Attracting talent in tight labor market

Insights from Deloitte

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While many sectors responded to COVID-19 by laying off or furloughing large numbers of employees, retail companies were actively looking for talent, with many struggling to fill key positions to keep their shelves stocked and customers happy. Meanwhile, frontline workers still on the job persevered, many working for low wages in an exposed environment with equally stressed customers. Burnout, health concerns, and the pressures of childcare shortages led many to leave these positions. According to the Job Openings and Labor

Turnover Survey by Bureau of Labor Statistics, the turnover rate in retail industry

is 58.8% in November 2022, compared to 49.2% of the average private sector worker[1]. Emerging from the pandemic, the need to hire has only increased. As other sectors recovered and started hiring, more retail frontline workers took advantage of opportunities where a combination of better pay, better benefits, or flexible scheduling were offered.

As we look ahead toward a potential recession, unemployment for the frontline workforce continues to decrease while jobs are increasing with a projected flat workforce from now until 2030[2]. With strong competition from both inside and outside of

the industry, all signs are pointing to the fact that retail organizations will continue to struggle to attract the talent they need. It's clear that to win in today's talent ecosystem and attract crucial frontline workers, retailers must take a fresh approach to recruiting and hiring, with tactics like these:

Fill skill gaps, not open positions

In industries that have traditionally focused on filling standardized job slots, some organizations are shifting to a skills-based talent strategy. **Traditional hiring practices** focus on defining roles then filling them by posting job openings. These role-based hiring practices source

1. Bureau of Labor Statistics: Job Openings and Labor Turnover Survey
2. Bureau of Labor Statistics: Employment Projections, 2021-2031

and evaluate talent based on minimum qualifications such as experience, education, and certification, which may limit the candidate pool to only those with directly related experience. **Skills-based hiring**, by contrast, focuses on posting jobs to fill evolving skills gaps, and evaluating talent based on the core skills needed from both direct experience in previous roles or non- related positions requiring the same types of skills.

So what does a skills-based approach look like in practice? First, you must identify and be able to evaluate the skills required in each role. For instance, to succeed in their job, sales associates need customer service and interpersonal skills; while warehouse and stocking associates may need the strength to lift 50 pounds repeatedly throughout their shift. The focus when taking a skills-based hiring approach is less on experience and education and more on the technical or behavioral proficiency required for a given role.

By putting aside experience-based and education-based requirements and focusing on what's needed to do the job, skills-based hiring has the potential to open up access to larger, more diverse pools of previously overlooked talent[3]. As you use skills-based hiring across the board, you may also identify candidates who can be considered for multiple other positions and have the potential to grow within the organization.

Create an enticing brand for employees
Another way to attract frontline workers in a highly competitive job market is to make your organization their employer of choice. And to differentiate your company from the competition and attract interest from the best possible candidates, you need to put yourself in their shoes. Why should a candidate join your organization and not others? What inspires workers here to do well in their jobs? What makes your company unique? Spend time clearly defining the

Simplify (and accelerate) with tech-enabled hiring processes
Print advertising and manual hiring are often associated with lengthy process, increasing the risk of losing talent to competitors. Today, more than 70% of candidates claim that they will not submit a job application if it takes 15 minutes and more to complete the application[6]. A fast, smooth, and easy-to-apply recruiting experience is table stakes for attracting frontline hourly workers, who are used to always-on-technology and expect near-real-time hiring decisions. A tech-enabled hiring process can enable companies to accelerate the hiring process, but also capture data to learn more about candidates and improve the end-to-end candidate experience. A tech-enabled hiring process can also help to reduce the workload on management in individual stores that still need to spend a significant amount of time filling open roles in their location.

- **Intelligent Automation**. Consider automating application submission and review, interview scheduling, and candidate follow-up, offers, and hiring. Fewer manual tasks mean more time for your store management team, faster overall time to offer, and more likelihood of hiring a great applicant before someone else does. What's your goal—hire in a day, an hour, a minute? Find out what will attract candidates, then identify the automation that can get your there.

- **Gamification and Augmented Reality/Virtual Reality (AR/VR)**. Make the application process more engaging by providing a break from the monotony of job hunting. Gamified or AR/VR strategies let you engage candidates in a creative way, for example, creating a simulated work environment where candidates attempt the tasks, experience the projects, or put their decision-making and strategic thinking to the test. You can reach a younger demographic, build brand awareness, and foster relationships while providing insights into candidates' abilities.

- **Text to apply.** Place your keywords and phone numbers in job ads, then invite candidates to apply via the go-to communication platform of SMS. Quick, automated responses can kick off a streamlined, friendly experience for candidates while reducing time to hire.

benefits of joining your organization—aka your employee value proposition (EVP). To start framing EVPs, you need to assess the current workforce sentiment and design the desired employee experience of the future, based on the needs of a workforce from different generations and backgrounds. With a clearly defined EVP, a company attracts top talent in the market by showcasing what their life at an organization could look like, present and future, including how they could move from frontline to management roles.

EVP is more than pay scales, benefit packages, and vacation time. Some candidates value flexibility and control over their schedules[4] as their top consideration, and others will consider broader benefits as key motivators, such as culture and teaming. In addition, psychological and physical safety are important matters to the workers.

Why not provide an emotionally and relationally healthy work environment, foster employee experiences that bring workers joy and reduce frustration, create opportunities for robust and organic relationships with other colleagues through teaming? These aspects of EVP can help you attract candidates in a crowded marketplace by reaching 50% deeper into the labor market[5], and creates motivation for the employees to refer others to join the organization, creating positive feedback loop.

Attract talent by making roles more attractive
Have you considered designing your jobs to become more interesting and attractive? Some organizations are changing what roles they need entirely as they embrace automation and design their store of the future.

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3. Forbes: Three Ways to Invest in Skills-Based Hiring to Improve DEI

4. Frontline Employees are Speaking Up. Here's What They Want from Work

5. Gartner: Employee Value Proposition - Create a Strong EVP to Attract and Retain Critical Talent

6. Greenhouse: Key learnings from the 2022 Greenhouse Candidate Experience Report

For example, Kroger has an Ocado-powered automated warehouse for fulfilling online grocery orders[7]. Changes like these may reduce the number of warehouse associates needed focused on the manual, repetitive task of picking.

In addition to redesigning what your existing roles look like, retailers should also consider what roles they continue to hold internally and what they outsource. For example, Walmart acquired Delivery Drivers Inc., the gig-labor management company to streamline the driver experience and deliver greater customer experience[8], while other retailers choose to partner with companies like Instacart to deliver services. Whether you choose to commission third-party organizations, grow capabilities internally, or acquire them, these decisions can drastically change the core capabilities delivered and roles required within the organization.

Addressing the current landscape of frontline workers

To win the war for frontline workers, you need to shift your perspective and find ways to crack open and accelerate hiring. Adopting new hiring practices, focusing on EVP, expediting hiring processes, and making roles attractive will help you attract talent in the tight labor market. Ready to reimagine recruiting? Give us a call to continue the conversation.

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7. Supermarket News: Kroger opens Ocado-powered warehouse in Wisconsin
8. Grocery Dive: Walmart to Buy Its Gig-labor Management Partner