

Organisational Culture Individual Report

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1. Introduction

Organisational culture is an important part of how a business operates because it influences the way employees behave, communicate and make decisions. Mullins and Christy (2016) explain that culture can affect areas such as decision-making, organisational structure, employee motivation, job satisfaction and management control. This is particularly important for large organisations because they employ people with different backgrounds and work across different locations.

This report examines the organisational culture of Tesco PLC, one of the UK's leading grocery retailers. Tesco operates through different business areas, including Tesco UK, Tesco Republic of Ireland, Booker, dunnhumby and operations in Central Europe. The company currently has more than 330,000 colleagues.

The purpose of this report is to critically examine how Tesco's organisational culture affects its organisational structure and decision-making. The report will use Schein's Three Levels of Culture and Handy's Cultural Types to identify Tesco's culture. It will also examine how Tesco's culture helps the company respond to external environmental changes, whether the culture supports or limits effective performance, and how culture influences organisational performance. Finally, recommendations will be provided to help Tesco strengthen its culture in the future.

2. Organisational Culture of Tesco

Organisational culture can be understood as the shared values, beliefs and behaviours that influence how people work within an organisation. At Tesco, culture is strongly connected to its purpose and values. Tesco's current purpose is "Serving our customers, communities and planet a little better every day." The company's three main values are "No one tries harder for customers", "We treat people how they want to be treated" and "Every Little Help makes a big difference."

These values show that Tesco's culture is mainly focused on customers, employees and wider society. Customer focus is particularly important because Tesco operates in a highly competitive supermarket industry. Employees are expected to provide good service, offer value and understand customer needs. This customer-focused culture can help Tesco maintain customer loyalty and compete with businesses such as Aldi, Lidl, Sainsbury's and Asda.

Another important part of Tesco's culture is its focus on employees. Tesco states that it wants to create an inclusive workplace where colleagues feel valued, supported and able to develop their careers. The company also uses employee feedback systems, including Every Voice Matters, to understand employees' views and improve the workplace.

Tesco's culture can therefore be described as a combination of customer-focused, people-focused and performance-oriented values. Employees are encouraged to contribute to the organisation while maintaining standards of service and efficiency.

Tesco's Organisational Culture diagram:

TESCO'S CULTURE

MER FOCUS	PEOPLE FOCUS	SOCIAL PURPOSE
Good service Value Value	Inclusion Development Wellbeing	Communities Sustainability Planet

BUSINESS PERFORMANCE

Tesco also connects culture with sustainability. Its current sustainability reporting highlights environmental targets, healthier food, support for communities and employee development. For example, Tesco reports that 82% of its colleagues in 2025/26 recommended Tesco as a great place to work, compared with a global retail benchmark of 71%.

However, culture can also create challenges. Tesco is a very large organisation, so ensuring that employees across stores, offices, warehouses and different countries follow the same values can be difficult. A strong focus on procedures and performance may also sometimes reduce flexibility. Therefore, although Tesco's culture can provide consistency and a clear direction, managers need to ensure that employees are also given enough freedom to respond to changing customer needs.

Overall, Tesco has developed a culture that combines customer service, employee involvement, teamwork, performance and social responsibility. This culture provides an important foundation for the way the organisation is structured and how decisions are made.

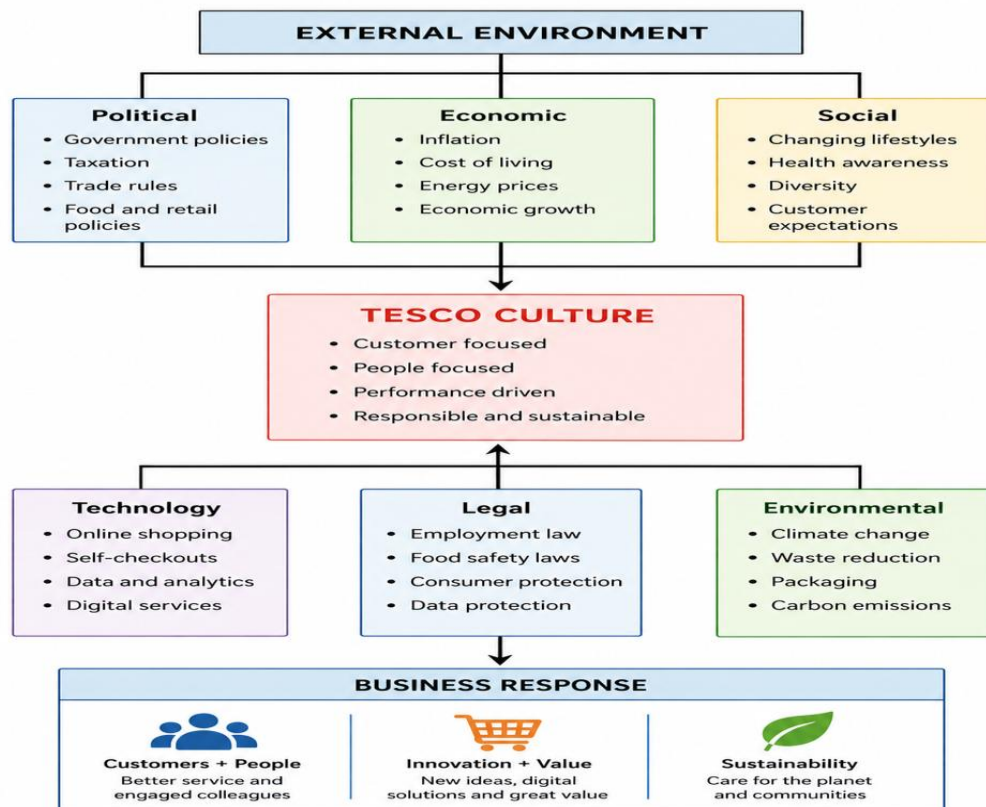
3. PESTLE Analysis of Tesco

A PESTLE analysis can be used to identify the external factors that influence Tesco. These factors are important because organisational culture needs to respond to changes outside the organisation

PESTLE facto	External influence on Tesco	Possible impact on Tesco's culture
Economic	Inflation, interest rates, energy costs and the cost-of-living crisis	Encourages a stronger focus on value, efficiency and controlling costs.
Social	Changing lifestyles, health awareness, diversity and customer expectations	Encourages customer-focused, inclusive and health-conscious behaviour.
Technological	Online shopping, AI, data analytics, self-checkouts and digital services	Requires innovation, digital skills and willingness to accept technological change.

Legal	Employment law, food safety, consumer protection and data protection	Requires employees to follow clear rules and professional standards.
Environmental	Climate change, food waste, packaging and carbon emissions	Encourages sustainability and environmentally responsible decision-making.

PESTLE and Tesco Culture



For example, economic pressure from the rising cost of living can strengthen Tesco's focus on providing affordable products. Tesco has used initiatives such as Clubcard Prices and Aldi Price Match to improve its value proposition. In 2025, Tesco reported that it maintained strong price positioning, including more than 600 Aldi Price Match lines and around 9,000 Clubcard Price deals each week.

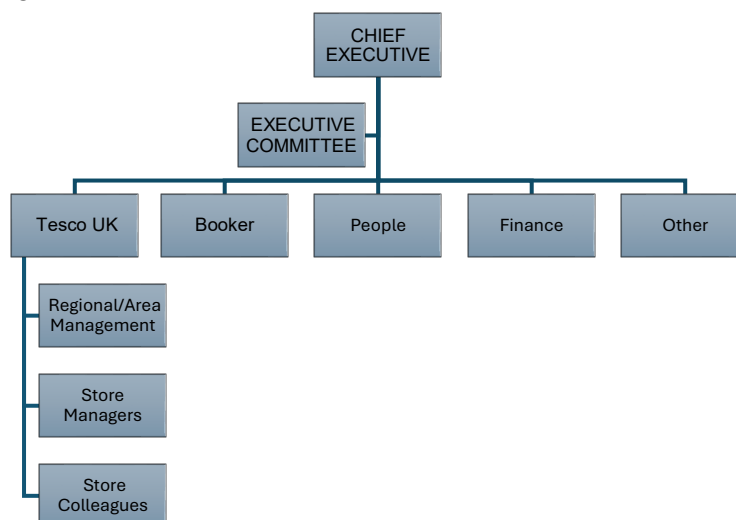
Environmental pressure also influences Tesco's culture. Tesco's 2026 sustainability reporting shows a continued focus on reducing emissions, healthier food, sustainable supply chains and supporting communities.

This demonstrates that Tesco's culture is not fixed. It changes as the organisation responds to customers, competitors, technology, economic conditions and environmental expectations.

4. How Tesco's Culture Shapes Structure and Decision-Making

Tesco's large size means that it requires a clear organisational structure. At the highest level, strategic decisions are made by senior leadership and the Board, while different business areas have their own management responsibilities. Tesco's Executive Committee includes senior leaders responsible for different parts of the organisation, including the Chief People Officer and CEO of Booker.

Simple Organisational Structure



Tesco's customer-focused culture influences this structure because different levels of management are expected to support customer needs. Strategic decisions may be made centrally, while store managers and employees deal with daily operational issues.

For example, decisions about pricing, branding and major technology systems may require central management. However, employees working directly with customers can provide useful information about customer preferences and problems. This creates a need for communication between senior management and frontline employees.

Tesco's culture also encourages employee involvement. The company states that colleague feedback is collected through Every Voice Matters and other listening channels. This suggests that decision-making is not based entirely on senior management because employees are also given opportunities to provide feedback.

Culture → Decision-Making

Tesco Values:

Customer focus

Employees understand customer needs

Information and feedback

Management decisions

Changes to products/services

Improved customer experience

A major advantage of this approach is that decisions can remain connected to Tesco's customers. It can also improve employee engagement because workers can feel that their opinions matter.

However, Tesco's size can make decision-making more complicated. Large organisations often have several management levels, policies and procedures. This can make some decisions slower than in smaller competitors. Therefore, Tesco needs to balance control and consistency with employee empowerment and flexibility.

5. Relevant Organisational Culture Frameworks

To understand Tesco's organisational culture, this report applies two models: Schein's Three Levels of Organisational Culture and Handy's Cultural Types. These models are useful because they explain both the visible and less visible parts of culture and how culture influences organisational behaviour.

Artefacts

Artefacts are the visible parts of culture. At Tesco, these can include the appearance of stores, employee uniforms, customer service practices, Clubcard, digital services and the way employees interact with customers. Tesco also uses technology and data to improve customer experiences. For example, Tesco has used artificial intelligence in Clubcard activities to provide more personalised offers.

These visible features communicate to employees that customer service, convenience and technology are important to the organisation.

Espoused Values

The second level is the values that the organisation says are important. Tesco currently identifies three key values: "No one tries harder for customers", "We treat people how they want to be treated" and "Every Little Help makes a big difference."

These values show that Tesco's culture is strongly customer-focused but also places importance on employees, communities and the environment. Tesco reports that it wants employees to feel included, recognised and valued. It also uses its Every Voice Matters employee survey and other feedback channels to understand employee views. In 2025/26, 82% of colleagues said they would recommend Tesco as a great place to work.

Basic Underlying Assumptions

The deepest level of Schein's model concerns beliefs that employees may accept as normal without thinking about them. In Tesco, a possible underlying assumption is that customer satisfaction is central to business success. Another is that employees need to work together to provide good service and achieve business goals.

This can be seen in Tesco's emphasis on customers, colleagues and communities. Tesco describes its colleagues as being at the heart of the business because how they are supported and developed affects the service provided to customers.

Overall, Schein's model suggests that Tesco's culture is not only shown through visible practices. It is also supported by stated values and deeper beliefs about customers, employees and business performance.

5.2 Handy's Cultural Types

Handy identifies four main cultural types: Power, Role, Task and Person culture (Handy, 1993). Tesco does not fit perfectly into only one category. However, its large size, formal systems and clear responsibilities suggest that Role Culture is particularly relevant.

Role culture is based on clear jobs, rules, procedures and organisational positions. It is often suitable for large organisations because employees need to understand their responsibilities and reporting relationships.

Tesco has many different business areas, stores, distribution operations and management levels. Therefore, clear roles are necessary to maintain consistency and control. This can support efficiency and help Tesco provide similar standards across a large number of locations.

However, Tesco also has some characteristics of Task Culture. Task culture focuses on teams working together to complete specific projects or solve problems. Tesco's use of

technology, digital services, data and sustainability projects requires people from different areas to work together.

Critical Evaluation

Role culture gives Tesco stability and consistency, but it may also create bureaucracy. Too many procedures can slow down decision-making and reduce employee flexibility. Task culture can help solve this problem because project teams can respond more quickly to new challenges.

Therefore, Tesco would benefit from a combination of Role and Task Culture. Its core operations need clear procedures, while innovation and major changes require teamwork and flexibility.

6. Organisational Culture as an Enabler or Barrier

Organisational culture can either support effective performance or create problems. In Tesco's case, culture is mainly an enabler, although there are some possible barriers.

Culture as an Enabler

First, Tesco's customer-focused culture supports customer satisfaction. Its value of putting customers first gives employees a clear idea of what the organisation expects. This is important in the supermarket sector because customers can easily move to competitors.

Second, Tesco's people-focused culture can support employee engagement. Tesco provides training, development and employee feedback opportunities. Its 2026 sustainability report states that the organisation aims to create a workplace where colleagues feel included, recognised and valued.

Third, the culture supports innovation. Digital technology, Clubcard data and AI are examples of how Tesco is responding to changes in customer behaviour. This can help the company improve efficiency and personalise its services.

Fourth, sustainability has become an important part of Tesco's organisational culture. Tesco's sustainability activities include emissions reduction, food waste reduction, healthier food and community support.

Culture as a Barrier

Despite these advantages, Tesco's size may make cultural change difficult. A large organisation needs many rules and procedures, which can create bureaucracy. Employees may also experience different levels of management and communication between departments.

A strong performance culture may also create pressure on employees to achieve targets. If performance targets become more important than employee wellbeing, this could reduce engagement.

Another challenge is maintaining the same culture across different countries and business units. Tesco operates in the UK, Republic of Ireland, Czech Republic, Hungary and Slovakia, as well as through other businesses such as Booker and dunnhumby. Different employees and customers may have different expectations.

Critical Evaluation

Overall, Tesco's culture is more of an enabler than a barrier. Its focus on customers, employees, value and sustainability provides a clear direction. However, Tesco should continue reducing unnecessary bureaucracy and give employees greater opportunities to make decisions close to customers.

7. Impact of Organisational Culture on Tesco's Performance and Recommendations

Organisational culture can affect performance because it influences employee behaviour, customer service, innovation and decision-making. Tesco's recent results suggest that its customer-focused and value-driven approach has supported business performance.

For the financial year 2025/26, Tesco reported sales excluding VAT and fuel of approximately £67.7 billion, compared with £66.6 billion in the previous 52-week period. Statutory operating profit increased to approximately £3.0 billion, compared with £2.7 billion previously.

These results cannot be explained by culture alone because financial performance is affected by many factors, including market conditions, prices, costs and competition. However, Tesco's culture can contribute by encouraging customer service, cost awareness, employee commitment and innovation.

Tesco's culture also appears to support its customer proposition. In 2025/26, Tesco reported more than 340,000 colleagues and continued investment in employee pay and development. It also reported that 82% of colleagues recommended Tesco as a great place to work.

Recommendation 1: Increase Employee Empowerment

Tesco should give frontline employees more responsibility for solving customer problems. Employees working directly with customers often understand problems quickly. Giving them more authority within clear limits could improve customer service and reduce unnecessary management approval.

Expected benefit: faster decisions, better customer service and greater employee motivation.

Recommendation 2: Strengthen Digital and AI Skills

Tesco should continue investing in digital and AI training. Technology is becoming increasingly important in retail, including online shopping, data analysis, automation and personalised offers.

Tesco already identifies digital and AI skills as an area for colleague development.

Expected benefit: employees become more confident with technology, while Tesco can improve innovation and productivity.

Recommendation 3: Connect Sustainability More Closely to Employee Targets

Tesco should give employees and managers clear sustainability targets that are connected to everyday activities. For example, stores could monitor food waste, energy use and packaging reduction.

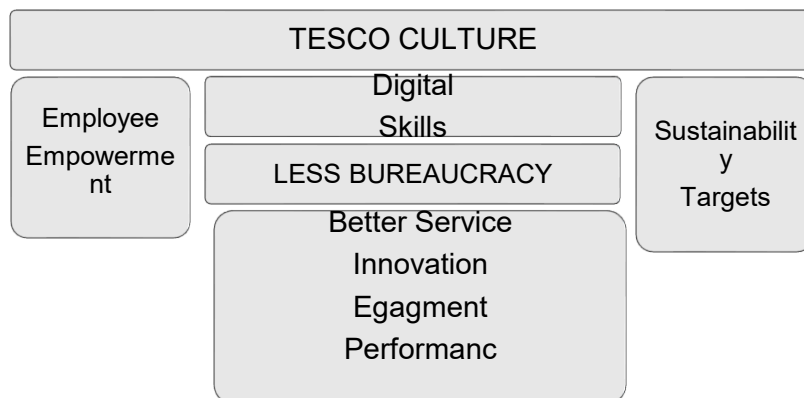
This is particularly important because Tesco did not achieve its target to halve food waste in its own operations by 2025.

Expected benefit: stronger employee involvement in sustainability and better progress towards environmental targets.

Recommendation 4: Reduce Unnecessary Bureaucracy

Tesco should review internal procedures and remove processes that do not add value. This does not mean removing important controls such as food safety or legal requirements. Instead, the organisation should simplify unnecessary approval processes.

Expected benefit: faster decision-making, greater flexibility and improved employee experience.



These recommendations are consistent with the main idea in Mullins and Christy (2016): organisational culture influences decision-making, work organisation, motivation, job satisfaction and management control.

8. Conclusion

This report has examined the organisational culture of Tesco and its influence on structure, decision-making, adaptation and performance. The analysis shows that Tesco has developed a culture that strongly focuses on customers, employees, value and responsible business. These values provide employees with a clear understanding of what the organisation wants to achieve.

Schein's model shows that Tesco's culture can be identified through its visible practices, stated values and deeper assumptions about customer service and employee contribution. Handy's model suggests that Tesco mainly demonstrates characteristics of Role Culture, because of its size, formal procedures and clear responsibilities, while some elements of Task Culture can also be seen in innovation and project work.

Overall, Tesco's culture is more of an enabler than a barrier to effective organisational functioning. However, its large size can create bureaucracy and make change more difficult. Tesco should therefore increase employee empowerment, improve digital skills, strengthen sustainability responsibilities and reduce unnecessary bureaucracy.

If these improvements are implemented effectively, Tesco can maintain a culture that supports customer satisfaction, employee engagement, innovation, sustainability and long-term organisational performance.

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