

Student name: Sandu Staris

Student ID: 2323213

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Assignment Topic: Employee Retention and Staff Turnover at Tesco PLC

Lecturer: Rameses Manalang

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EXECUTIVE SUMMARY

This research proposal investigates the issue of employee retention and staff turnover at Tesco PLC, one of the largest retailers in the United Kingdom. Employee retention has become a significant challenge within the retail sector because high staff turnover can increase recruitment and training costs, reduce productivity and affect customer service (Armstrong and Taylor, 2023). The proposal aims to examine the factors that influence employees' decisions to remain with Tesco and evaluate the effectiveness of the organisation's current human resource management practices.

The proposal begins by identifying the business problem before outlining the research aim, objectives and research questions. A critical review of the existing literature then examines key factors influencing employee retention, including reward, career development, leadership, organisational support and employee wellbeing. The proposal also explains the research methodology, justifying the use of a quantitative approach and questionnaire survey to collect primary data from Tesco employees. Finally, it discusses the business relevance and practical implications of the proposed research, highlighting how the findings may support Tesco in strengthening employee retention and improving organisational performance.

EMPLOYEE RETENTION AND STAFF TURNOVER AT TESCO PLC

1. INTRODUCTION

Employee retention and staff turnover have become significant challenges for organisations operating in today's competitive business environment. Employee retention refers to an organisation's ability to retain skilled and experienced employees, while staff turnover describes the rate at which employees leave an organisation and need to be replaced (Armstrong and Taylor, 2023). Although some employee turnover is inevitable, persistently high turnover can increase recruitment and training costs, reduce productivity and negatively affect customer service (Dessler, 2020).

The issue is particularly important within the UK retail sector, where organisations often experience labour shortages, demanding working conditions and changing employee expectations regarding career development, work-life balance and organisational support (CIPD, 2024). These challenges have encouraged retailers to invest more heavily in employee wellbeing, reward systems and development opportunities in an effort to improve retention.

Tesco PLC provides an appropriate context for this research because it employs more than 330,000 colleagues across stores, distribution centres and support offices (Tesco PLC, 2025). As the UK's largest supermarket retailer, Tesco depends on a stable and engaged workforce to maintain operational efficiency and deliver high-quality customer service. This research therefore investigates the factors influencing employee retention at Tesco PLC and evaluates whether the organisation's current human resource management practices effectively support employee retention.

2. IDENTIFICATION OF THE BUSINESS PROBLEM

Employee retention has become an increasingly important concern for organisations because experienced employees contribute knowledge, skills and organisational experience that are difficult and costly to replace (Dessler, 2020). Although some level of employee turnover is expected within every organisation, persistently high turnover creates operational disruption and financial costs associated with recruitment, training and reduced productivity (Armstrong and Taylor, 2023). For organisations operating within the retail sector, these challenges are particularly significant because frontline employees play a direct role in customer experience and organisational performance.

Recent evidence demonstrates that retaining employees continues to be a major challenge for UK employers. According to the Chartered Institute of Personnel and Development (CIPD, 2024), 56% of organisations reported that retaining employees had become more difficult during the previous year, with employers identifying labour shortages, increased competition for skilled workers and changing employee expectations as key factors affecting retention. In response, many organisations have increased investment in employee wellbeing, learning and development, flexible working arrangements and career progression opportunities in an attempt to strengthen employee commitment (CIPD, 2024).

Tesco PLC operates within this challenging environment while employing approximately 330,000 colleagues across a wide range of operational and managerial roles (Tesco PLC, 2025). As one of the UK's largest retailers, the organisation relies heavily on experienced employees to maintain operational efficiency, manage stock effectively and deliver high-quality customer service. Consequently, retaining skilled employees is essential not only for reducing recruitment costs but also for maintaining customer satisfaction and supporting long-term organisational performance.

Recognising the strategic importance of its workforce, Tesco has introduced several initiatives aimed at improving the employee experience. These include substantial investment in colleague pay, expanded wellbeing services, learning and development programmes, apprenticeships and internal career opportunities (Tesco PLC, 2025). In 2024, the company announced its largest-ever investment in store colleague pay, reflecting its commitment to supporting employees during a period of rising living costs (Tesco PLC, 2024). While these initiatives demonstrate organisational commitment to employee wellbeing, it remains unclear which factors have the greatest influence on employees' decisions to remain with Tesco.

Academic research suggests that employee retention is influenced by a combination of financial and non-financial factors, including leadership, career development, organisational culture, work-life balance and perceived organisational support (Hom et al., 2017). However, many existing studies examine employee retention across multiple industries, providing limited insight into the specific challenges faced by large supermarket retailers. This highlights a need for organisation-specific research that examines employee retention within Tesco PLC. Understanding employees' perceptions of current human resource practices may enable the organisation to develop more effective retention strategies and improve workforce stability.

3. RESEARCH AIM

The primary aim of this research is:

To investigate the factors influencing employee retention at Tesco PLC and evaluate the effectiveness of the organisation's human resource management practices in reducing staff turnover.

The research seeks to develop a better understanding of the organisational and individual factors that influence employees' decisions to remain with Tesco and to identify opportunities for improving current retention strategies.

4. RESEARCH OBJECTIVES

To achieve the research aim, the study will address the following objectives:

1. To identify the key factors influencing employee retention at Tesco PLC.
2. To examine the relationship between employee satisfaction and employee retention at Tesco PLC.
3. To evaluate the effectiveness of Tesco PLC's current human resource management practices in supporting employee retention.
4. To propose recommendations that may help Tesco PLC strengthen employee retention and reduce staff turnover.

These objectives provide a clear framework for the study and ensure that the research remains focused on addressing the identified business problem. Saunders, Lewis and Thornhill (2019) argue that clearly defined research objectives help maintain consistency between the research aim, data collection methods and subsequent analysis.

5. RESEARCH QUESTIONS

The research will seek to answer the following questions:

RQ1: What are the main factors influencing employee retention at Tesco PLC?

RQ2: How does employee satisfaction influence employees' decisions to remain with Tesco PLC?

RQ3: How effective are Tesco PLC's current human resource management practices in supporting employee retention?

RQ4: What recommendations could improve employee retention and reduce staff turnover at Tesco PLC?

6. CRITICAL LITERATURE REVIEW

Employee retention is widely recognised as an important aspect of human resource management because retaining experienced employees contributes to organisational performance, customer satisfaction and long-term competitiveness (Armstrong and Taylor, 2023). High employee turnover can increase recruitment and training costs, reduce productivity and disrupt organisational knowledge, making retention a strategic priority for many organisations (Dessler, 2020). Within the retail sector, these challenges are particularly significant because customer service depends heavily on experienced frontline employees.

Although researchers agree that employee retention is important, they offer different explanations for why employees remain with an organisation. Armstrong and Taylor (2023) argue that effective human resource practices, including fair reward systems, career development and supportive leadership, are central to improving employee retention. Similarly, Dessler (2020) suggests that organisations investing in employee development and recognising individual contributions are more likely to retain skilled employees. In

contrast, Hom et al. (2017) argue that retention decisions are influenced not only by organisational practices but also by personal circumstances and external labour market opportunities. This suggests that employee retention should be viewed as a multidimensional issue rather than the result of a single organisational initiative.

One of the most influential theories explaining employee retention is Herzberg's Two-Factor Theory. Herzberg (1968) distinguishes between hygiene factors, such as salary and working conditions, and motivational factors, including recognition, responsibility and career progression. While adequate pay reduces dissatisfaction, Herzberg argues that long-term employee commitment is more strongly influenced by opportunities for personal growth and achievement. This perspective remains relevant to Tesco, which has invested in colleague pay alongside learning and development programmes and internal career opportunities (Tesco PLC, 2025). However, the theory has been criticised for assuming that employees are motivated by similar factors regardless of individual or organisational differences (Armstrong and Taylor, 2023).

Another useful perspective is Social Exchange Theory, which proposes that employees are more likely to remain with organisations when they perceive that they are valued and fairly treated (Cropanzano and Mitchell, 2005). Employees often respond to organisational support through increased commitment and loyalty, suggesting that investment in employee wellbeing and supportive management can strengthen retention. Tesco's continued focus on wellbeing initiatives and colleague support reflects this principle (Tesco PLC, 2025). However, Hom et al. (2017) note that organisational support alone cannot explain employee retention because employees may still leave due to external opportunities or personal circumstances.

Despite extensive research, there is limited academic evidence examining employee retention specifically within Tesco PLC. Most available information is drawn from company reports describing organisational initiatives rather than employees' experiences of these practices (Tesco PLC, 2025). Consequently, further research is needed to investigate how Tesco employees perceive current human resource management practices and which factors have the greatest influence on their intention to remain with the organisation. This research aims to address that gap by collecting primary data directly from Tesco employees.

7. RESEARCH METHODOLOGY AND DESIGN

This research will adopt a quantitative research approach to investigate the factors influencing employee retention at Tesco PLC. Quantitative research is appropriate because it enables numerical data to be collected from a group of participants and analysed to identify patterns and relationships (Saunders, Lewis and Thornhill, 2019). As the study aims to examine employees' perceptions of factors affecting retention, a quantitative approach provides a structured and objective method of collecting evidence.

The research will follow a deductive approach, where existing theories and literature on employee retention inform the research design and data collection. Saunders, Lewis and Thornhill (2019) state that a deductive approach begins with established theory before testing it through empirical research. This is appropriate because the study is based on factors identified in the literature, including reward, career development, leadership, organisational support and employee wellbeing.

A survey strategy will be used, with primary data collected through an online questionnaire distributed to current Tesco employees. Surveys are widely used in business research because they allow researchers to collect standardised data from a relatively large number of respondents within a limited timeframe (Bryman and Bell, 2018). The questionnaire will consist mainly of closed-ended questions using a five-point Likert scale ranging from strongly disagree to strongly agree. Questions will focus on employees' perceptions of pay, career development, leadership, work-life balance, organisational support and their intention to remain with Tesco.

The target population will include employees working in Tesco stores, distribution centres and support offices. Due to time and resource limitations, the study will use convenience sampling, selecting participants who are willing to take part in the research. A sample of approximately 80–100 employees is considered appropriate for a small-scale business research project and should provide sufficient data to identify general trends (Saunders, Lewis and Thornhill, 2019).

The collected data will be analysed using descriptive statistics, including frequencies, percentages and mean scores. The results will be presented using tables and charts to identify the factors that employees consider most important in influencing their decision to remain with Tesco. The findings will then be compared with the literature reviewed in this proposal to determine whether they support existing research.

To improve the quality of the study, the questionnaire will be pilot tested before distribution to ensure that the questions are clear and easy to understand (Saunders, Lewis and Thornhill, 2019). Participation will be voluntary, and respondents will receive information explaining the purpose of the research before giving informed consent. No personal identifying information will be collected, and all responses will remain anonymous and confidential. The research will comply with university ethical guidelines and the UK General Data Protection Regulation (UK GDPR) to ensure that participants' data are handled responsibly (Information Commissioner's Office, 2025).

8. BUSINESS RELEVANCE AND PRACTICAL IMPLICATIONS

Employee retention remains a strategic challenge for organisations operating in the highly competitive UK retail sector. For Tesco PLC, retaining experienced employees is important because a stable workforce contributes to operational efficiency, service quality and customer satisfaction (Tesco PLC, 2025). High staff turnover can increase recruitment and training costs while disrupting team performance, making employee retention an important business priority (Armstrong and Taylor, 2023).

The proposed research is expected to provide practical value by identifying the factors that Tesco employees consider most important when deciding whether to remain with the organisation. Understanding employees' perceptions of pay, career development, leadership, organisational support and wellbeing may help Tesco evaluate whether its current human resource management practices effectively address the causes of staff turnover. The findings could support evidence-based decision-making by enabling managers to prioritise retention initiatives that are most likely to improve employee engagement and reduce voluntary turnover.

The research may also contribute to wider organisational planning by providing insights that support workforce stability and long-term business performance. In addition, the study could provide a useful reference for other organisations operating within the UK retail sector that face similar employee retention challenges. Although the findings will relate specifically to Tesco PLC, the recommendations may have broader relevance for retailers seeking to strengthen employee retention through effective human resource management practices.

CONCLUSION

Employee retention is a significant business challenge for Tesco PLC and the wider UK retail sector, with important implications for organisational performance, employee engagement and customer service. This research proposal has outlined the business problem, established clear research aims, objectives and questions, and reviewed the key literature relating to employee retention. A quantitative methodology has been proposed to investigate the factors influencing employees' decisions to remain with Tesco and to evaluate the effectiveness of the organisation's current human resource management practices. It is anticipated that the findings will provide evidence-based recommendations to support managerial decision-making, strengthen employee retention strategies and contribute to improving organisational performance.

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