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## HR Trends and Perspectives: Talent Acquisition and Retention in the Retail Sector

INDUSTRY REPORT

## TRENDS AND HR PERSPECTIVES

# Talent Acquisition and Retention in the Retail Sector

The retail sector involves the direct sale of products to end consumers, whether in person in physical stores, online through websites, or a combination of both (e-commerce). This sector is currently navigating an inflationary economic context leading to a reduction in household spending due to the rising cost of living. It is highly competitive, constantly evolving due to technological advancements, and heavily marked by a high turnover rate.

Let's delve deeper into the HR challenges it faces and provide solutions.

## I. Specific Challenges in the Retail Sector

Several elements distinguish the retail sector:

### Key Characteristics of this Sector:

- » **Intense Competition:** The retail sector is highly competitive. Numerous players are vying to attract and retain customers (growth of online commerce, aggressive pricing, innovative marketing initiatives, competition to ensure exceptional customer service).
- » **Rapid Evolution:** It requires rapid adaptation to remain relevant in the market. It necessitates keeping up with consumer purchasing trends (increasingly personalized expectations, attraction to sustainable products and socially and environmentally committed brands), digital evolution, investment in cutting-edge technologies, data management systems, omnichannel strategies, and adapting to the

constant deployment of disruptive business models.

- » **Talent Management:** Recruiting, training, and retaining the best talents are constant challenges for retail companies, especially in a context of labor shortages, fierce competition in the labor market, and high turnover.

### Key HR Challenges Facing this Sector:

The retail sector faces several HR challenges:

- » **High Employee Turnover:** The retail sector traditionally has a high turnover rate due to the often temporary or seasonal nature of many positions, irregular working hours, relatively low wages, and limited opportunities for career advancement.
- » **Recruitment and Retention:** The sector is facing significant labor shortages, and many retail companies struggle to recruit and retain employees.
- » **Training and Skills Development:** The evolution of new technologies in retail (advanced point-of-sale systems, e-commerce solutions,

and data analysis tools) may require additional training for employees and adaptation of existing work processes. Developing skills in this area is crucial to ensure adaptation to emerging technologies, high performance, and job satisfaction.

- » **Work Schedule Management:** Irregular work schedules and availability requirements can make schedule management challenging, especially in high-turnover work environments where employees may have varied scheduling preferences and needs.
- » **Employee Wellbeing:** Retail is known for its stressful work environment (sometimes unrealistic sales targets, excessive workload, occasional job insecurity, outdated tools and technologies that can hinder performance). Employees increasingly prioritize companies that care about their mental and physical health. Additionally, employees are looking for more flexible working hours and remote work for a better work-life balance.

## II. Solutions and Best Practices

Some tips to attract talents in the retail sector.

**Here are some solutions to attract and retain talents in this highly changeable sector:**

- » **Offer Attractive Benefits:** Provide competitive salaries, performance bonuses, rewards programs, profit-sharing plans, product discounts, and other social benefits (health insurance schemes, stock purchase plans, paid leave, parental leave, assistance with children's tuition fees, retirement plans, depending on the country).
- » **Highlight Company Culture:** Develop a positive

and inclusive company culture focused on employee wellbeing and recognition of work done.

- » **Offer Training and Professional Development Opportunities:** Allow employees to acquire new skills, advance in their careers, and take on increased responsibilities to strengthen their sense of purpose and potential growth.
- » **Promote Work-Life Balance:** Offer flexible work schedules that consider employees' availability and preferences and provide a hybrid work format (in-person/remote) where possible.
- » **Improve the Work Environment:** Create a safe, clean, and welcoming work environment with modern equipment and cutting-edge technologies.
- » **Encourage Open Communication:** Regularly offer employees the opportunity to express their opinions and be heard in decision-making and continuous improvement processes, which can strengthen their commitment to the company and foster teamwork.

### **Incorporate Psychometric Assessments in Retail Talent Recruitment and Development**

Retail companies have a keen interest in promoting skills-based recruitment to better attract their staff and reduce turnover. By adopting this approach, less emphasis is placed on qualifications (education and experience) and more on the technical and behavioral skills required for a given position. By focusing on what is necessary to carry out the work, skills-based recruitment provides access to larger and more varied talent pools that were previously overlooked. By using this approach, companies can also identify candidates who have the potential to evolve within the organization in different positions.



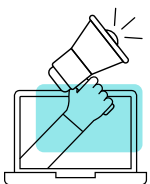


**Psychometric tests** enable this approach. They explore a person's personality and values, assess their intellectual abilities, identify their motivations and professional interests to ensure that their profile aligns with the company's culture (values, mission) and the expectations of the position to be filled (required skills).

In addition to using them in their recruitment process, integrating them into talent development is a way to retain staff. Assessing employees' skills and abilities to meet their current and future needs enables them to better perform their functions, perform, and evolve. For example, young employees can access leadership positions by developing their leadership qualities, which will strengthen their commitment and loyalty to the company.

Focusing on employee retention is one of the most effective ways to counteract the effects of labor shortages in the retail sector, exacerbated by high turnover rates. Continuous recruitment of new employees is costly, time-consuming, and has a significant impact on productivity, smooth operations, service quality, customer satisfaction, sales, and overall company performance.

Psychometric tests provide HR professionals with reliable and concrete information to streamline their recruitment processes and support the development of their talents. They are the key to better meeting their expectations and retaining them.



## Evaluate the skills of your talents using Pearson TalentLens psychometric tests!

Unleash the full human potential of your company by refining your talent acquisition and retention approach.

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## About TalentLens

TalentLens is a central component of the Workforce Skills division of global learning solutions publisher Pearson and an international leader in assessing and supporting individuals. The Workforce Skills division comprises Pearson TalentLens – a well-known and recognized provider of psychometric tests in the professional environment, as well as Faethm AI – the world's first company to use data to operationally project a company's future skills, and Credly – the global leader in certifying digital badges.

Drawing on over 70 years of research, our psychometric tests, such as the WATSON-GLASER™ III test, are used by hundreds of companies worldwide for recruiting and developing their employees' skills. As professionals in the professional world, our primary goal is to help you assess your practices, understand and define your needs, and support you in choosing and using our assessment solutions.