



REPORT

Reducing Retail Turnover

*Key Causes, Impacts,
& Solutions for a More
Resilient Workforce*



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 **highmatch.com**





About HighMatch

HighMatch offers *modern assessments tailored to your organization's roles, competencies, and culture*. Personalized by workplace psychologists, our solutions can be delivered at any stage of the hiring process, with support for every job level. We provide highly relevant, data-driven insights that boost employee retention and engagement while streamlining your hiring process.

Launched in 2004, HighMatch is trusted by leading enterprise organizations, including Keller Williams, Mercedes Benz, NVR, TSMC, and Comcast, to help solve their most pressing talent challenges.

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PURPOSE

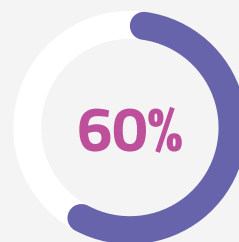
This report will analyze the current hiring and retention challenges faced by the retail industry, providing actionable insights and strategic solutions to help operators attract, retain, and optimize their workforce for improved efficiency and long-term success.

INTRODUCTION

The retail industry is facing critical pressures from unchecked turnover. **In 2024, there are 5.5 million more retail jobs available than workers to fill them.**¹ Turnover is stealing time and profits due to the demands of constant talent sourcing, hiring, onboarding, and training. **Retail turnover is consistently above 60% according to the National Retail Federation.**² Turnover impacts every type of retail employee, leading to staffing shortages across locations and reduced profitability, which further exacerbates the cycle of turnover. Your time and money are better dedicated to developing your business to be more modernized and competitive in the market of today and tomorrow.

How and to what extent retail locations compensate and invest in their employees significantly influences whether employees stay or match the industry's 25-month average tenure.³ As turnover pressures stack up, tenure can dip to just 6 months. While some turnover is inevitable, retail managers must learn to modernize their hiring practices and positions to create a flexible work environment built on good compensation, concern for employee wellness, and career development opportunities. These adjustments are necessary if they want to attract and retain the Millennial and Gen Z candidates who are quickly becoming the dominant workforce.

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Current Hiring Challenges in the Retail Industry

Generational expectations about job compensation have increased retail turnover, compounding turnover's effects on locations and their profitability. This pressure escalates the hiring challenges that retail managers are facing.

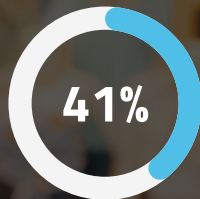
The Impact of Rising Turnover

Understanding turnover types—voluntary and involuntary—helps managers address root causes more effectively. Voluntary turnover includes employees leaving for better opportunities, while involuntary turnover includes terminations and layoffs. **While both contribute to the retail turnover crisis, 77% of voluntary turnover is preventable.**⁴

TURNOVER STATS | *Turnover impacts every role in retail operations.*



part-time hourly employees⁵



assistant store managers²



store managers²



warehouse & distribution employees⁶

EARLY TURNOVER & STAFFING CHALLENGES

With a massive gap between job openings and candidates to fill positions, further turnover has drastically reduced location staffing. **This turnover has contributed to 31% of employees across industries leaving their jobs within the first 6 months.**⁴ Early turnover rapidly erodes your workforce and plummets your remaining employees' productivity and morale.

CONSUMER EXPERIENCE & SAFETY IMPLICATIONS

Short staffing also affects consumer experiences, often resulting in negative interactions that add further stress to already overworked employees. Such backlash leads to dangerous situations for employees as consumers may verbally or physically assault them: **80% of retail workers are scared daily to be at their jobs, while 72% have experienced threatening incidents due to understaffing.**⁷ Feeling unappreciated and unsupported in such conditions, employees see little reason to stay, and turnover escalates.



Workforce Challenges

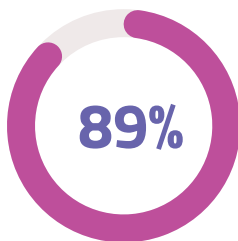
Outdated hiring practices double retail managers' hiring challenges. Not only do managers have to contend with the impacts of turnover, but also with the low attractability of positions that they desperately need to fill.

SHIFTING DEMOGRAPHICS

Workforce demographics are shifting. Currently, Millennials and Gen Z are increasingly dominating the labor market. These generations tend to favor white-collar roles due to their desire for **better pay, benefits, growth opportunities, job security, and workplace fairness.**⁸ Many young workers feel undervalued in labor-intensive retail roles.

Outdated hiring practices that lack automation and efficient communication only exacerbate these issues leading to the loss of up to 89% of potential candidates.^{9,10}

While some retailers have adopted data-driven sourcing strategies, a more consistent approach to tracking and refining these processes is essential to better engage this online-focused labor pool and build a pipeline that can be replicated year after year.



Outdated hiring practices that ***lack automation*** and ***efficient communication*** only exacerbate hiring issues leading to the ***loss of up to 89% of potential candidates.***

Inflation is also harming hiring. In 2022, the price of consumer goods increased by nearly 10%.¹ Candidates seeking jobs are looking for higher pay, causing most to never consider retail. This lack of interest in retail work is worsened by ongoing perceptions from current and former retail workers that retail companies do not improve their workplaces enough.

Unless retail workplaces and their compensation for workers greatly improve, the labor shortage and its impacts will continue to eat away at the industry.





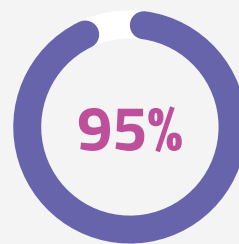
Part-Time Employees

Part-time employees are 30% of retail's workforce¹¹ but now average a 95% turnover rate.¹²

Because part-time employees are more transient, they are more likely to exit when workplace pressures increase. One of the biggest factors of part-time retention is a positive workplace culture focused on team-building and a welcoming, inclusive environment. Previously, many part-time employees desired full-time work at their retailers. However, these workforce challenges have drastically reduced that interest, which cannot be regained without meaningful overhauls to the employee experience.



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Factors Contributing to Hiring & Retention Issues

There are five main reasons why retail employees quit, contributing to retail hiring and retention issues. While the numbers for each factor may not seem high, when taken together, they rapidly add up to greater turnover.

LACK OF FLEXIBLE SCHEDULING

Lack of workplace flexibility is one of the top reasons retail employees quit, at 34%.¹¹

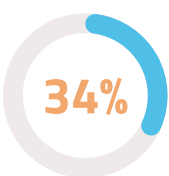
Erratic schedules, demanding hours, short notice for schedule changes, and the constant unpredictability of retail jobs wear on employees. Without the ability to predict their schedules or collaborate with managers to achieve a healthy work-life balance, employees will seek more stable and accommodating opportunities elsewhere.

LIMITED CAREER ADVANCEMENT OPPORTUNITIES

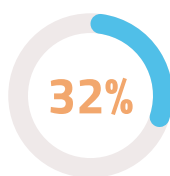
Lack of career advancement opportunities costs 32% of employees.¹¹ Many retail employees feel stuck in their jobs. When professional development opportunities are not offered and rank advancement does not seem possible, employees will turn to other job opportunities so that they can find fulfillment and professional progression that rewards their efforts.

OVERLOOKED HEALTH AND WELL-BEING NEEDS

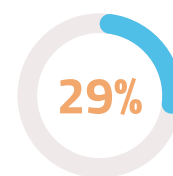
A lack of employer concern for employee health and well-being drove 29% of employees to quit.¹¹ When employees are treated as disposable, they feel undervalued and replaceable, fueling turnover. This stress is amplified by unruly or antagonistic customer behavior, limited job benefits, high labor demands, and poor or abusive management, all of which take a toll on employees' physical and mental health. When retail employees feel unsafe or unsupported, it sends a clear warning to retailers: failure to address these issues will only deepen the turnover crisis.



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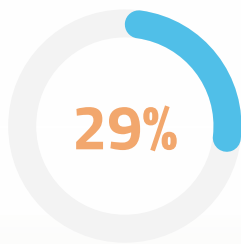


POOR COMPENSATION

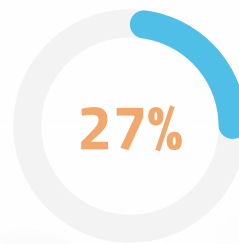
Inadequate compensation causes 29% of employees to leave retail.¹³ Compensation includes wages, benefits, and appreciation—three areas where many retail jobs fall short. Rising living costs and stagnant minimum wages make retail positions increasingly unattractive for both short- and long-term employment. Low wages, limited benefits, and lack of recognition foster dissatisfaction among employees. Without meaningful appreciation and fair compensation, retaining a motivated and productive workforce becomes increasingly difficult.

POOR SENSE OF PURPOSE

The perception that their work lacked meaning led 27% of employees to depart.¹¹ People want to see value in what they do, especially when the work is tiring and demanding. When workplaces fail to cultivate a culture of appreciation, teamwork, and reward, employees feel like tools rather than people and are inclined to resent their work and want to leave it quickly. Additionally, candidates who are not provided clear job expectations during the hiring process may find themselves frustrated, confused, or disillusioned when on the job, leading to high early turnover from misaligned expectations.



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Impact of High Turnover on Retail Operations

High turnover drives costs up and productivity down through staffing shortages, continuous hiring costs, dissatisfied consumers, and demoralized employees.

FINANCIAL IMPLICATIONS

High turnover adds up to high costs through departure, lost production, overtime, recruiting, onboarding, and training. Every new departure means spending more to fill the gap, and the financial toll extends as new hires require training and time to reach full productivity.

- ▶ Replacing a full-time employee costs between **50%-200%** of their annual salary.¹⁴
- ▶ Average cost of a new hires is **\$4700**¹⁴
- ▶ Average training costs: **\$986**¹⁴
- ▶ Three month onboarding costs about **24% of annual pay**¹⁴
- ▶ Six month onboarding costs about **50% of annual pay**¹⁴

PRODUCTIVITY AND KNOWLEDGE LOSSES

Loss of employees equates to lost efficiency because you are losing labor and the knowledge of experienced employees. Your employees have familiarity with your systems, technology, and company culture. When that knowledge is drained, managing stock and navigating consumer demands becomes more stressful for remaining employees and for consumers, increasing the chance for errors or further turnover due to employee burnout.

DRAINED EMPLOYEE MORALE AND INCREASED RISK

Being overworked drives employee morale down. When employees feel that they are treated unfairly, they are more likely to perform poorly or quit. Understaffing increases the risk of consumer incidents, such as theft or harassment, endangering employees. These situations drive more staff away and risk damaging your brand's reputation—especially in today's era of smartphones and viral videos, where incidents can quickly be shared online and reach a wide audience.



Strategic Solutions to Improve Hiring & Retention

To curb rising turnover in the retail industry, retailers must make their jobs more attractive and competitive for the current workforce, the bulk of which is increasingly Millennials and Gen Z. The following four steps pinpoint the major criteria that makes a job attractive to these generations.

- 1 Give competitive pay and benefits.** A recent study from UC Berkeley has found **increased wages** lead directly to lessened job vacancies and more employees retained¹⁷ and **40%** of hourly workers say they would benefit from more frequent pay.¹⁴
- 2 Provide strong work-life balance.** A **predictable schedule** and **strong work-life balance** attract Millennials and Gen Z, who are more likely to accept roles recommended by someone they know; offering this balance encourages employees to recommend your jobs to others.
- 3 Offer growth and development opportunities.** **70%** of employees would consider a new job offering **greater training opportunities**. Providing upskilling through **professional development, leadership courses, and clear paths to promotion** not only attracts more Millennials and Gen Z but also helps foster a positive company culture.
- 4 Cultivate a company culture of appreciation.** Ensure managers **recognize and reward employee work**. Recognition can include **monetary bonuses, employee of the month awards, and verbal or written thanks**. Consistent, varied recognition that encourages employees to truly do their best. Heeding employee feedback and using exit surveys to understand how you can improve your workplace also shows appreciation for employees' perspectives.





EFFECTIVELY MODERNIZING HIRING

After attracting more candidates by improving job benefits, it's equally important to ensure you select those who are the best fit for the role. In total, **80% of turnover is due to bad hiring decisions**.¹⁸ Modernizing your hiring process through **data-driven automation** can greatly reduce hiring and onboarding time.

Use *minimum qualification questionnaires, early screening questionnaires, and custom skills assessments* to filter your candidate pool down to your most valuable candidates.



Minimum Qualification Questionnaires enhance hiring transparency while streamlining your hiring process. These questionnaires clearly outline the basic job requirements, allowing you to quickly filter out unqualified applicants. They also ensure candidates agree to your hourly pay and work schedule before moving forward to the interview stage.



Early Screening Questionnaires help you evaluate a candidate's teamwork skills, problem-solving approach, and other competencies to quickly shift from just the minimum qualifications to those who show strong potential for success in your workplace. ***Such questionnaires better prepare you for meaningful, in-depth, individualized interviews.***



Custom Skills Assessments help you more efficiently source talent by narrowing your pipeline to the most valuable individuals by examining their hard and soft skills, personality traits, and cultural fit. This funnel streamlines your pipeline down to only the best fit candidates, saving valuable time.

Consistently using these tools is key to modernizing your hiring practices. By collecting and analyzing assessment insights you can identify top candidates and qualities for success, building a reliable talent pipeline.



How HighMatch Can Help

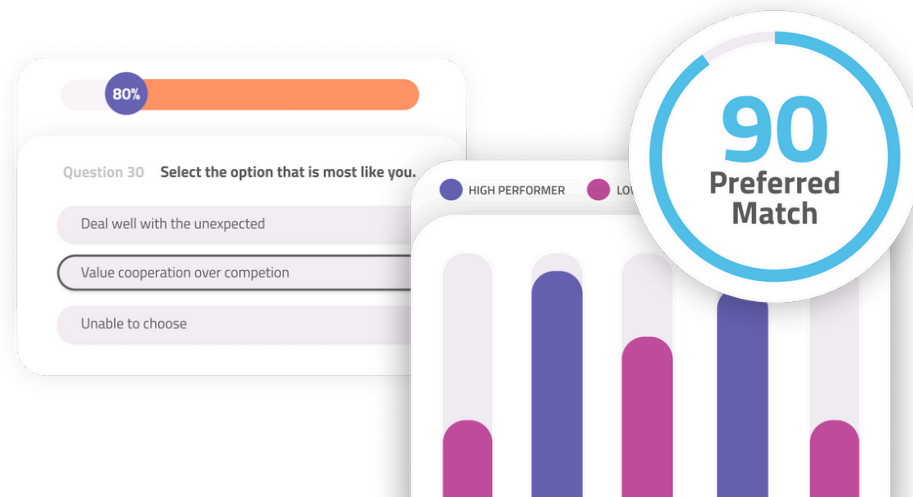
HighMatch has over 15 years of experience helping retail companies efficiently onboard modernized hiring tools to reduce their turnover and strengthen their candidate pool. Unlike other vendors, we tailor our products to your chosen language and competencies, not ours.

Our personalized assessments use modular and custom-built components in coordination with the expert guidance of our I/O Psychologists to give you the long-term, robust data you need to develop a consistently replicable hiring process.

Minimum qualification surveys give your pipeline a strong start. Tools like **HighMatch's Min Qual surveys** actively score candidates on the discrete measures you choose to assess on. This survey only shows you the highest scoring candidates while building a repository of data that you can use to consistently target that candidate pool in the future. Additionally, Min Qual surveys help you ensure that candidates understand the pay ranges for your positions early, avoiding pay mismatches.

Early screening more quickly identifies valuable candidates. Tools like **HighMatch Screen** let you streamline your talent pipeline according to your organization's needs and the qualities that make your current talent effective. Early screening allows you to also filter those seeking full time positions from those seeking part-time work. Identifying the key traits that give you long-lasting employees will help you focus on retention rather than stop-gap measures with hiring a constant churn of part-time employees.

Customizing skill assessments gives you a unique data algorithm. Tools like **HighMatch Assess** help you match candidates with your preferred language, skills, competencies, and criteria. This streamlined approach saves you significant time and effort. Additional assessments can score candidates against the competencies, team approaches, and personality traits that best match your work environment, adding increased and in-depth efficiency to your recruitment.



Conclusion

Retail's high turnover is fueled by the younger workforce's demand for better pay, benefits, opportunities, and appreciation. This challenge drives up costs, strains staffing, and damages employee morale, often resulting in more exits and operational inefficiencies.

Addressing turnover requires retail managers to implement competitive offerings that align with Millennial and Gen Z values, such as fair compensation, professional growth, and a supportive work culture.

By modernizing hiring practices with data-driven, automated solutions, retailers can more effectively attract and retain quality candidates. Providing the right incentives and hiring strategically builds a resilient, engaged team that thrives together, boosting both profitability and growth.

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RESOURCES

¹ <https://integratedcashlogistics.com/retail-labor-shortage/>

² <https://harver.com/blog/tactics-to-decrease-employee-turnover-in-retail/>

³ <https://www.perceptionpredict.ai/blog/how-long-does-the-average-person-stay-at-a-job>

⁴ <https://teamstage.io/employee-turnover-statistics/>

⁵ <https://www.kornferry.com/about-us/press/as-the-holiday-shopping-season-approaches-korn-ferry-survey-of-top-US-retailers-examines-employee-turnover#:~:text=The%20survey%20finds%20that%20of%2081%20percent%20in%202018>

⁶ <https://harver.com/blog/warehouse-recruitment-automation/>

⁷ <https://www.securityinfowatch.com/retail/press-release/55041425/80-of-retail-workers-feel-unsafe-while-on-the-job-theatro-study-shows>

⁸ <https://www.sdcexec.com/warehousing/article/22525318/comdata-warehouses-want-to-know-how-can-we-find-more-workers>

⁹ <https://gohire.io/blog/hiring-statistics>

¹⁰ <https://www.careerarc.com/blog/candidate-experience-study-infographic/>

¹¹ <https://www.businessoffashion.com/articles/workplace-talent/how-retailers-can-improve-the-part-time-work-experience/>

¹² <https://www.pymnts.com/news/retail/2023/retail-industry-faces-resignation-rate-surge-among-part-time-workers/>

¹³ <https://www.dailypay.com/resource-center/blog/employee-turnover-rates-in-retail/>

¹⁴ <https://www.gallup.com/workplace/247391/fixable-problem-costs-businesses-trillion.aspx#:~:text=The%20cost%20of%20replacing%20an,to%20%242.6%20million%20per%20year>

¹⁵ <https://www.jobvite.com/blog/cost-of-employee-turnover/>

¹⁷ <https://www.forbes.com/sites/adigaskell/2023/05/20/does-raising-the-minimum-wage-result-in-job-losses-in-small-firms/>

¹⁸ <https://teamstage.io/employee-turnover-statistics/>

¹⁹ <https://www.forbes.com/sites/forbesbooksauthors/2023/02/14/keeping-your-talent-using-training-retraining-and-upskilling-to-keep-and-develop-the-best/?sh=6af2a12527c8>



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