

Wiktoria Zakowska

2413139

Understanding Organisational Structure and Culture

LCBB4009

Said Usman

25/03/26

Organisational Structure Design in Tesco

Outline

- Introduction to Tesco as a UK retail company
- Explanation of organisational structure
- Three types of organisational structure in Tesco
- Hierarchical , functional and divisional structure
- Organisational charts to show each structure
- Conclusion

ABOUT TESCO

- Tesco is one of the largest retail companies in the UK
- The company operates supermarkets, convenience stores and online services
- Tesco employs thousands of workers across different departments
- The business operates in different regions and markets
- A clear organisational structure is necessary to manage its operations effectively

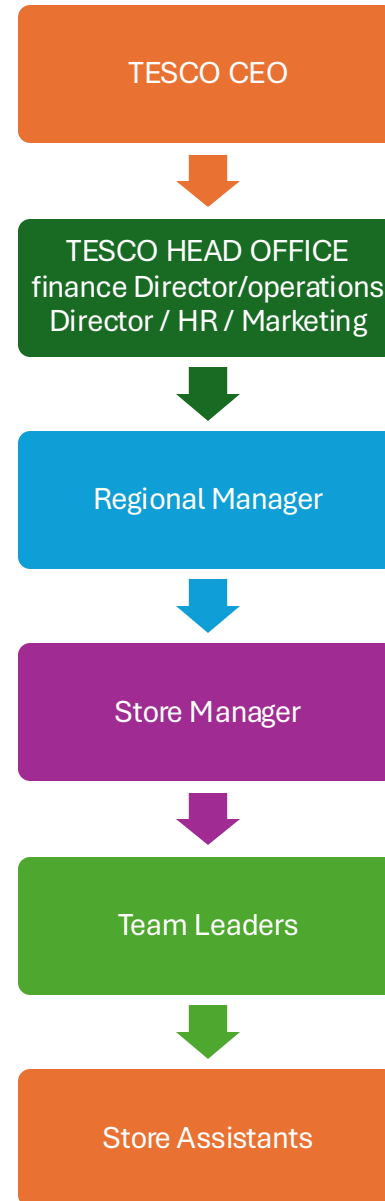
Why organisational structure matters

- Organisational structure provides a framework for how work is organised in a business
- It clarifies authority , roles and lines of communication between employees
- A well- designed structure helps coordinate activities across departments
- It supports effective decision-making and operational control
- Clear structure contributes to organisational efficiency and overall, performance (Daft, 2021).

Hierarchical structure in Tesco

- Tesco uses a hierarchical structure with clear levels of authority and responsibility
- Decision-making flows from senior management to store managers and employees
- This structure helps Tesco maintain control and consistency across many stores
- Store managers report to regional managers, who report to senior leadership
- Hierarchical structure supports supervision ,communication and operational control in Tesco (Mullins and Rees, 2003).

Hierarchical Structure Chart- Tesco

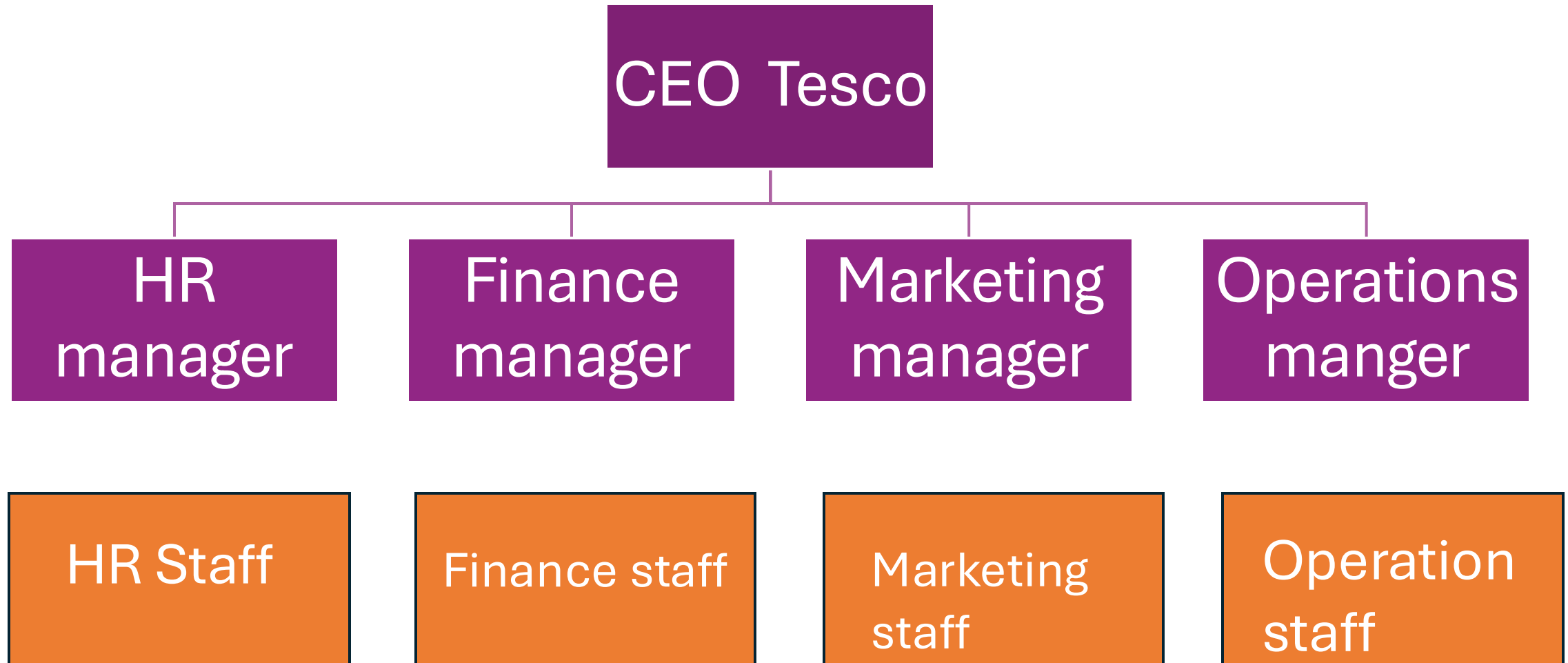


Source: Adapted from
Mullins and Rees (2023)

Functional Structure in Tesco

- Tesco also uses a functional structure to organise its business activities
- In this structure , employees are grouped into departments based on their job functions
- Common departments in Tesco include finance , human resources , marketing and operations
- Each department focuses on a specific area of work supports performance

Functional Structure Chart – Tesco



Source: Adapted from
Mullins and Rees (2023)

Divisional structure in Tesco

- Tesco uses a divisional structure to manage its operations in different regions
- In this structure , the organisation is divided into separate units based on geographic areas
- Each division is responsible for managing its own stores and daily operations
- Tesco operates in different markets ,such as the UK, Europe and international locations
- Divisional structure helps Tesco respond to local customer needs and market conditions (Johnson , Whittington and Scholes, 2020).

Divisional Structure Chart - Tesco



Source : Adapted
from Robbins and
Coulter (2022)

Conclusion

- Each organisational structure offers different advantages and limitations for large retail businesses
- Hierarchical structure provides control and accountability , but may slow down communication and decision-making
- Functional structure improves specialisation and operational efficiency, although it can create communication barriers between departments
- Divisional structure gives greater flexibility and responsiveness to local market conditions
- Overall , a combination of structures is necessary for Tesco to manage complex retail operations effectively

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