

A Critical Evaluation of Contemporary HR Challenges and Practices at Tesco PLC
Individual Report

Name: Silvana Elizabeth Montalvo Riofrío

Student Number: 2130452

Module Code: LCLM5002

Lecturer's Name: Sukhpreet Grewal

Assignment Title: A Critical Evaluation of Contemporary HR Challenges and Practices at
Tesco PLC

Company Selected: Tesco PLC

Word Count:

1. Introduction

This report explores how Tesco PLC responds to three current HR issues: the impact of technology, recruiting and retaining talent and diversity, equity and inclusion (DEI). Tesco has been chosen as it is a leading UK retailer with staff working in stores, distribution centres, office-based and technology jobs.

Modern HRM is to add value to the organisation, skill set of the workforce, well-being and good practice of employment. Armstrong and Taylor (2023) claim that strategic HRM ensures people management strategies are aligned to organisational strategy. At Tesco, HR needs to drive efficiency, as well as commitment, equity and diversity.

The three issues are interconnected. Technology impacts work design and skills. Recruitment, retention and development are influenced by reward, development, flexibility, performance management, health and well-being and line management. People capability, technology resilience, talent development and inclusion are priorities for Tesco PLC (2025a).

This report explains the specific HR factors, reviews current practices and critically examines how departmental managers can ensure its immediate implementation.

2. Explaining the HR Factors

2.1 Meeting technological advancement

Technological advancement is an important HR factor as Tesco's business is increasingly reliant on technology, online shopping, automation, customer data, cybersecurity and artificial intelligence. Tesco PLC (2025a) lists resilience of technology as a key risk as disruption may lead to operational, reputational and financial impacts.

The digital skills gap is a key element. Tesco has employees with varying digital skills including frontline colleagues, distribution centre colleagues, managers, human resource specialists and technology experts. CIPD (2025a) explains that Tesco's new technology affects the design of work, tasks and skills. To avoid digital transformation increasing inequality among employees who are fast and slow adopters, Tesco needs to ensure its digital transformation strategies avoid inequality.

Another factor is employee resistance. In particular, employees may perceive automation and AI to mean reduced job security, surveillance or increased workloads. Ncube et al. (2025) suggest AI can help HR efficiency but it can also pose biases, privacy and digital divide risks. So, Tesco needs to communicate, engage and involve employees about technology.

Ethical governance is also crucial because AI could impact the recruitment, scheduling, workforce analytics and performance management processes. Tesco PLC (2025a) says it has

governance for technology and AI. HR needs to ensure that these are not biased, transparent and humanly accountable.

2.2 Recruitment and retention

Attracting and retaining talent is vital as Tesco needs to compete for staff at the front line, in warehouses, drivers, digital, data analysts, managers and senior leaders. CIPD (2024c) states that many organisations in the UK are competing for talent with the skills needed to do the job. Tesco PLC (2025a) states that competition for leadership and specialist skills is a risk hence employer attractiveness is key. Reward, flexibility, wellbeing, training and organisational culture are key factors influencing employer attractiveness. The CIPD (2024b) notes an employer value proposition is what employers provide to their employees in exchange for their contributions.

Tesco needs to provide an attractive offer to the frontline and other specialist markets.

Employee experience is also central to retention. Retail jobs can be physically demanding, have challenging customers, tight shifts and targets. Talent management practices have a positive impact on retention (Almashyakhi, 2024). Tesco needs to embed hiring with training, equitable treatment and opportunities for advancement.

Reward pressure is another factor. Tesco PLC (2025a) claims to continue to invest in colleague pay, benefits and health. But this is unlikely to keep employees if they have inadequate management, lack of development opportunities or a high workload.

2.3 Diversity, equity and inclusion

DEI is an important HR factor as Tesco has a diverse workforce and diverse customers. Tesco PLC (2025b) shows its commitment to inclusion through initiatives such as inclusive recruitment, inclusive working arrangements, flexibility and training.

One factor is equality responsibilities. ACAS (2025) notes that employers must not discriminate, and must not subject employees to unfair treatment. Tesco needs to ensure that its employment management processes (recruitment, promotions, remuneration, rostering, disciplinary, and grievance) are fair and equitable.

Belonging is another factor. Having a diverse workforce is not enough to achieve DEI. You need to ensure they're valued and treated with respect and given the opportunity to contribute. CIPD (2025b) has defined employee voice as giving employees a say in work-related issues. So, Tesco's colleague networks and listening initiatives are crucial.

Progression opportunities are also important. There may be issues with training, appraisal and promotion for those from underrepresented groups. Ayoko and Fujimoto (2023) suggest inclusive HRM should extend to the recruitment, training, appraisal and reward processes.

Tesco needs to consider who has equal access to opportunities.

3. Evaluation of Contemporary HR Practices

3.1 HR practices for technological advancement

Workforce planning allows Tesco to understand its current and future skills needs for its retail, logistics, management and tech jobs. Workforce planning and capability building are part of Tesco PLC's (2025a) people strategy.

But workforce planning is limited due to rapid technological change. CIPD (2025a) highlights ongoing changes in work due to AI and automation. Tesco should engage in continuous workforce planning, with quarterly skills audits, rather than just annual planning.

Training and retraining is also important. Training enhances employees' capabilities and organisational performance (Armstrong & Taylor, 2023). Tesco must offer digital training for front of house and backroom colleagues, managers and experts. But training can be a 'box-ticking' exercise if colleagues complete the course without putting new knowledge into practice. Tesco should ensure online training is complemented with coaching and peer support, and dedicated learning time.

Ethical AI governance is also crucial. Ncube et al. (2025) highlight the potential risks of bias, surveillance and discrimination from using AI in HRM. Tesco must conduct bias testing, ensure privacy protection, provide human oversight and consult with employees before using AI for hiring, rostering and performance. Training improves skills, but governance encourages trust.

3.2 HR practices to attract and retain

Employer branding is an important practice for talent acquisition. Employer branding affects attraction, engagement and retention (CIPD, 2024b). Tesco can enhance its brand by showcasing career prospects, health, flexibility and diversity. But employer branding needs to be genuine as trust will diminish if recruiting messages are not fulfilled.

Attractive reward and benefits are crucial. Tesco PLC (2025a) mentions investments in colleagues' pay and benefits. This may help attract and retain colleagues as pay is important for retail employees. But reward is expensive and can be easily matched by others. Reward is best complemented by recognition, development and involvement (Armstrong & Taylor, 2023).

Internal development is sustainable. Almashyakhi (2024) argues that talent management helps to retain employees. Tesco can offer apprenticeships, mentoring, succession planning and internal job boards to foster internal development. But internal mobility can be limited if managers don't allow managers to release staff.

Flexible working and wellbeing are also important. CIPD (2025c) associates good working, wellbeing and management with employee results. Tesco should adopt fixed schedules, family

friendly policies and wellbeing initiatives, acknowledging flexibility is more difficult in store and distribution jobs than office jobs.

3.3 HR practices to support diversity, equity and inclusion

Diversity, equity and inclusion practices include inclusive recruitment. CIPD (2024a) suggests using structured recruitment to promote fairness and minimise bias. Tesco should ensure job descriptions, interviews and selection criteria are accessible, and candidates attracted from a variety of sources.

But it's not enough to focus on inclusive recruitment. Inclusive HRM (human resource management) needs to cover training, appraisal and reward (Ayoko & Fujimoto, 2023). Tesco should, therefore, link inclusive recruitment with induction, training and promotions.

Voice mechanisms and networks are also important. Tesco PLC (2025b) has colleague listening and inclusion initiatives in its DEI plan. These can be a source of belonging and inform leaders about the employee experience. Yet, networks might become tokenised when their advice isn't acted on. Tesco should provide networks with high-level sponsorship, support and action plans. Data dashboards can monitor recruitment, promotions, salary, access to training, attrition and grievances for various employee groups. CIPD (2024a) stresses recruiting to minimise bias. But numbers may depict representation without context. Tesco needs dashboards, as well as listening groups, anonymous reporting and feedback.

4. The critical role of departmental manager implementation

Departmental managers are pivotal to urgent implementation as they implement HR policy as employee practice. Tesco's HR may develop robust strategies but managers decide if employees are scheduled fairly, given training, treated inclusively and given wellbeing support. Line managers are crucial to implementing HR strategies (Armstrong & Taylor, 2023). First, managers should put corporate HR priorities into action by setting targets for online training, retention reviews, compliance with inclusive recruitment, wellbeing and talent development. Tesco PLC (2025a) demonstrates people measures are important to business performance.

Targets may encourage symbolic compliance rather than meaningful implementation. Managers can report training is done even when staff can't put new digital skills to use. Therefore Tesco should focus on outcomes and activities, like practical skills, confidence in using systems and customer service.

Second, managers should adopt dashboards and review meetings. Line management skills are important for wellbeing and performance according to CIPD (2025c). Dashboards can identify

issues with turnover, absence, engagement, skills and DEI. Tesco should educate managers how to manage workforce data.

Third, managers need to make time and resources for implementation. Boxall and Purcell (2022) state HR strategy needs to be implemented. Employees can't undertake training, development and inclusion activities if they have unrealistic workloads.

Fourth, managers need to encourage employee voice. CIPD (2025b) explains that employee voice enables employees to have an influence over work-related issues. Tesco managers should conduct listening sessions and feedback on what has been done.

Fifth, Tesco should manage to people outcomes. Inclusion should be integrated into HR systems (Ayoko & Fujimoto, 2023). Managers should have retention, engagement, development, diverse recruitment, development and DEI goals. Speedy action is needed, but it might decrease levels of trust.

Finally, Tesco's reports primarily report corporate level statements. This could mask the employee experience at store and distribution centres. This means that Tesco needs to supplement its published data with pulse surveys, exit interviews and local voice.

5. Recommendations

First, Tesco should conduct quarterly audits of digital skills in stores, distribution centres, head office and technology. HR business partners will work with managers on these audits. It should be tracked by the closing of skills gaps, completion of training and proficiency with the system.

Second, Tesco should ensure good governance of the use of AI in HR. This should comprise bias testing, privacy, employee consultation and human review. This should be measured by audit findings, employee trust and AI-related complaints.

Third, Tesco should link recruitment and retention via realistic job previews, reward, flexible working practices and career paths. Success should be measured through turnover and internal promotions, and candidate experience surveys.

Fourth, Tesco should mandate each department to have a local DEI plan using their recruitment, internal promotions, turnover, complaints and employee voice data. Success should be measured through diversity, complaints and belonging scores.

Fifth, Tesco should include people measures in departmental managers' performance assessments. Balanced scorecards should be used to measure success in productivity, retention, well-being, training and inclusion.

6. Conclusion

Tesco PLC is dealing with some major HR issues as technology, talent and diversity, equity and inclusion (DEI) develop. These are interrelated as technologies alter the skills needed, talent challenges impact on organisational performance and DEI issues influence employee experience.

The research demonstrates that workforce planning, upskilling, governance of ethical AI, employer branding, reward, career development, inclusive hiring, employee voice and diversity, equity and inclusion (DEI) dashboards can assist Tesco's efforts. But these initiatives add value if they are sustained and scrutinised.

So, departmental managers are crucial. They need to build urgency via local targets, employee data, protected learning time, employee voice and accountability. By prioritising performance, equity, well-being and inclusion, Tesco can develop a skilled, engaged and resilient workforce.

References

- ACAS. (2025, March 27). *Discrimination and the Law*. ACAS.
<https://www.acas.org.uk/discrimination-and-the-law>
- Almashyakhi, A. M. (2024). Talent management practices and employee retention: Does it make a difference? *Merits*, 4(4), 453–462. <https://doi.org/10.3390/merits4040032>
- Armstrong, M., & Taylor, S. (2023). *Armstrong's Handbook of Human Resource Management Practice* (16th ed.). Kogan Page.
- Ayoko, O. B., & Fujimoto, Y. (2023). Diversity, Inclusion, and Human Resource Management: A call for more belongingness and intersectionality research. *Journal of Management & Organization*, 29(6), 983–990. <https://doi.org/10.1017/jmo.2023.72>
- Boxall, P., & Purcell, J. (2022). *Strategy And Human Resource Management*. Bloomsbury Academic.
- CIPD. (2024a, November 8). *A Guide to Inclusive Recruitment for Employers*. CIPD; CIPD. <https://www.cipd.org/uk/knowledge/guides/inclusive-employers/>
- CIPD. (2024b, November 22). *Employer Brand*. CIPD; CIPD. <https://www.cipd.org/uk/knowledge/factsheets/recruitment-brand-factsheet/>
- CIPD. (2024c). Resourcing and talent planning report 2024. In *CIPD* (pp. 1–42). CIPD. <https://www.cipd.org/globalassets/media/knowledge/knowledge-hub/reports/2024-pdfs/8662-resource-and-talent-planning-2024-report-web.pdf>
- CIPD. (2025a, June 20). *CIPD | Technology and the Future of Work | Factsheets*. CIPD. <https://www.cipd.org/uk/knowledge/factsheets/emerging-future-work-factsheet/>
- CIPD. (2025b, September 23). *CIPD | Employee voice channels: Guide for people professionals*. CIPD. <https://www.cipd.org/uk/knowledge/guides/employee-voice-channels-guide-for-people-professionals/>
- CIPD. (2025c). *CIPD Good Work Index 2025*. <https://www.cipd.org/globalassets/media/knowledge/knowledge-hub/reports/2025-pdfs/8868-good-work-index-2025-report-web1.pdf>
- Ncube, T. R., Sishi, K. K., & Skinner, J. P. (2025). The impact of artificial intelligence on human resource management practices: An investigation. *SA Journal of Human Resource Management*, 23. <https://doi.org/10.4102/sajhrm.v23i0.2960>
- Tesco PLC. (2025a). *Annual Report 2025*. Tesco plc.com. <https://www.tescoplac.com/investors/reports-results-and-presentations/annual-report-2025>

Tesco PLC. (2025b). *Everyone's Welcome*. https://www.tescopl.com/media/0qqhoomq/tesco-everyones-welcome-report-2025_final-270326.pdf