

Report
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Workplace Culture and its impact on
Organisational Efficiency
BMSW 5105
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Task 1:

Produce a 3,500 word (+/- 10%) academic report by applying academic management models, methods, and theories to assess the workplace culture of an organisation and its impact on the organisational efficiency.

Task 2:

Write a reflective essay (1,000 words +/- 10% words). In this essay, you must outline your learning and acquired skills from this module with examples which can be used for employment requiring the exercise of personal responsibility and decision making by understanding the organisational workplace culture. (You Must use reflecting learning models and tools to reflect your learning).

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Introduction

Organisational culture is an important component of the organisation, it affects various areas of organisational life, influencing the shape of the other elements, which is visible, among others, in the attitudes and behaviour of employees, their willingness to acquire knowledge and new skills, commitment to work, readiness to change or creating the image of the organisation. Each organisation has its own specific, unique, and unique organisational culture. Organisational culture is shaped and even managed, hence changes in its area are a natural phenomenon. Introducing planned changes in organisational culture, it is associated with focusing activities on its development, which requires a lot of effort by all participants in the organisation.

Modern enterprises operate in a global environment; therefore, the risk of their business activity is higher. The effectiveness of their decisions increasingly depends on the changes taking place in its closer and more distant environment, including the behaviour of its competitors. Small and medium-sized enterprises are exposed to an increased risk. They must face powerful multinationals more often and to a greater extent.

Due to this situation, managers, to a greater extent than before, must use diagnostic and financial analysis tools to assess not only the degree of achievement of the goals set for them, but also for the ongoing identification of possible threats appearing in the environment. Thanks to them, not only the current economic and financial condition of an economic entity is better recognized, but also its causes. The obtained information allows for taking actions enabling the minimization of emerging threats and verification of the development strategy implemented so far.

Tesco is a modern enterprise that is guided by the satisfaction of customer requirements. That is why I chose this organisation for discussion in my report. As I have a little knowledge about this company from the inside, I will discuss it further with a friend of mine, who was working in Tesco for about 3 years. I will apply PESTLE, SWOT analysis and Porter's Five Forces Model.

Organisation: Tesco

The Tesco company was founded by a Jewish merchant, son of an immigrant from Poland, Jack Cohen, who sold food at a fair in London's East End. Under the Tesco name, his stores began operating in 1924, when he bought a large shipment of tea from T.E. Stockwell and labelled the packages using the first three letters of the supplier's company and the first two letters of their own name TES-CO (Ryle, 2013).

Tesco is one of the most famous British supermarket and hypermarket chains with branches all over the world. In the initial phase of operations, the chain was only involved in the sale of food, but over time, the offer was expanded to include new areas, such as: clothing, car parts, electronic equipment. In addition to Great Britain, the company has its stores i.e., in the following countries: Ireland, Czech Republic, Hungary, Slovakia, South Korea, Thailand, Taiwan, and Malaysia. In addition to retail sales, the company has also been selling gasoline since 1974. The Tesco retail chain works with smaller companies. Thanks to this, cooperation with Esso was successful, creating Tesco Express, which operates at gas stations. Today's environment requires entrepreneurs to approach material and information flows in a timely manner. Maintaining such a wide range as Tesco has been possible thanks to cooperation with over three thousand suppliers.

Tesco during Covid pandemic

The events of the pandemic have changed the way economies function around the world. Due to the rapid spread of the COVID-19 virus and the reactions of individual countries limiting economic activity to minimize social contacts, the current conditions for conducting commercial activity practically changed overnight. Both customers found themselves in a new situation in which purchases, apart from taking care of many everyday matters, largely moved to the virtual world, and sellers also had to face the challenge of new rules for conducting trade in stationary points.

Tesco was increasing the number of online deliveries available with the influx of new urban logistics centres, the supermarket giant said, that digital sales in the UK rose 77% during the pandemic. Tesco, as an 'essential' retailer has been allowed to remain open during lockdowns, has seen high demand, when most of smaller stores had to shut for some period.

Workplace culture

Tesco develops and builds employee competencies. They believe in a simple rule: it is commitment employees make customers have a positive experience with Tesco every day. Thanks to thousands of colleagues, they can build a lasting competitive advantage.

In their approach, they focus on an organisational culture based on respect and recognition, which is why they constantly listen to what is important for employees and improve the work environment. They are aware of the challenges faced by the entire retail sector - the need to build the image of a good employer.

First, people. At Tesco, they believe that it is the commitment, experience and kindness of employees that make customers so willing to come back. Therefore, they constantly improve the sphere of human capital management, ensuring that Tesco is a synonym of an exceptional, good workplace and opportunities for professional development. They want - according to their value - to jointly change what is important for the better. They release the potential of employees through comprehensive training and a system of internal promotions. Many of their managers started their careers in positions in stores.

Tesco business priorities:

- strengthening the understanding of the company's goals and the impact of each of them on their implementation,
 - sharing knowledge and experience, involving managers
- for mentoring and coaching and create development programs
- for employees and development paths for young talents,
- they manage by goals at every level of our organisation,
 - improve modern training programs (managerial, technical, product),
 - counteract unfavourable tendencies on the labour market, providing jobs for women, young people, people with disabilities, the 55+ generation and inhabitants of regions at risk of high unemployment.

Distinguishing features:

- trust, good working atmosphere,
- stable employment conditions and transparent principles of remuneration and motivation,
- optimal conditions for the development and release of the potential of each employee (also through internal promotions),
- joint celebration of small and big successes (including through the Leader of Values award) and important events in the lives of employees (wedding, birth of a child, anniversary of work at Tesco),
- respect and listening to each other

Tesco plans:

Strengthening the organisational culture through:

- intensifying dialogue with employees,
- strengthening the sense of responsibility and the influence of everyone on the company's development,
- building awareness of the need to care for health and well-being, among others through educational programs that – like fitTesco - promote physical activity, a balanced diet, work-life balance, effective stress reduction and passion development,
- strengthening the sense of belonging to a team (using modern tools such as the Yammer communication platform),
- supporting social activity and encouraging employees to participate in initiatives important for local communities and the natural environment, also as part of employee volunteering.

Improving qualifications and skills through:

- development of leadership skills of superiors,
- specialized training with the use of various techniques, including e-learning, workshops, case studies, practices, projects.

Development of the organisation through:

- improvement of modern technologies and work tools,
- constant search for simplifications and improvements in processes.

Tesco PESTLE & Environment Analysis

Political factors affecting Tesco

Tesco is an international brand operating in various countries around the world. Government and political regulations can differ in each country they operate in. Retailer should be mindful about all these and act accordingly. The company goes along with all safety regulations of various countries to offer safe products.

Brexit

Great Britain's exit from the EU created an atmosphere of uncertainty in the business environment. Tesco CEO John Alan said in an interview with the BBC that Brexit would raise prices by around 3% to 5%. It is estimated that around 80% of the company's food products come from the EU. A slight increase in the tariff would increase the retail price.

Economic factors

Pandemic of Coronavirus

The covid-19 pandemic has hit businesses very badly. It was caused by limited physical contacts, social distance, lockdowns and closing of companies. The e-commerce platform and online shopping saved Tesco from falling victim to the pandemic. Actually, the pandemic boosted the company's sales and profitability. Tesco's annual revenue and net income increased by £ 1.3 billion and £360 million in 2020 in the year of the pandemic, according to estimates.

Although Tesco withstood the blow of the pandemic and months of business lockdown and shutdown, few others have done so. The lockdown shut down many small businesses for good and many lost their jobs as a result.

Higher unemployment rates generate an aura of financial unsteadiness and social unrest in a society. When purchasing power decreases, they begin to cut expenses to meet the basic need. Lower expenses would affect the growth and profitability of the entire company. Economists predict such changes in the post-pandemic world.

Tesco CEO John Allan said in an interview with the Guardian that without a deal, Brexit would have resulted in a greater increase in tariffs. A deal is better than not having one. He also said that people should not panic or worry about the consequences of the Brexit deal as there is no need for it. The soil of Great Britain still produces enough food to meet the needs of many people. There will be a shortage of fresh food for a while, but everything will be back to normal.

Social factors

Tesco keeps up with local social and cultural trends of various communities and offers them food appropriately. For example, the company uses Halal meat label in the UK for Muslim customers. The brand also owns the same label and brand in Thailand and Malaysia. Tesco also provide Kosher products for Jewish customers across UK.

For several years, people have shifted from meat-based foods to vegetarian, plant-based foods. The vegan trend is extending between people in Western and European markets. Customer need for vegan and plant-based foods increased by £ 4.1 billion in 2020. Tesco is alert to the changing vegetarian trend. The company will increase sales of vegan food products by approximately 300% in 2025. Customers want to have enough product variety to choose from. Tesco observes cultural trends and changing attitudes and behaviour of customers. Offers them products according to their requirements.

Social supermarket

The social supermarket is a new marketing idea where companies offer unsold stock at lower prices. It performs two important social purposes. First, it reduces waste and recycling costs, and second, a lower price range work for the needy and reduces food poverty. Tesco cares about society and the social well-being of people. Therefore, I think the brand should introduce such offers.

Technological factors

Technology use is growing in between enterprises and companies. This can be very helpful for them to be more efficient in many processes and provides better customer service. Tesco has also adjusted to the latest technologies, and this is one of the main reasons for the company's success. Payments via a mobile app, m-commerce, and barcode scanning system are some of the prime examples.

The covid-19 pandemic has fuelled the trend of online shopping and e-commerce. People started to shop for groceries online to avoid contracting the virus in store. Tesco has survived the pandemic by staying on the e-commerce platform and delivering orders on time. The company was planning to hire 16,000 more people to serve deliveries even better.

Tesco has partnered with Amazon Go to develop cashier less billing technology. It reformed the retail purchasing process, saving customers time, and ensuring hassle-free billing.

Legal factors

Government rules, the legal structure and regulations of various governments differ, so the brand must comply with local and international regulations. For example, according to the 2018 Davis report, the European Union has introduced legislation that restricts companies from engaging in any anti-competitive activities. This means Tesco cannot take over and merge with a large company of this size in Europe. Now, Great Britain is outside of Europe. This law will not apply in the UK anymore but will be active in the EU.

Tesco cannot hire employees and give them wages lower than required. The company is also prohibited from selling alcoholic beverages to young underage teens.

In the past, some workers have filed a lawsuit against Tesco for unequal pay for male and female workers. Such lawsuits undermine the company's credibility.

Environmental factors

Tesco has its recycling plan, which includes the removal, reduction, reuse and recycling of plastic. This would help the company reduce and remove non-recyclable plastic. This is a good movement to clean up the environment.

Tesco is also bringing to life a project that would identify illegal fishing boats that endanger marine life through off-season hunting. These steps work to build a sustainable environment.

Tesco SWOT analysis

STRENGTHS

Despite such a challenging time as pandemic was, Tesco performed really well. Speed of brand's growth in the last quarter of 2020 was 10.5%. Also, online sales increased radically. During the pandemic, the government enforced restrictions on physical assembly and other community activities. Tesco reacted quickly to these circumstances and accelerated online ordering and home delivery. The company hired multiple new employees to keep up with large amounts of online orders and deliver them on time.

Tesco offers customers a wide range of products and services. These include cotton fairs, clothing range, telecommunications and financial services, household goods, school uniforms, rental DVDs, downloadable music files, and the mobile smartphone business. Tesco has different types of stores to reach different audiences. For example, Tesco Superstore, Tesco Homeplus, One Shop, Tesco Metro, Tesco Express, and Tesco Extra. It shows how diversified the company's business strategy is. (Wikipedia)

Tesco uses the latest technologies, such as a barcode system, mobile payment applications or m-commerce. It serves the purpose to provide an even better customer experience in stores with an effective system.

WEAKNESSES

Tesco offers customers a wide range of food products and different services. The company claims that they follow all the rules of food safety protocol. But in some cases, it turned out not to be the case. For example, some Tesco products turned out to be unsafe and endangered the lives of customers. The brand had to recall faulty and dangerous products. Some products in Tesco stores have expired and the staff has not replaced them. As a result, the brand had to pay a heavy fine of £ 175,000.

The covid-19 pandemic caused a panic among people early in the month. They weren't sure how long it would take. Tesco controlled the distribution of limited resources, and the brand reassured customers that they had enough inventory to meet customer needs. In other words, the company was giving customers false hope.

I think that some of the company's products do not have the required quality standards and it needed improvements. From my experience I can tell, that in the past I bought from Tesco a large candle from Yankee Candle. Compared to Yankee Candle store, the one in Tesco was super cheap. But when I tried to light it up at home, it turned out that something was wrong, and the candle did not light up. I found it fake Yankee Candle, had to get back to store and return it. Thankfully, customer service was very friendly, and they returned my money with no hassle. They should not sell fake products under a well-known brand.

OPPORTUNITIES

As a vegan and vegetarian trend is boosting among people, Tesco should keep it in mind and develop reliable plan to meet the customers' needs regarding healthy, vegan, and vegetarian food. Also, they should try to reduce plastic packaging, especially for healthy food as this would encourage even more customers.

Because of pandemic, people started to be more careful when it comes to physical contacts. Even now, more people than before, prefer to still shop online for their groceries to avoid contact with virus. Tesco should take advantage of this as much as it can. Hiring more delivery drivers would help to meet the high demand of online orders.

Indonesia, South Korea, and Turkey are a growing market with great growth potential. Tesco should take advantage of that and start opening its stores in these markets before the competition will.

THREATS

High competition is one of the main threats Tesco can face. Nowadays, there are so many brands, big supermarkets with an internal struggle for the customer. New promotions, a variety of products, loyalty programs, management must come up with new services to encourage new customers and to keep the regular ones.

Brexit is also not conducive to the company's development. Sometimes you can see empty shelves in shops and the first reason that comes to mind is Brexit. At Tesco, most of the products are imported from the EU. After rising bureaucracy prices, rising taxes, and duty fees, we will probably see a shortage of certain products on Tesco's shelves.

TESCO in Porter's Five Forces Model

Threat of new entrants

The risk of new entrants to the UK supermarket industry is very low, especially due to capital requirements. I think, Tesco does not need to worry about new entrants as it benefits from economies of scale and has its own core competencies. It would be possible, that potential competitors would not have enough money, access to a distribution network, and experience to research the UK supermarket industry.

Tesco then can focus on delivering higher quality to its products. Consequently, customers would choose its products that provide higher quality for a lower price compared to competition products that provide higher quality but higher price.

Bargaining power of suppliers

In the industry where Tesco operates the number of suppliers is very large compared to the buyers. Consequently, suppliers have less control over prices, and this makes suppliers' bargaining power weak. In industry where Tesco performs is an important customer for its suppliers. This means that industry profits are closely related to suppliers' profits. Therefore, suppliers must provide rational prices. This makes suppliers' bargaining power weaker in the industry.

Bargaining power of buyers

Tesco can concentrate on innovation and variation to attract more customers. Product differentiation and its quality are significant to customers in the industry, and Tesco can bring a lot of more customers by keeping these in mind. Tesco needs to build a large customer

base as buyers' bargaining power is weak. Retailer can do this through marketing activities to build brand loyalty.

Rivalry among existing competitors

Tesco has many strong competitors across the UK. They spend profusely on marketing. Although Tesco is the market leader, the pressure from the competitors is heavy. Also, price-wars started by Lidl and Aldi affects Tesco's profit margins as the rivals' prices of certain products are sometimes half cheaper than the ones in Tesco.

The companies' strategies in the industry are various, and it means they are unrepeatable when it comes to strategy. This results in them running head-on into each other regarding strategy. This makes the competition among businesses a great strength within the industry.

Threat of substitute products or services

Tesco can concentrate on differentiating products on the shelves. This will ensure that buyers perceive their products as unique, and it will not be easy for them to switch to substitute products that do not provide these exceptional benefits. They can develop market search to better understand customers and meet their expectations to provide these unique benefits for their customers.

Ethical dilemma that could affect Tesco's performance

1. Often the very type of products offered raises moral concerns as their use may have negative consequences for society. This includes alcohol, cigarettes, and gambling, among others. This also applies to media products that epitomize violence and sex, and prey on human emotions. Ethical doubts are also raised by selling products whose quality - in the opinion of interested parties - is inadequate. Sometimes it ends up only disappointing the customer, but often the reliability of the product has an impact on the health and life of the user (e.g., fireworks). Poor quality of the product may result from careless design, selection of inferior materials, negligence during the manufacturing, distribution, installation process or incomprehensible user manual.

2. An important issue is the diligence of distribution. The characteristics of the product sold should not deteriorate during logistics processes. Therefore, it should be considered unethical to offer products that have not been stored in accordance with the manufacturer's recommendations, such as ice cream or cosmetics. A separate problem is the distribution of 'higher risk' products such as fireworks, tobacco products, alcohol, etc. It is also about ensuring that these products will only be sold to those entitled to purchase them.

To avoid these dilemmas, Tesco as a British supermarket giant, it should not take shortcuts, continue checking the origin of products, do not accept counterfeits or defective products. In order of selling alcohol or cigarettes, sales assistants should always ask for ID when uncertain of someone's age.

Conclusion

There are various ways to increase the effectiveness of an organisation and its team. One of them - difficult, but giving long-term, tangible results - is the conscious building of the culture and atmosphere of the organisation. The knowledge about the culture of a given organisation, its climate, how employees evaluate themselves, the company and its future on the market allows us to predict its effectiveness, sources of success and failure well in advance. I think that Tesco has a long-term, bright future ahead thanks to its strategy and business organisation.

Individual Reflective Essay

Week 1

The discussed ways of designing the structure of organisation should also take into account the hierarchy of authority in the organisation. The practical way is that for linear structures power is derived from a formal position. Line positions are included in the Operations Core, the Medium (Tactical) Level, and the Strategic Vertex. The tactical management is responsible for achieving the goals.

PESTLE: When creating a business plan, it is worth considering what the macro-environment of the future company looks like. The PESTLE analysis can help in this, as it is a simple tool that allows for in-depth knowledge of many important factors that may affect its functioning.

Week 2

I learned that an organisation's micro-environment consists of its customers, partners, suppliers, and competitors. It is also worth remembering about trade unions, financial institutions, and local administration.

I also learned about the micro-environment analysis - Porter's 5 forces model. It considers the strength of suppliers, the strength of customers, the threat of the appearance of new competitors, the threat of the appearance of substitutes and the intensity of competition within the sector.

Week 3

“Organisational structure”

The organisational structure performs regulatory functions in the organisation. It allows to shape the internal order by defining the place for each employee in the organisational system and allows to determine the desired methods of action. I learned that it serves the needs of management, deliberately established dependencies and recorded in the organizational documentation integrate and organize the elements of the system, enabling efficient management of a complex organisational whole.

Week 4

“Organisational culture”

Organisational culture affects the performance of individuals, organisational performance, job satisfaction and commitment, planning strategy and task implementation, recruitment and selection of employees and their acceptance by the company, the scale of resistance to changes and organisational conflicts, socialization and the nature of interaction, innovation and development new products, marketing, and sales.

I think, organisational culture cannot be shaped overnight. It is built using the method of small steps: planned, consistent, systematic action. It requires full awareness of management activities as well as the vision to which it is going.

Week 5

“Creating a sustainable culture”

In the perspective of shaping the organisational culture by managers, it is important to create a broader awareness of understanding the tasks and challenges faced by teams. It is important to know not only what needs to be done, but what this task affects others: colleagues, departments, suppliers, or customers. Members of the organisation should be aware not only of what is to be done, but what is the higher purpose of their work, how their activities connect with the organization's goals, strategy, and mission.

I think that employee's training is one of the real tools for shaping organizational culture. They have a real impact when what is learned is then required in the performance of daily duties.

Week 6

“Recognised factors affecting the success of organizational culture”:

1. Management
Managers and the executive team in company have a huge impact on the well-being and functioning of the working environment. I think, leaders must bear in mind the rules they establish, the way they behave towards employees, and the processes they expand because they can create a healthier work environment.
2. Employees
Colleagues mostly spend more time with each other than their personal friends, so the way they act and interact with each other changes the atmosphere in the office.
3. Work environments
In workplaces located in busy, noisy areas e.g., near airports or in offices with shared spaces, productivity could drop dramatically. Even though it is impossible for organisation to change business location, management can work on improving work environment for employees by e.g., some interior design changes.

Week 7

“Theories related to organisational performance”

- The Organizational Health Index
- Beer’s Model
- Hennan and Freeman’s Theory

These theories and methods can be used in order to help improve the workplace performance. Honestly speaking, I do not know if I would be able to choose the most appropriate and efficient method when running a business, I believe that it is a great art and a matter of talent.

Week 8

“Global implications”

In this lecture, I learned about various workplace cultures accross the globe. Organisational cultures in business can differ significantly in various parts of the world. For example, if I wanted to move to Japan and start working there, I would have to learn about the cultural differences I might encounter in the workplace. The same is the case, for example, in the United States. It is not only the language that can divide people at work. The most important thing is to familiarize with new culture to avoid unpleasant situations.

Week 9

“Ethical dilemmas”

Ethical dilemmas are remarkably interesting puts our beliefs and beliefs to the test and forces us to reflect on what motivates us and how we organize and participate in our world. And it is not something abstract and foreign to us, but it can be part of our day to day.

Conclusion

I can honestly say that the lesson topics in this semester were often complicated for me. Completely new concepts, analysis, methods that are not easy to implement, but I tried my best in this report. Thanks to the reflective essay, I was able to re-study each week of classes using the Moodle presentations and look at each topic from a new angle. In the future, I would like to be able to use the knowledge to develop myself and my own desired activity.

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