

Component 2- Individual Report

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Contents

Introduction.....	3
Explanation of key HR challenges facing Boots UK.....	3
Evaluation of contemporary HR practices	5
Critical evaluation of the departmental managers' role	7
Recommendations	8
Conclusion.....	9
Reference List.....	10
Appendix 1	11

Introduction

Human Resource Management (HRM) is widely recognised as a strategic function that contributes to organisational performance through the effective management of its people (Armstrong and Taylor, 2014). In modern organisations, HRM extends beyond administrative responsibilities to supporting competitive advantage through workforce capability, engagement and adaptability. The UK retail sector operates within a rapidly changing environment characterised by labour market competition and increasing expectations around diversity, equity and inclusion (DEI). These are the environmental pressures that require organisations to align people management practices with broader organisational strategic objectives to sustain competitiveness (Mullins and McLean, 2019).

As a leading health and beauty retailer with a diverse workforce, Boots UK must ensure its HR practices effectively address these challenges. Retail organisations frequently experience high employee turnover, skills shortage and operational pressures which directly impact performance. This report therefore focuses on three key HR challenges facing Boots UK, namely technological change, talent acquisition and retention, and DEI, alongside the role of department managers in ensuring effective implementation.

Explanation of key HR challenges facing Boots UK

Meeting Technological Advancement

Technological advancement represents both an operational necessity and a strategic risk for Boots UK. Rees (2015) argues that effective management of technological change depends on leadership capability and employee engagement, reinforcing the need for behavioural alignment during digital transformation. In the current retail environment, digital transformation includes e-commerce integration, workforce analytics and electronic human resource management (e-HRM) systems. Armstrong and Taylor (2014) argue that strategic HRM entails linking technological advancement with organisational objectives to enhance efficiency and competitive advantage. However, technological implementation does not automatically translate into improved organisational performance.

Mullins and McLean (2019) emphasise that organisational change is behavioural rather than technical. In the context of Boots UK, this suggests that employee attitudes and managerial capability determine successful transformation. Customer-facing employees may perceive digital monitoring systems as increasing surveillance or threatening job security, potentially undermining employee trust and engagement. While technology promises cost efficiency and

improved data-driven decision-making, it may reduce employee engagement if poorly implemented.

Recent studies provide further support for this behavioural approach. Ren and Chowdhury (2025) identify two types of employee experience of automation and augmentation. Their study suggests that with automation (where technology replaces human tasks), employees experience lower job satisfaction and organisational commitment. In contrast, augmentation (where technology enhances employee capability) leads to more positive job attitudes and higher engagement. For Boots UK, this distinction is significant. If digital initiatives are framed primarily as cost-reduction mechanisms that diminish workforce value, employee resistance and disengagement may increase. However, positioning technology as a tool that supports pharmacists, retail assistants and managers in delivering improved customer service may strengthen engagement and adaptability. Therefore, technological advancement should be treated as a strategic change process requiring behavioural alignment, rather than purely an operational upgrade. This distinction highlights that technological transformation is not inherently beneficial; its organisational impact is contingent upon managerial framing, employee perception and the alignment of digital systems with human capability.

Talent Acquisition and Retention

Talent acquisition and retention remain significant challenges within the retail sector due to high turnover and competitive labour markets. Armstrong and Taylor (2014) define talent management as a systematic approach to attracting, developing and retaining individuals who contribute to organisational objectives. However, retail organisations frequently adopt a short-term approach to recruitment, which may undermine workforce capability and increase long-term operational costs.

High turnover affects customer service continuity and results in the loss of organisational knowledge. Effective performance management is therefore essential. According to Hutchinson (2013), performance management should align individual goals with organisational strategy while fostering continuous development. However, if line managers treat appraisal systems as administrative exercises rather than developmental, their impact on engagement and retention may be limited. This reinforces the importance of managerial capability in translating HR strategy into employee experience.

Further understanding of the challenges in retention can be gained by considering Herzberg's (1959) Two-Factor Theory. While hygiene factors like salaries, policies and working conditions may prevent dissatisfaction, but they do not lead to commitment. Motivators like recognition, achievement and responsibility are the drivers of job satisfaction. For Boots UK, focusing

solely on pay adjustments may reduce turnover temporarily, but investing in the progression and meaningful responsibility is more likely to secure long-term retention.

Diversity, Equity and Inclusion (DEI)

Across many organisations, diversity, equity and inclusion are now recognised as strategic priorities that enhance organisational effectiveness and employee engagement. Armstrong and Taylor (2014) argue that effective diversity management enhances performance by harnessing the strengths of diverse views. For Boots UK, which has a diverse client profile across the UK, inclusive employment practices can strengthen both culture and brand reputation. However, representation alone is insufficient without genuine inclusion and equity.

Equity Theory (Adams, 1963) suggests that employees compare their inputs and outputs with others and perceive unfairness when imbalance exists. Inconsistent promotion decisions or unequal recognition may therefore undermine inclusion and initiatives and reduce engagement. Moreover, Naoum, Szakadati and Balogh (2026) find that artificial intelligence in HRM can have a contradictory effect on DEI results. AI may reduce human biases in recruitment but can also reproduce structural inequalities if biased data is used. This suggests Boots is required to integrate DEI strategies with transparent governance and ethical use of digital HR technologies. Embedding DEI into performance metrics and managerial accountability reinforces inclusive behaviours and ensures initiatives are transformational rather than symbolic.

Evaluation of contemporary HR practices

Addressing technological advancement

For Boots UK to be able to address technological advancement effectively, it must adopt strategic digital HR practices that combine data-driven decision-making with employee engagement. Contemporary research highlights the increasing importance of HR analytics in enhancing organisational performance and reducing attrition through predictive workforce insights (Kiran, Chaubey and Shastri, 2024). By leveraging analytics, Boots could identify turnover risks, skill gaps and performance trends, enabling more proactive workforce planning. Nonetheless, data-driven approaches alone do not ensure successful transformation. Moreover, the effectiveness of HR analytics depends on data quality and managerial interpretation, highlighting the limitations of purely technological solutions.

Organisational change research highlights that digital transformation is impacted by employee perceptions and managerial capability (Mullins and McLean, 2019). Ren and Chowdhury (2025) differentiate between automation, which is task replacement, and augmentation, which

is the enhancement of human capability. Their findings suggest that automation may reduce job satisfaction and commitment, while augmentation leads to increased engagement. This indicates that Boots should position digital initiatives as supportive tools that can enhance employee capability rather than being cost-cutting mechanisms. Therefore, effective integration of technology in the organisation requires not only investment in analytics and AI systems but also structured training, participative change and strong leadership support to maintain trust and engagement.

Addressing Talent Acquisition and Retention

Talent acquisition and retention remain significant challenges within the retail sector due to high turnover and competitive labour markets. Leatherbarrow and Fletcher (2019) emphasise that sustainable retention requires an integrated approach combining reward, development and supportive leadership practices. Although strategic HRM emphasises the need for alignment between workforce planning and organisational objectives, the retail industry has specific evidence that highlights the financial capability risks associated with retail turnover. Nilsson and Backman (2025) demonstrate that employee turnover in retail often leads to the loss of valuable human capital, particularly when experienced employees transition to higher-skilled roles elsewhere. This reframes retention as a strategic inevitability rather than an operational expense.

Therefore, contemporary HR practices focus on development-oriented retention strategies. Hutchinson (2013) argues that performance management systems promoting continuous feedback and career progression improve engagement and decrease voluntary turnover. However, such systems are only effective when supported by competent line managers; without managerial capability, performance management risks becoming a compliance-driven exercise rather than a developmental tool. Furthermore, while digital recruitment platforms widen talent pools, over-reliance on external recruitment could weaken internal capability development. For Boots, strengthening succession planning, internal mobility and structured development programmes would protect human capital and enhance long-term workforce stability.

Addressing Diversity, Equity and Inclusion (DEI)

Many organisations now recognise diversity, equity and inclusion as strategic drivers of performance rather than just compliance requirements. Wickham, Fiedler and Donnelly (2025) use a resource-based perspective to argue that best practices in DEI can constitute a valuable organisational resource when embedded within core systems and leadership behaviours. For Boots UK, whose workforce and customer base reflect diverse demographics, inclusive employment practices can enhance innovation, reputation and long-term competitiveness.

However, the effectiveness of DEI initiatives is also dependent on the organisational culture and leadership consistency. According to Mullins and McLean (2019), psychological safety and equitable treatment arise from managerial practices and not just organisational practices. Furthermore, Naoum, Szakadati and Balogh (2026) highlight the dual impact of AI in HRM: algorithmic tools may reduce human bias but can also perpetuate structural inequalities if data inputs reflect historical discrimination. This suggests that Boots must combine inclusive leadership with transparent governance and ethical auditing of digital HR systems to ensure the long-term strategic success of DEI initiatives.

However, the success of contemporary HR practices ultimately depends on managerial capability and organisational culture; without these, digital systems and retention initiatives may become procedural rather than strategically transformative.

Critical evaluation of the departmental managers' role

Although strategic HR policies provide direction, their success relies on the support of departmental managers who translate policy into daily practice. In retail organisations such as Boots UK, line managers play a key role in bridging the link between HR strategies and employee experience. Empirical evidence suggests that the success of HR initiatives is strongly influenced by managerial capability and consistency (Anvari, Janjaria and Shirvani, 2024). Without consistent managerial capability, even the best HR initiatives may fail to achieve their intended outcomes.

In relation to technological advancement, managers play a central role in shaping employee perceptions of digital transformation. Organisational change research emphasises that change is fundamentally behavioural rather than technical (Mullins and McLean, 2019). Valtonen and Holopainen (2025) demonstrate that employee resistance during digital change is closely linked to perceptions of uncertainty and reduced well-being. Their findings indicate that managerial communication, participation and psychological support significantly reduce resistance. Furthermore, Ren and Chowdhury (2025) distinguish between automation and augmentation, highlighting that employees respond more positively when technology enhances rather than replaces their roles. This implies that departmental managers at Boots must frame digital tools as capability-enhancing mechanisms and provide structured training to sustain engagement and trust.

In terms of talent acquisition and retention, managerial behaviour significantly shapes employee commitment. Nilsson and Backman (2025) identify retail employee turnover as a

strategic loss of human capital, reinforcing the importance of development-focused retention strategies. Hutchinson (2013) argues that performance management systems are more successful when managers conduct meaningful, development-oriented discussions rather than administrative appraisals. According to Goal-Setting Theory (Locke, 1968), performance improves when objectives are clear, accepted and reinforced through continuous feedback. Managers therefore influence retention through structured developmental discussions rather than administrative appraisal. Where managerial engagement is weak, retention strategies risk becoming symbolic rather than operational.

Regarding DEI, departmental managers are central to embedding inclusive practices in their daily interactions. Wickham, Fiedler and Donnelly (2025) suggest that DEI can be a beneficial resource for the organisation when integrated into leadership behaviours. Empirical evidence further indicates that inclusive leadership helps to create a safe psychological environment, which is seen to improve innovative performance (Li and Tang, 2022). This demonstrates that inclusive managerial conduct directly influences both employee well-being and organisational outcomes. With the increasing integration of AI in HR practices, managers must also exercise oversight to ensure equitable implementation. Naoum, Szakadati, and Balogh (2026) suggest that AI systems have a dual effect on bias: they can reduce bias but may also perpetuate structural inequalities. Overall, departmental managers determine whether HR strategies translate into sustainable behavioural and cultural change. Their capabilities in communication, coaching, inclusion, and digital leadership ultimately shape Boots UK's ability to respond effectively to technological, retention, and DEI challenges.

Recommendations

To respond effectively to technological advancement, Boots UK should prioritise digital upskilling and participative change management. For instance, while investing more in HR analytics and artificial intelligence systems, the organisation should also develop training programs for both employees and managers that emphasise the role of technology as an “augmentation tool, not an automation tool” (Ren and Chowdhury, 2025).

To strengthen talent retention, Boots should shift from reactive recruitment towards proactive workforce development. Succession planning, internal mobility pathways and development-focused performance management (Hutchinson, 2013) should be embedded into store-level practices. Line managers should be trained to conduct meaningful development conversations rather than compliance-driven appraisals, reinforcing employee engagement and commitment.

Concerning DEI, inclusive leadership styles should be formally integrated into managerial performance metrics. Regular audits of AI-supported recruitment systems should be conducted to ensure fairness and transparency (Naoum et al., 2026). This would ensure that the various DEI initiatives go beyond mere symbolic commitment and become strategically embedded within organisational culture.

Conclusion

Boots UK faces interconnected HR challenges relating to technological advancement, talent retention and DEI. While digital transformation offers strategic advantages, its success depends on employee perception and managerial capability. High turnover presents a threat to organisational knowledge and service quality, requiring the development of focused retention strategies. Furthermore, DEI must be embedded within leadership behaviours and governance structures to generate sustainable competitive advantage. Ultimately, the effectiveness of HR practices at Boots is determined not only by policy design but by consistent managerial implementation. A summary of key HR challenges and strategic responses is provided in Appendix 1.

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Appendix 1

HR Challenges and Strategic Responses at Boots UK

HR Challenge	Contemporary HR Practice	Managerial Implementation
Technological Advancement • Rapid digital transformation in retail • Employee resistance to automation • Skills gaps in digital capability	Adoption of e-HRM systems, workforce analytics and automation-augmentation strategies	Frame technology as capability enhancing, provide structured training, use continuous feedback to reduce resistance
Talent Acquisition & Retention • High employee turnover in retail • Competitive labour market • Loss of organisational knowledge	Strategic talent management, succession planning, employee engagement initiatives	Conduct developmental appraisals, provide recognition, enable internal mobility
Diversity, Equity & Inclusion • Need for equitable treatment • Risk of bias in recruitment systems • Recruitment for inclusive leadership	Inclusive leadership, equitable performance systems, ethical AI governance	Ensure fair promotion decisions, foster psychological safety, monitor bias in digital systems