

LCLM5002 Developing and Managing Individuals and Teams

Component 2- Individual Report

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TABLE OF CONTENTS

Introduction.....	2
Key HR Challenges	3
Adapting to Technological Advancements.....	3
Talent Acquisition and Retention	4
Diversity, Equity, and Inclusion (DEI).....	5
Evaluating Contemporary HR Practices.....	5
Critically Evaluating Managerial Implementation	6
Conclusion and Recommendations.....	6
References	6

Introduction

Tesco plc is a major grocery retailer with operations in several markets, employing more than 330,000 people worldwide and running more than 4,500 stores (Tesco, 2024). The company provides grocery retail, general merchandise, financial services, and online shopping through the rapidly expanding Tesco.com online platform. Since it operates in the highly competitive UK retail sector, the company faces ongoing pressure to innovate, improve operational efficiency, reduce costs, and enhance customer experience, particularly in response to post Covid-19 shifts in consumer preferences towards faster and checkout-free shopping. Recent developments include significant investment in digital transformation, including automated warehouses, AI-driven forecasting, self-checkout systems, and checkout-free Tesco GetGo stores (Power, 2023; Rzechorzek, 2024). The company has also strengthened its digital customer experience through the Clubcard app, personalised promotions, and data-driven loyalty strategies (Tesco, 2024). In 2024, the company further strengthened online availability to 98%, and this continues to be one of their strategic priorities (Tesco, 2024).

This digitalisation reshapes job roles and skills required for the business, Human Resources Management will be essential for workforce reskilling, talent acquisition, employee engagement, and sustaining organisational performance during this rapid technological change (Bratton et al., 2021). This report will analyse current HR challenges faced by the company and evaluate contemporary practices that can solve them.

Key HR Challenges

Adapting to Technological Advancements

Technological advancements represent one of the most significant challenges for Tesco as it continues to digitalise its operations and customer experience (Tesco, 2024).

The recent developments in Artificial Intelligence have started a new era in the workplace which has completely changed how we work, reshaped industries, and redefined job positions (Mabungela, 2023). To remain competitive, Tesco will inevitably have to continue to integrate AI into many facets of work. Although AI and automation streamline operational tasks, reduce human errors, increase efficiency and productivity, and improve decision making, recent literature has emphasized how it can also impact employee well-being negatively (Malik et al., 2022; Tiwari et al., 2024). Research has proven that digitalisation can lead to employment insecurity, particularly for employees performing routine and repetitive tasks. Additionally, AI systems often rely on extensive

data collection and monitoring, raising concerns about employee privacy. Constant digital connectivity can also increase stress levels and negatively affect work-life balance and employees may need to develop new skills and undergo reskilling or upskilling to adapt to increasingly AI work environments (Tiwari et al., 2024). Positively, employees with strong digital skills may experience more job satisfaction, greater autonomy, and improved career progression opportunities (Sanseverino et al., 2026).

Remote working is a consequence of technological advancements that has become more relevant in recent years. This way of working improves employee well-being and supports work-life balance, it also provides organizations with access to broader and more diverse talent pools, which is particularly relevant for Tesco in its digitalisation journey (Onnis et al., 2025). However, it also creates many challenges for HR departments, as remote employees can experience difficulties accessing company resources, communicating and collaborating effectively, receiving adequate technical support, and maintaining a sense of belonging within the teams (Onnis et al., 2025). Furthermore, remote and hybrid workers often face increased loneliness and reduced social support, highlighting the potential negative impact of remote work on employee experience and workplace engagement (Pendell, 2025).

From an organisational performance perspective, these technological advancements improve operational efficiency and customer experience while reducing labour costs, contributing to competitive advantage. However, without effective HR strategies to address potential skills gaps, employee resistance, and digital development, technological change can hinder performance rather than enhance it (Tiwari et al., 2024).

Talent Acquisition and Retention

As organizations in all sectors pursue digital transformation, competition for individuals with advanced technological capabilities has intensified significantly (Paynter et al., 2024) presenting a significant HR challenge for Tesco as the company competes with technology firms for data analysts, cybersecurity specialists, and AI-literate employees. In addition, the UK retail sector faces ongoing recruitment difficulties, since low entry requirements contribute to high employee turnover rates (Mekraz et al., 2016). High turnover rates can increase recruitment and training costs, lower productivity, reduce customer satisfaction, and affect workplace morale. Furthermore, they may negatively affect the engagement and job satisfaction of remaining employees, creating additional challenges for organisations seeking to maintain a stable and productive workforce (Backman et al., 2025). Rising employee expectations for growth, flexibility, and meaningful work also have an impact on retention, with employees choosing to search for

other opportunities if these are not met (Xia et al., 2026; Goswami et al., 2025).

Wolfswinkel et al. (2023) highlight that employer branding differentiates organisations in markets characterised by talent shortages, making it essential for attracting high value candidates. Succession planning is another way to support retention; by identifying and developing employees with the potential to fill key future roles, Tesco can ensure continuity, reduce skills gaps, and strengthen internal career pathways (CIPD, 2017). As a result, Tesco must develop retention and development strategies and position itself as an attractive employer for digital specialists, otherwise long-term performance may be impacted negatively.

Diversity, Equity, and Inclusion (DEI)

DEI is a critical organisational priority for Tesco as it looks to create fair, equal, and inclusive working environments (Tesco, 2024). DEI creates equal opportunities for recruitment, development, and progression, by reducing systemic barriers that have historically disadvantaged under-represented groups (CIPD, 2025). Inclusive recruitment practices including anonymised applications and diverse interview panels promote fairness and help build a workforce that reflects the Tesco customer base (CIPD, 2025).

From an organisational performance perspective, DEI practices improve innovation, collaboration, and problem-solving (Shore et al., 2011). In addition, research shows that diverse teams outperform due to broader cognitive diversity and improved creativity (Shore et al., 2011; Zhao et al., 2025; Shaikh, 2025). DEI cultures also reduce turnover, improve employer branding (Shaikh, 2025) and create a strong sense of belonging (Shore et al., 2011) and having diverse leadership enhances decision-making by bringing together varied perspectives and experiences (Tan, 2025). For Tesco, DEI is critical to digital transformation and competitive advantage.

Evaluating Contemporary HR Practices

As Tesco continues to digitalise its operations, HR must adopt practices that both leverage technology and mitigate its risks. Introducing analytical thinking in HR practice offers significant value as organisations gain stronger predictive insights into workforce trends, skills gaps, and performance patterns (Mohammed, 2019). For the case of Tesco, it enables to identify skills gaps created by digitalisation, predict future talent shortages, and evaluate the effectiveness of recruitment, retention, and DEI initiatives, however, it also

requires robust data governance, digital capability, and ethical safeguards to ensure analytics are used responsibly and effectively (Mohammed, 2019). In the context of HR analytics and Tesco, integrated learning management systems (LMS) is another practice that offers scalable reskilling and upskilling opportunities tailored to emerging digital skill requirements (Ilyas et al., 2017). Although LMS is characterized as “convenient, user friendly and need oriented” (Ilyas et al., 2017), employees need to have both basic technical skills and a willingness to learn for LMS to be successful (D'Costa, 2025). LMS can be connected to succession planning strategy, where critical roles are identified and internal talent is prepared to fill them (Ballaro et al., 2017). Through succession planning and LMS, Tesco can identify high potential employees and develop them for critical digital positions, reducing risks associated with talent shortages and supporting retention by creating opportunities for progression (CIPD, 2017). This approach also strengthens workforce planning, as LMS data helps forecast future skill requirements and align learning activity with long-term digital skill requirements (CIPD, 2021). However, it may be less suitable in some areas where external expertise is essential, such as advanced digital roles (CIPD, 2017).

Another HR practice that can support with Tesco digitalization is AI recruitment, this technology improves the efficiency of finding, attracting, screening, evaluating, interviewing, and managing job applicants because it can process data and make choices at volumes and speeds exceeding human capacity (Rigotti et al., 2024). However, AI recruitment tools can introduce risks when they replicate biased patterns in the data they are trained on, potentially disadvantaging candidates based on personal characteristics (Rigotti et al., 2024). For this reason, HR practitioners must critically assess how these systems operate to recognise where hidden biases may emerge and implement measures that prevent discriminatory outcomes (Rigotti et al., 2021). This is particularly important for Tesco, given its commitment to DEI and its need to build a workforce that reflects its diverse customer base (Tesco, 2024).

As Tesco faces intense competition for digital specialists, employer branding and Employee Value Proposition (EVP) can work together to attract digital talent by communicating a compelling image of the organization culture and what it offers employees (Kumari et al., 2020). The limitation with these includes costs as they require continuous investment and the time new propositions may take to be implemented (Pawar et al., 2024). Another HR contemporary way that can help attract this talent and that is directly connected to employer branding and EVP is flexible working. Multiple bodies of research have concluded that flexible working is increasingly important as employees seek autonomy and work life balance; it also strengthens retention and widens talent pools, particularly for digital roles (Stich, 2021; Thompson et al., 2015). However, it also presents challenges including coordination difficulties, inconsistent team communication, and

potential inequalities between roles that can and cannot be performed remotely which impacts DEI (Ahmad, 2026).

Finally, as DEI is central to Tesco's HR strategy, inclusive policies are essential to promote fairness and equal access by removing structural barriers (Jana et al., 2018) and improving retention of diverse talent (Adjo et al., 2021). Examples include inclusive recruitment, flexible working, anti-discrimination procedures, and accessibility adjustments to support different employee needs (CIPD, 2025). Inclusive recruitment is particularly relevant for Tesco during its digitalisation. Bias in recruitment can be reduced through structured interviews, diverse panels, blind screening, AI-supported assessments, and interviewer bias-awareness training to ensure fair, consistent candidate evaluation (Salveti et al., 2024). However, unconscious bias cannot be eliminated entirely; unconscious assumptions shape judgments, leading interviewers to prefer candidates who resemble themselves or past successful candidates (Salveti et al., 2024).

Critically Evaluating Managerial Implementation

Effective implementation of contemporary HR practices relies heavily on leadership. Studies across literature suggest that both transactional and transformational leadership styles are positively related to strengthening HR systems (Lopez-Cabrales et al., 2017). Transformational leadership is particularly relevant, as it encourages managers to inspire employees, communicate a compelling vision, and support individuals through uncertainty this in turn helps organizations turn technological potential into real capability by motivating employees to adopt digital tools, learn continuously, and innovate (Farag, 2025). For Tesco, where digitalisation may create anxiety around job security and skill requirements, leaders should use transparent communication to explain why new technologies are introduced, how they will be used, and what support employees will receive.

Training is another critical implementation factor, where leaders must ensure employees have the digital literacy required to use LMS platforms, AI-enabled tools, and flexible working systems (D'Costa, 2025). This includes providing training, learning opportunities, and ongoing coaching. Employee engagement will also be central to successful implementation. For this, managers should involve employees in shaping digital workflows, getting feedback on new systems, and creating a safe environment for feedback (Detert et al., 2007). This could be through regular team briefings, digital champions or trialing new technologies before full implementation in Tesco's stores and distribution centres. After changes are implemented, performance should be monitored to

ensure that practices deliver intended outcomes (Armstrong et al., 2023). Below is an example from the Armstrong's handbook of human resource management practice showing what a performance management cycle looks like:



Figure 1: The performance management cycle (Armstrong et al., 2023).

Managers should also set clear goals that guide behaviour and provide a basis for evaluating performance. The Goal theory (Latham and Locke, 2013) explains that defined goals improve performance because they focus attention, stimulate effort, and encourage employees to apply their full range of skills. Creating goals for digital transformation at Tesco can ensure employees understand expectations, remain motivated during the change, and can see how their contributions support the organisation (Armstrong et al., 2023). Integrating goals into performance reviews can also help managers assess whether new HR practices such as LMS learning pathways or inclusive recruitment processes are achieving outcomes.

Finally, managers must actively manage resistance. Lewin's change model (1974) is a useful framework for managing organizational change. According to this model change begins by unfreezing existing behaviours through raising awareness of why change is needed and acknowledging employees resistance. The moving stage involves implementing new practices while guiding and supporting employees through the transition. Finally, refreezing involves stabilising the new behaviours by reinforcing the change and maintaining employee involvement (Memon et al., 2021). In Tesco, resistance

may arise from employees worried about digitalisation, hence, managers should provide clear support pathways to maintain engagement.

Conclusion and Recommendations

Tesco's key HR challenges include rapid digitalisation, intense competition for digital talent, and the need to strengthen DEI. The report shows that contemporary HR practices such as HR analytics, LMS development, AI recruitment, flexible working, and inclusive policies, can support this transformation stage, but their success depends on effective management. Implementing change and ensuring practices deliver the desired outcomes will depend on strong leadership, transparent communication, employee involvement, training, goal setting and ongoing performance monitoring. Based on these conclusions, the following recommendations are proposed:

1. Ensure managers and employees have digital skills training before launching new technologies.
2. Review HR analytics on a monthly basis to monitor progress on digital skills development, DEI, and recruitment fairness.
3. Introduce blind recruitment to reduce unconscious bias and strengthen DEI.
4. Conduct quarterly team feedback forums to identify issues with digital workflows and support continuous improvement.

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