

# Culture and management

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This report critically evaluates Aldi's organisational structure, strategy, goals and missions, culture and management/leadership practices, provides an audit of existing arrangements and activities and the priority areas for future improvement. The research methods of understanding the functioning of Aldi were obtained through a brief review of the relevant Organisational Behaviour Literature during the lecturers.

Having attained the relevant knowledge, a brief review of Aldi were obtained through the websites, questionnaires related to structure, culture, management/leadership style were carried out with the focus group. However, strategies of Aldi were understood by conducting interviews with the manager through a comparative analysis of its competitors. The research methodology that was used in the study was mainly qualitative. The study was developed through the use of multi-method strategy, which comprises of both primary and secondary research.

Secondary data was collected from published data in the form of articles, press reports, online resources about the organization, previous study reports of the organization: taken as a case study; all these data were used as the basis for this study to gain an overview of the organisational aspects. Considering the main study, primary data was collected since secondary data are usually collected for different objectives and is difficult to classify in ways that are consistent with the study at hand (Ghauri and Gronhaug, 2002).

Survey is an important research strategy used in this study, survey is the major source of information about an organization and its people.

Questionnaire was suitable for this study as it provided great scope of findings. The approach that was used in this study: semi-structured face to face interviews and a written set of questionnaire which provided reliable data. The questions were designed specifically around the characteristics, organisational structure and culture, incentives, missions and goals of the organization, business strategy, management and leadership style and the overall personality of the organization.

This study being a phenomenological, all questions were related to theoretical characteristics. Interviews were conducted to fill in the gaps of information not deduced and perform a thorough analysis of the acquired information. This study involves an interpretivist approach since we deal with business and management analysis of the organization, it is subjective and open to individuals' perceptions. Performing a comparative analysis of Aldi's competitors and identifying the loopholes in other supermarkets, a conclusion about the strategy adopted was made.

Based on the responses from the respondents the information was compiled and analyzed to gain an insight into the various aspects of an organization. The collected data was compared to theoretical framework in order to discover which theory was most appropriate to the data, this leads to a better understanding of the studied phenomena. In this section, a critical examination of the strategies undertaken by Aldi in the UK is briefed. First, we will examine the definitions of strategy and its related concepts, the levels of organisational strategy, types of strategies and the strategy of Aldi and how it benefits Aldi.

Chandler(1962) defined strategy as "... the determination of long term goals and objectives of an enterprise, and adoption of course of action and the allocation of resources necessary for carrying out these goals. " Every organisation forms strategies to ensure security and stability to deal with the changing business environment. Strategies are formulated by the senior managers and their advisors who belong to the top management in the organisational hierarchy.

Mintzberg (1987) categorized strategies as " strategy as a ploy", " strategy as a plan", " strategy as a pattern", strategy as a perspective", " strategy as position". There are three levels of organisational strategies: Corporate strategy which deals with the type of business the organisation is in, Business strategy where the primary focus is on how to compete in a particular industry and Functional strategy which focuses on the maximization of resource productivity (Hofer&Schendel, 1978). We will examine the Business strategy of Aldi.

Aldi being in the grocery business does not follow the 'no frill' strategy of combining low price and low perceived added value where there is a compromise on the quality of the product. Instead the low-price strategy of competing by reducing the price of the product is followed (Johnson and Scholes, 2008). This is beneficial, since Aldi will continue to achieve a competitive advantage through its low-price strategy with other super markets by maintaining similar value of products to that offered by its competitors.

Aldi achieves a higher market share than its competitors by offering better products at the same price. This differentiation strategy is achieved by buying the products in large quantities thereby giving Aldi the authority to control pricing of their products. Aldi being a hard discounter pursues the cost-leadership strategy. The primary focus of strategy development is towards pricing of their products which has made Aldi a popular grocery store.

Aldi website states that they focus on their own brand which constitutes 95% of the products in store so as to remain independent. This allows Aldi set their own prices and introduce new products. While traditional supermarkets have in store 25, 000-30, 000 products Aldi Stores around 700 of the most commonly purchased items. Fewer products would allow Aldi to control the quality of the products which prevents products with lower shelf-life from being wasted.