

Module Title: - Developing and
managing individuals and teams

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Assignment - Component Two –
Individual report

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1. Introduction

In 2026, the UK corporate landscape is defined by rapid digital transformation and shifting social expectations. This report examines how **Tesco PLC**, a leader in the UK retail sector, navigates the complexities of technological advancement, talent management, and Diversity, Equity, and Inclusion (DEI). The report evaluates contemporary HR practices and provides a critical assessment of the role of departmental managers in driving these initiatives.

2. Specific Factors Influencing HR Strategy

Technological Advancement

Technological change in 2026 is no longer about simple automation; it is about **Agentic AI**—autonomous systems capable of decision-making. At Tesco, this impact is twofold. Firstly, the "Digital Employee Experience" (DEX) is now a primary driver of engagement. Employees expect seamless, AI-integrated workflows that reduce administrative "drudgery." Secondly, the **Digital Divide** within the workforce presents a risk; while office-based staff adapt to AI tools, frontline

retail staff require specialized upskilling to interact with autonomous delivery and inventory systems.

- "The integration of agentic AI within the retail workflow has shifted the focus from automation to human-AI collaboration (Bersin, 2025)."

Talent Acquisition and Retention

The UK labor market in 2026 remains "tight," with a significant shift toward **Skills-Based Hiring**. Traditional CVs have lost primacy to verified capability profiles. For a giant like Tesco, the challenge is shifting from "hiring for roles" to "hiring for skills" such as critical thinking and human-AI collaboration. Retention is no longer driven solely by salary but by **Internal Mobility**. Employees now prioritize "career portfolios" where they can rotate through different functions of the business, supported by AI-driven career pathing.

- The move toward a skills-based hiring model ensures that the workforce remains resilient against rapid job role displacement (Marr, 2024).

Diversity, Equity, and Inclusion (DEI)

DEI has moved from a "compliance exercise" to a "strategic imperative" due to the **Equality (Race and Disability) Bill**, which mandates ethnicity and disability pay gap reporting. Tesco faces the challenge of "Inclusion by Design"—ensuring that new AI recruitment algorithms are audited for **algorithmic bias** and that the hybrid work model does not create a "proximity bias" where those in the office receive more promotions than remote workers.

- "In response to the Equality (Race and Disability) Bill (2024), Tesco has accelerated its transparency in ethnicity pay reporting (Tesco PLC, 2025)."

3. Evaluation of Contemporary HR Practices

AI-Driven Resourcing and Analytics

Tesco has transitioned to **Predictive People Analytics**. By utilizing AI, HR can now predict turnover of "hotspots" before they occur.

- **Evaluation:** This practice is highly effective for proactive retention. However, it requires a high degree of **Ethical Transparency**. If employees feel "monitored" by predictive models, it can erode the psychological contract.
- **Practice in Action:** Use of "Leader Lens" 360-feedback tools that utilize Natural Language Processing (NLP) to provide managers with objective behavioral insights.

Total Wellbeing and "Life Admin" Support

Contemporary practice in 2026 views wellbeing as **Integrated Mental Health**, not just a gym discount.

- **Evaluation:** Tesco's "Winning Manager" training focuses on psychological safety. Providing "Life Admin" support—AI tools that help employees manage work-life logistics—is a high-impact retention tool.
- **The Shift:** Moving from "perks" to "purpose," aligning individual values with corporate ESG (Environmental, Social, and Governance) goals.

Systemic DEI and ERGs

Employee Resource Groups (ERGs) at Tesco now act as **Strategic Advisory Boards**.

- **Evaluation:** By involving ERGs in the design of HR tech, Tesco ensures "Neuro-inclusive" design.
- **Practice:** Mandatory ethnicity and disability pay reporting has been turned into a transparency tool, using data dashboards to show real-time progress to all employees, fostering trust.

4. Critical Evaluation: The Role of Departmental Managers

Departmental managers are the **"Experience Shapers"** of the organization. While HR sets up the strategy, the implementation fails or succeeds at the line-manager level.

Implementing as a Matter of Urgency

Managers must move beyond "administrative oversight" to **"Empowerment Coaching."** In a hybrid environment, the risk of "Presenteeism" is high. Managers must be trained to judge performance by **Outcomes (OKRs)** rather than "hours logged."

Ensuring Accountability

To ensure these practices are implemented urgently, Tesco has embedded DEI and Wellbeing metrics into **Managerial Performance Reviews**.

- **Critical Gap:** Many managers suffer from "initiative fatigue." If HR introduces too many AI tools without adequate training, managers revert to old habits.
- **Solution:** "Nudge Technology"—short, actionable AI-generated prompts sent to managers' devices to remind them of 1:1 check-ins or to recognize diverse talent.

Overcoming Resistance

The greatest barrier is **AI Anxiety**. Managers may fear that AI will replace their decision-making. HR must reposition AI as a "Co-pilot" that handles scheduling, allowing the manager to focus on the human element: empathy, conflict resolution, and mentorship.

5. Conclusion and Recommendations

Conclusion

Tesco PLC is well-positioned for 2026, but the convergence of AI and DEI requires a "Human-Centric" pivot. Technology must be the enabler, but the departmental manager remains the emotional anchor of the workforce.

Recommendations

1. **Audit AI for Bias:** Conduct quarterly audits of all recruitment and performance AI to comply with UK ethical standards.
2. **Upskill Managers:** Launch a "Human-AI Collaboration" certification for all line managers to reduce technology anxiety.
3. **Expand Internal Mobility:** Implement an AI-powered "Internal Gig Platform" allowing employees to spend 10% of their time on cross-departmental projects.

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