviour of employees, the relationship between the company and its customers and its performance in operations. A good organisational culture does not only facilitate strategic goals but also helps organisations to react to evolving business conditions in a successful manner (Cameron and Quinn, 2011).

Tesco is an enabler, with the customer-oriented culture fostering employee participation through teamwork, appreciation and joint accountability towards service delivery. Positive working environment also leads to increased employee commitment, which may result in increased customer satisfaction and performance of the organisation (CIPD, 2024). Another way Tesco promotes innovation is by investing in digital technologies and constant learning opportunities, allowing employees to advance operational processes and become more responsive to the changing customer expectations (Tesco plc, 2025g). Moreover, a culture of accountability and trust enhances collaboration between the management and the employees, which helps to make efficient decisions and deliver services uniformly in all stores (Alfes et al., 2023).

Despite these strengths, organisational culture may result in obstacles to performance as well. The high hierarchy within Tesco can decrease the efficiency of communication and can slow down the organisational reaction, especially in the times of swift change. Stress at work, staffing pressures and operational targets can also cause employee stress and decrease engagement, which could impact productivity and service quality (CIPD, 2024). Secondly, the ability to keep the cultural values in many countries and thousands of stores is a constant challenge as the leadership practices and work experiences are bound to differ across the locations (Alfes et al., 2023). Such aspects can undermine the convergence of the corporate values and the daily organisational behaviour.

7. Performance Evaluation and Recommendations

The organisational culture has played a great role in Tesco organisational performance as it has helped Tesco to sustain its customer loyalty, business efficiency and long-term growth. An excellent customer-oriented culture has solidified Tesco in the market, and investments in staff development, digital innovation and sustainability have enhanced its competitive standing (McKinsey and Company,

2024). Such cultural priorities have led to high financial performance, better customer experiences and an increased corporate reputation (Tesco plc, 2025h). Moreover, Tesco dedication to innovations via digital technologies and data analytics has allowed the company to efficiently adapt to evolving consumer tastes and remain competitive in the UK retail environment (Deloitte, 2024).

Although these strengths are there, organisational culture is not enough to ensure sustainable performance. The challenges listed in the previous sections of this report, such as workload strains, communication discrepancies and cultural adherence in a multinational employee base of significant size, can decrease the engagement of employees and constrain organisational performance unless they are managed (CIPD, 2024). Thus, the ability of Tesco to remain competitive in the long term lies in the consistency of its organisational culture in reaction to shifting external factors.

The initial suggestion is to enhance the leadership ability by enrolling in leadership development programmes. According to transformational leadership theory, employees are inspired, supported and empowered by leaders who enhance organisational commitment and performance (Bass and Avolio, 1994). Tesco ought to offer frequent leadership training in areas such as communication, employee welfare and inclusive leadership. This would enhance employee involvement and cultural uniformity throughout the stores, but implementation would cost them more money in leader training.

The second suggestion would be to increase the involvement of employees in decision-making in an organisation. Studies show that engagement of employees enhances innovation, commitment and organisational performance (Harvard Business Review, 2023). Tesco may also implement formalized online feedback systems allowing other colleagues to provide hints on how operations should be improved. This would make the empowerment and continuous improvement stronger, but the successful implementation would need managers to be consistent in acting on employee feedback.

The third suggestion is to enhance organisational learning through enhancing digital and sustainability training. The continuous learning theory contends that organisations that operate in dynamic environments need continuous development of capabilities (Senge, 2006). Increasing the training around artificial intelligence, digital retail systems and sustainable operations would enhance the flexibility of the

workforce and help Tesco achieve its long-term strategic goals. Nonetheless, further training needs time and finances, which can temporarily impact the operational efficiency.

Overall, the organisational culture of Tesco is a considerable source of competitive advantage. By adopting these recommendations, it would be possible to enhance leadership, employee engagement and organisational learning which would help the company to enhance long term performance as well as the culture challenges that were found all through this report.

8. Conclusion

The report has established that organisational culture is a key force behind organisational structure, decision making, any form of adaptability and performance at Tesco. Using the Three Levels of Culture as created by Schein and the Cultural Type as developed by Handy, the analysis revealed that the customer-oriented and mainly role-based culture at Tesco facilitates operational stability, accountability and quality of services and allows the company to adapt to the evolving external environment. Even though there are still challenges especially when it comes to workload pressures, communicating and ensuring cultural consistency in a substantial multinational workforce, these challenges do not supersede the benefits of the Tesco organisational culture. Additional leadership development, employee involvement and organisational learning would add more strength to employee engagement, innovation and long-term organisational effectiveness. In general, Tesco organisation culture is a sustainable competitive advantage as it helps the organisation to balance organisational values and strategic goals, allows the firm to optimise continuous improvement and increase the possibility of being competitive in a more dynamic and competitive retailing environment.

References

Alfes, K., Shantz, A. and Truss, C. (2023) 'Employee engagement and organisational performance: Current evidence and future directions', *Human Resource Management Journal*.

Bass, B.M. and Avolio, B.J. (eds.) (1994) Improving organizational effectiveness through transformational leadership. Thousand Oaks, CA: Sage Publications.

Brinkley, I. (2024) CIPD Good Work Index 2024: Survey report. London: Chartered Institute of Personnel and Development. Available at: <https://www.cipd.org/globalassets/media/knowledge/knowledge-hub/reports/2024-pdfs/8625-good-work-index-2024-survey-report-1-web.pdf> (Accessed: 17 July 2026).

Cameron, K.S. and Quinn, R.E. (2011) Diagnosing and changing organizational culture: Based on the Competing Values Framework. 3rd edn. San Francisco, CA: Jossey-Bass.

CIPD (2023) People management and organisational culture resources. London: Chartered Institute of Personnel and Development. Available at: <https://www.cipd.org/uk/knowledge/> (Accessed: 12 July 2026).

Deloitte (2024) Global Powers of Retailing 2024. London: Deloitte Touche Tohmatsu Limited. Available at: <https://www.deloitte.com/global/en/industries/retail/research/global-powers-of-retailing.html> (Accessed: 10 July 2026).

Deloitte (2025) 2025 retail industry outlook. Deloitte Insights. Available at: <https://www.deloitte.com/us/en/insights/industry/retail-distribution/retail-distribution-industry-outlook-2025.html> (Accessed: 15 July 2026).

Duncan, R.B. (1972) 'Characteristics of organizational environments and perceived environmental uncertainty', *Administrative Science Quarterly*, 17(3), pp. 313–327.

Edmondson, A.C. (2019) The fearless organization: Creating psychological safety in the workplace for learning, innovation, and growth. Hoboken, NJ: John Wiley & Sons.

Glassdoor (2025) Tesco employee reviews. Available at: <https://www.glassdoor.co.uk/Reviews/Tesco-Reviews-E10250.htm> (Accessed: 19 July 2026).

Handy, C. (1993) *Understanding organizations*. 4th edn. London: Penguin Books.

Harvard Business Review (2023) *Leadership and organisational performance*. Available at: https://www.harvardbusiness.org/wp-content/uploads/2025/04/HBI_Report_Read_y-for-Anything_June2025.pdf (Accessed: 13 July 2026). Note: Harvard Business Review is the publication, not normally the author. The specific article used must be identified.

Hogan, S.J. and Coote, L.V. (2014) 'Organizational culture, innovation, and performance: A test of Schein's model', *Journal of Business Research*, 67(8), pp. 1609–1621. h

Johnson, G., Whittington, R., Scholes, K., Angwin, D. and Regnér, P. (2020) *Exploring strategy*. 12th edn. Harlow: Pearson Education.

KPMG (2024) Retail Think Tank: Retail health remains flat in the coming months. Available at: <https://kpmg.com/uk/en/insights/economics/retail-think-tank-july-2024.html> (Accessed: 11 July 2026).

McKinsey & Company (2024) The state of organizations. Available at: <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights> (Accessed: 18 July 2026).

Mustakkima, A. (2026). Week 1: Introduction to Organisational Culture [PowerPoint slide presentation], LCLM_5005; Organisational Culture module. UWTSD - London. Available at: Moodle VLE (Accessed: 22 July 2026).

Mustakkima, A. (2026). Week 2: Analysis of External Environment and Organisational Culture [PowerPoint slide presentation], LCLM_5005; Organisational

Culture module. UWTSD - London. Available at: Moodle VLE (Accessed: 22 July 2026).

Office for National Statistics (2025) Consumer price inflation, UK. Newport: Office for National Statistics. Available at: <https://www.ons.gov.uk/economy/inflationandpriceindices> (Accessed: 14 July 2026).

Schein, E.H. and Schein, P.A. (2017) Organizational culture and leadership. 5th edn. Hoboken, NJ: John Wiley & Sons.

Senge, P.M. (2006) The fifth discipline: The art and practice of the learning organization. Revised edn. London: Random House Business Books.

Statista (2024) Retail industry in the United Kingdom: Statistics and facts. Available at: <https://www.statista.com/topics/3682/retail-in-the-united-kingdom/> (Accessed: 18 July 2026).

Tesco Careers (2024) Careers at Tesco. Available at: <https://www.tesco-careers.com/> (Accessed: 12 July 2026).

Tesco plc (2024) Corporate governance. Available at: <https://www.tescopl.com/about-us/corporate-governance/> (Accessed: 16 July 2026).

Tesco plc (2025a) Annual Report and Financial Statements 2025. Welwyn Garden City: Tesco plc. Available at: https://www.tescopl.com/media/ky0bfwpo/tesco_ar25_interactive.pdf (Accessed: 10 July 2026).

Tesco plc (2025b) Sustainability Report 2025. Welwyn Garden City: Tesco plc. Available at: <https://www.tescopl.com/media/wvkj1yic/tesco-sustainability-report-2025.pdf> (Accessed: 19 July 2026).

Tesco plc (2025c) Corporate governance report 2025. In: Tesco plc, Annual Report and Financial Statements 2025. Welwyn Garden City: Tesco plc. Available at: https://www.tescopl.com/media/ky0bfwpo/tesco_ar25_interactive.pdf (Accessed: 11 July 2026).

Tesco plc (2025d) Responsible sourcing and communities. In: Tesco plc, Sustainability Report 2025. Welwyn Garden City: Tesco plc. Available at: <https://www.tescopl.com/media/wvkj1yic/tesco-sustainability-report-2025.pdf> (Accessed: 17 July 2026).

Tesco plc (2025e) Modern Slavery Statement 2024/25. Welwyn Garden City: Tesco plc. Available at: https://www.tescopl.com/media/ahag4vn0/modern-slavery-statement-2024_25_v15.pdf (Accessed: 13 July 2026).

Tesco plc (2025f) Climate, sustainability and net-zero reporting. In: Tesco plc, Sustainability Report 2025. Welwyn Garden City: Tesco plc. Available at: <https://www.tescopl.com/media/wvkj1yic/tesco-sustainability-report-2025.pdf> (Accessed: 18 July 2026).

Tesco plc (2025g) Colleagues, operations and supply-chain performance. In: Tesco plc, Annual Report and Financial Statements 2025. Welwyn Garden City: Tesco plc. Available at: https://www.tescopl.com/media/ky0bfwpo/tesco_ar25_interactive.pdf (Accessed: 14 July 2026).

Tesco plc (2025h) Preliminary Results 2024/25. Welwyn Garden City: Tesco plc. Available at: <https://www.tescopl.com/media/mxfjrk4x/tesco-plc-preliminary-results-2425-pres-s-release.pdf> (Accessed: 15 July 2026).

UK Government (2022) Government food strategy. London: Department for Environment, Food and Rural Affairs. Available at: <https://www.gov.uk/government/publications/government-food-strategy> (Accessed : 11 July 2026).

