

LCLM6004
Research methods for business
COMPONENT 1
Business research proposal
Student id 2132981
Ana Balteanu
Lecturer: Dr Olu Adegbite

Investigating the impact of AI driven performance
monitoring on employee engagement and retention at
Tesco PLC

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Introduction

1.1 Business Problem

The retail industry is becoming rapidly more willing to use technology in a more advanced manner is rapidly increasing, in order to ultimately become a more technologically advanced sector in the modern digital environment. To do this, they most often use artificial intelligence (AI).

Tesco PLC is one of the largest retailers in the UK, and it relies on different technologies and management by data to enhance performance, efficiency and lower the cost of operation (Arora & Damarla, 2025).

The AI-based performance monitoring systems are one of these technologies used, developed to monitor: working speed, productivity, and daily activity of the employees. This technology, which might be effective in the situation of assisting in enhancing the management and working efficiency, might also impact the working experience of the workers, stress, and their view of the workplace.

1.2 Background

Employee engagement and employee retention directly affect overall performance. Employee engagement and retention are very important for any organisation because they directly affect performance, productivity, and the quality of customer service. If employees feel that these AI-monitored performance systems are too strict or that they invade their privacy, by being over-assertive, it may reduce their job satisfaction. As a result, workers may become less motivated and more likely to leave the company. This can create problems for the organisation, such as higher employee turnover,

increased training costs for new staff, and lower overall efficiency. In the long term, these issues can make it harder for the organisation to achieve its strategic objectives.

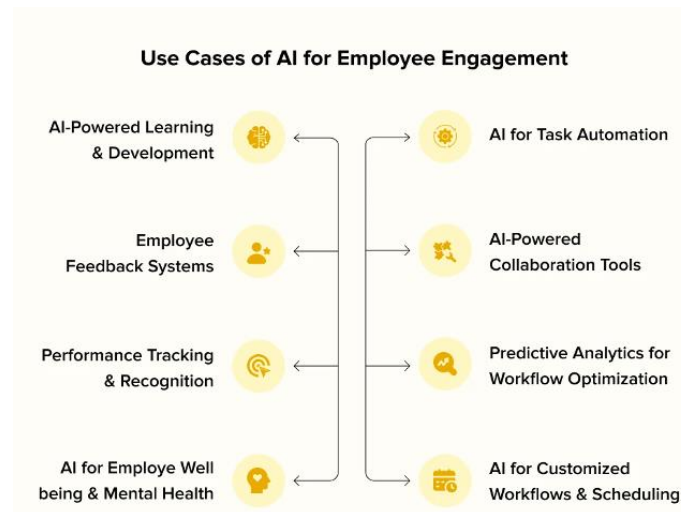


Figure 1: Use Cases of AI for Employee Engagement

Source: (Mittal et al., 2023)

By carrying out this research, it may be useful in understanding how AI-based performance monitoring systems affect employees' work experience and their choice on whether or not stay in their jobs. The UK retail market is constantly changing, with shifts in the work environment, labour policies, and technology creating new challenges for how organisations manage and support their employees. Tesco PLC is a large organisation that employs thousands of workers across many stores and distribution centres. Because of this, the company needs effective ways to monitor performance. However, it is also important that this monitoring does not affect employees negatively in their morale or trust, so organisations must find a balance between efficiency and supporting their workforce. (Tesco PLC, 2026).

2. Research Aim, Objectives, and Questions

Research Aim

This research aims to analyse how AI performance monitoring systems have affected employee engagement and levels of employee retention at the UK-based retail giant Tesco PLC.

Research Objectives

1. Establish a performance monitoring system based on AI that is used in Tesco PLC for performance monitoring.
2. Find out whether AI-based performance monitoring leads to higher employee retention or increases employee turnover.

3. To explore employees' experiences and concerns about the use of AI-based monitoring systems in organisations.

Research Questions

1. What can AI-intelligent performance monitoring be used for, in Tesco PLC?
2. What is the connection between AI-based performance monitoring and employee retention and turnover?
3. Which organisational and employee-related issues are most important when implementing an AI-based performance monitoring system?

3. Literature Review

The rapid growth of artificial intelligence (AI) in the workplace has led to major changes in how organisations manage their workforce, including workforce structure, employee engagement, and performance evaluation processes. According to Arora and Damarla (2025), AI technology helps organisations analyse employee performance, manage workflows, and support decision-making. For example, AI can improve workplace efficiency through better data analysis, automation of tasks, and increased overall productivity. However, the use of this technology can also affect employees' working experiences, including concerns about privacy and trust in the workplace. Research shows that when AI systems are used in a transparent way and employees are involved in the process, it can improve morale and job satisfaction. On the other hand, if employees feel they are being closely monitored or do not understand how the systems work, it may lead to anxiety and distrust at work.

3.1 Employee Engagement and AI Monitoring Technology

Several academic and industry studies have shown that the use of AI-based monitoring technology in the workplace can directly affect employees' behaviour, performance, and overall work experience. According to Segalla (2021), AI systems can help improve workplace safety, identify risks, and increase job efficiency. For example, a survey carried out in the UK retail industry found that around 70% of workers believed that AI technology could help make their workplace safer.

However, the same study also found that many workers were worried about losing their jobs because of new technologies and the lack of human control in decision-

making. On the other hand, research from government and policy organisations suggests that workplace surveillance can negatively affect trust and relationships between employees and management. A study in the UK showed that a large number of workers feel uncomfortable with electronic surveillance and performance monitoring systems, and many believe that these technologies could damage the trust between employees and the organisation.

3.2 Relevant theories, models, and frameworks

Several theories can be used to explain the theoretical background of this study. socio-technical theory suggests that organisational effectiveness depends on the interaction between technology and the people who use it. According to Shukla et al. (2024), factors such as good job design, employee autonomy, and a positive attitude towards technology can help organisations successfully introduce AI systems in the workplace.

psychological safety theory is also important when looking at how employees adopt new technologies and engage at work. When employees feel safe, supported, and comfortable in their working environment, they are more likely to accept new technologies and participate more actively in organisational activities.

3.3 Research Gaps

Although a large amount of research has already been carried out on AI and workplace technology, several gaps still exist in the literature. First, many studies focus on the general impact of AI, but there is limited research specifically examining how AI-based performance monitoring systems affect employee engagement and retention. Segalla (2021) also argues that much of the existing research focuses on broad industry sectors, with very little analysis of individual organisations within the UK retail industry, such as Tesco PLC.

In addition, a large proportion of current research uses quantitative methods, meaning that there is limited qualitative research exploring employees' real experiences, perceptions, and concerns within organisations.

This research aims to address these gaps by examining the impact of AI-based performance monitoring systems in the UK retail sector, focusing on their influence on employee engagement and retention in the case of Tesco PLC. The findings of this research could help organisations in the future when introducing new technologies and developing effective HR strategies.

4. Research Methodology and Design

The qualitative research approach will be applicable in this research, as the primary aim is to obtain in-depth data and describe the effect of AI-based performance surveillance systems within the work environment (Saunders et al., 2019). Qualitative research will help the researcher understand possible social issues in the workplace, including employees' experiences, perceptions, and organisational realities.

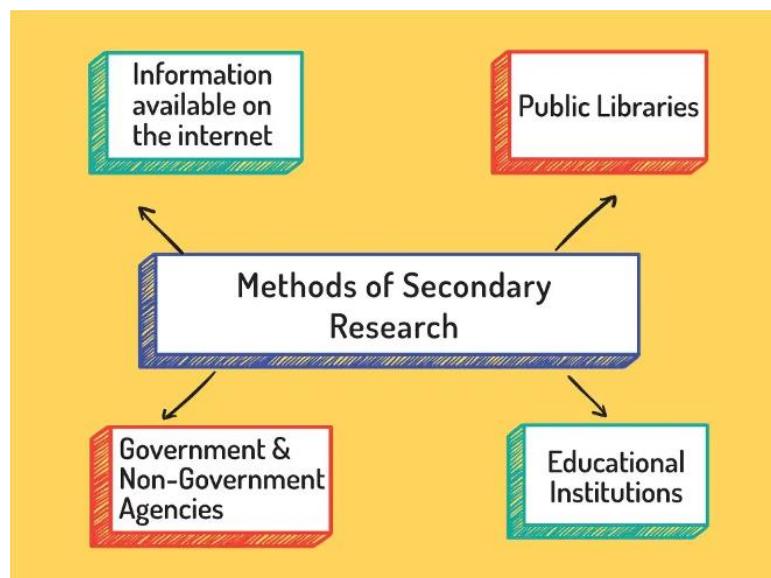


Figure 2: Secondary Research

Source: (Adams et al., 2007)

As the purpose of this research is to identify how the use of technology is impacting employee engagement and employee retention, descriptive and analytic data would be more appropriate in comparison to the data presented in terms of numbers. This is the reason why qualitative research methodology is deemed appropriate in this research, particularly because there is a need to be informed about the working environment and human resource management concerns in the environment of a large entity in the retailing industry in the UK, Tesco PLC.

4.1 Data Collection Method

This study will use secondary data. The information will be collected from a range of academic journals, industry reports, government publications, research papers related to human resource management, and published company reports. These sources will help identify patterns in the use of technology, employee engagement strategies, and employee retention strategies, particularly within the UK retail industry (Crowther et al., 2009).

Online academic databases such as Google Scholar and Business Source Complete will be used, along with other reliable literature sources. In addition, industry analysis reports and professional HR publications will be used to understand how AI-based performance monitoring systems may affect employees' working experiences and organisational behaviour.

4.2 Data Analysis Method

The collected data will be analysed using the thematic analysis method. This approach helps identify key ideas, themes, and trends across different literature and documents (Cooper et al., 2014). Topics such as workplace surveillance technology, employee morale, trust, and staff turnover will be explored as part of the analysis.

This process will help understand how AI-based performance monitoring systems may influence employee engagement and employees' decisions to stay in an organisation in the long term, particularly in a large retail company like Tesco PLC.

4.3 Sampling Strategy

A sampling strategy will be used in this research. This means that only relevant and reliable sources will be selected for the study.

In particular, literature published within the last ten years will be prioritised in order to reflect current trends and recent developments in technology related to the topic.

4.4 Research Ethics, Reliability and Validity

Research ethics will be carefully considered during this study. Since the research is based on secondary data, all sources of information will be properly referenced to avoid plagiarism.

To ensure the reliability and validity of the study, trustworthy sources such as government reports, industry publications, and peer-reviewed academic articles will be used (Saunders et al., 2019). Using multiple reliable sources will also help compare and verify the information collected. This will strengthen the credibility of the findings and provide a balanced understanding of the impact of AI technology on the workplace in the UK retail sector.

5. Business Relevance and Practical Implications

The competitive retail market has shown that organisations are increasingly using technology to improve business processes. One company that has gradually adopted AI technology to boost performance, operational efficiency, and customer service is Tesco PLC, one of the largest retailers in the UK.

The introduction of AI-based performance monitoring systems can also affect employees' work experience, engagement, and decision-making at work (Adams et al., 2007). The findings of this research will help organisations understand how to maintain employee morale, trust, and job satisfaction while implementing new technologies.



Figure 3: AI in Employee Engagement

Source: (Shukla et al., 2024)

The results of this research could help organisations develop future strategies and recommendations (Mittal et al., 2023). For example, to make the implementation of AI-based performance monitoring systems more transparent and fair, companies could provide open communication and training programs for employees.

Another approach is to strengthen human leadership and supportive management practices alongside technology implementation. This can help employees see AI as a tool to support their work rather than as a form of control. Such initiatives may improve employee engagement, reduce turnover, and contribute to long-term organisational performance.

6. Conclusion

This research proposal highlights the importance of studying employee engagement and its impact on employee retention in the UK retail industry, especially given the growing use of AI-based performance monitoring systems. In particular, the study shows that while Tesco PLC can use technology to improve operational efficiency, it also affects employees' work experiences, their trust in the organisation, and long-term employee relationships.

To develop a balanced approach to managing technology and human resources, this study will use secondary data and qualitative research methods to analyse existing literature and industry reports.

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