

New Job Skills and Aggressive Growth Plans Require Retailers to Evaluate Talent Practices

With the types of jobs and skills needed to be successful in retail changing, employers need to double down on reskilling/upskilling plans and evaluate their employer brand to attract new talent.

Many businesses these days are facing labor shortages, particularly those in the retail and e-commerce space, where employee turnover tends to be higher. Competition for talent is fierce as companies grapple with "[The Great Resignation](#)." Treating this problem is not nearly as straightforward, however, as the diagnosis.

The solutions must involve a mix of engaging existing talent to boost retention and reskilling or upskilling talent into new, evolving roles, which can be further supported through a strong job architecture. Retail and e-commerce firms also need to evaluate how competitive their total rewards are compared to the market, along with their existing culture and employer brand to attract new talent.

"Competitive pay is very important, but it's not enough for companies that want to differentiate themselves over the long term to attract and retain the right talent. That's where the power of the employee value proposition comes into play," explained Mike Heil, Ph.D., an associate partner focused on the retail and e-commerce sector for Aon's human capital practice in a [recent webcast](#) on retail and e-commerce talent trends. "Right now, employers need to work even harder to communicate why someone should consider a career in the retail industry. Retailers can broaden their appeal by showing a commitment to their employees, customers, diversity, equity and inclusion, and career mobility."

New types of retail jobs require different skills

Store roles have evolved over the years and are expanding to include a variety of responsibilities, including fulfillment, online customer service, facilitating collections and related transactions. Although basic sales and customer service skills remain core, they are no longer adequate on their own. Retailers now require agility and digital affinity on the frontline as they start to deploy investments made into digital infrastructure to support omnichannel sales and provide an integrated customer experience inside the store and beyond. Retail clerks, for example, may be required to learn how to use digital apps to help categorize and process returned items. Similarly, auto repair technicians are more routinely using computerized diagnostic tools to help get the job done. In any case, online learning modules and other educational opportunities are critical for the future. Without frontline workers' ability to hone these skills, the benefits of these investments cannot be realized. Therefore, many retailers have altered their recruiting practices to attract and hire a different profile of candidates with more versatile skills that can keep up with the evolving business landscape.

Identify future critical skills, with a focus on mindset and the ability to learn

The coronavirus pandemic (COVID-19) has undoubtedly left a lasting impact on the way we work, accelerating the need for improved technology and digital demands. This has resulted in the need for a new type of retail employee — one that is agile, equipped to function in a digital environment and able to embrace change, all while providing an exceptional customer experience. Our research revealed that 81 percent of U.S. retailers believe it's "very or extremely important" to identify employees with skills like agility, adaptivity, communication and collaboration.¹ Today's talent requirements are fundamentally about mindset and one's ability to learn and grow with the company and its digital advances.

It is estimated that half of all employees will need reskilling by 2025². To remain competitive, companies should define their critical skills, identify where they already exist in their workforce, and reskill and upskill accordingly. Aon recently worked with a global technology company that was experiencing a shortage of digital skills. The goal was to enable all employees to understand their strengths and development criteria needed to take ownership of their career paths. Using [Aon's talent mobility platform](#), the company developed a custom solution that assessed individual backgrounds and qualifications, cognitive ability, personality, learning style, preferences and interests to determine which of the reskilling and upskilling measures best fit their profile. For more details on identifying future skills and creating plans for reskilling and upskilling to help bridge any gaps, [download our future skills guidebook](#).

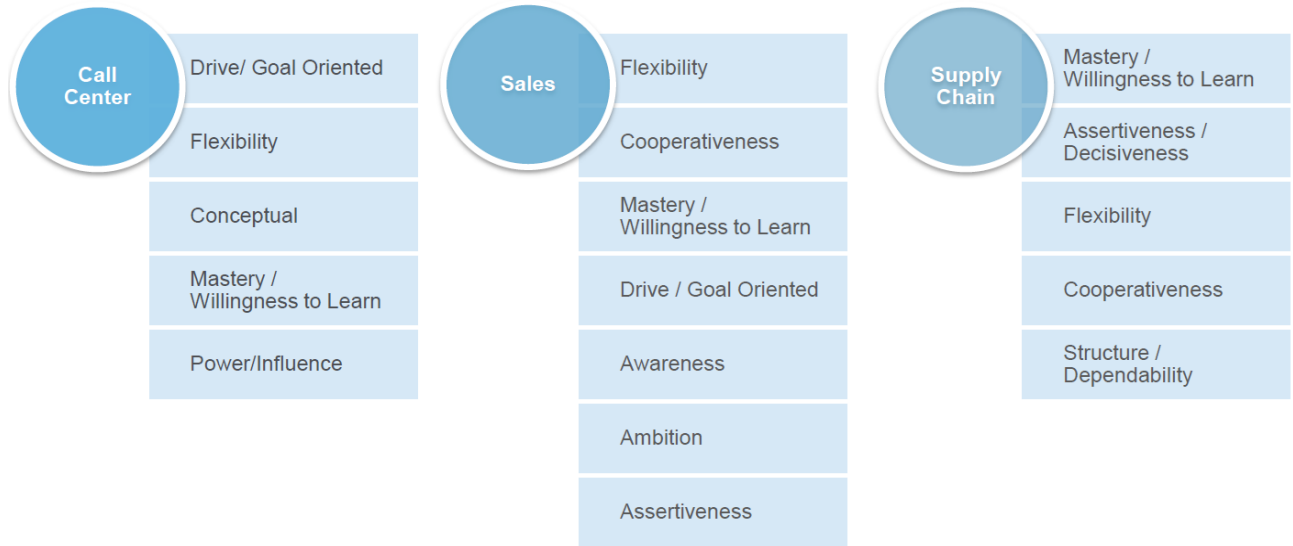
According to Aon's global HR pulse survey, 59 percent of HR leaders in retail shared that their firm hasn't yet designed the skills needed for their digital transformation and 28 percent are planning new initiatives to identify future skill gaps. "It's important to look at your business strategy, then your people and their potential to fill any skill gaps," explains Kristen Heidenreich, an associate partner focused on the retail and e-commerce sector for Aon's human capital practice. "Once that's established, you can turn to your career frameworks and determine how much reskilling and upskilling will be needed to move people into new roles, how long this process will take, and ultimately, if you will need to hire external talent."

It is critical to think about skills and competencies in holistic way that reinforces more technical and "hard" skills while including competencies needed for employees to thrive with constant change, uncertainty and technological advances in how we work and live. Figure 1 shows examples of criteria for emerging retail skill profiles.

¹ [Aon HR Global Pulse Survey: Preparing for the Future: How COVID-19 is Changing how and Where People Work Forever](#); April 20-28, 2021; 59 retail and e-commerce survey participants

² World Economic Forum

Figure 1
Top Skills Needed to Meet New Demands in the Retail Industry



Source: Aon

Invest in your workforce and the candidate experience

Investing in your workforce makes employees feel valued and fosters the engagement, motivation and agility needed for the future. With today’s surge in demand for technology-specific skill sets, hiring quickly and finding ways to fill these gaps have become a top priority. However, it’s important to remember that what you’re looking for could already exist within your firm. Having a clear job architecture plays a key role in this process and is pivotal to a company’s success. Ensure career mobility and development are part of your plan, and openly communicate this to your employees. Think of job architecture as a blueprint for the future — a design proposal that should be frequently shared with your people, allowing them to develop career pathways as roles continue to evolve.

For example, we worked with a global home furnishing company that wanted to shift its store managers to digital marketing managers. We provided future competency models, helping 350 store managers understand how their role was evolving within the framework, and identified their strengths and areas for development to ensure proper placement. The managers were able to stay with the firm, grow their skill set and develop their career. And the company benefited by saving time, money and other resources that are much more costly to bring on new talent compared to upskilling existing talent.

For cases where external hiring is necessary, there are two points to remember:

- Make DE&I a top priority. This will increase your talent pools and opportunities for all parties involved. (We discuss the benefits of this in more detail in our DE&I guidebook [here](#).) It’s important to provide equal opportunities at all career stages — from hiring to visibility within the organization. Using assessments to offer employees unbiased advancement based on skills is one way to achieve this.

- Treat your candidates like customers. Candidates will walk away from the process with an impression of the job, culture and company. Those who have a poor experience will likely not shop with this brand in the future and the financial impact of this can be substantial. All businesses should focus on turning the candidate experience into an exceptional one.

Next Steps

The retail industry landscape is constantly changing; the jobs needed today and in the future have different requirements for success. Attracting and retaining the talent to support this evolving reality remains a top priority for retailers. However, before succumbing to the market pressures and making any quick workforce decisions, pause to consider your options when it comes to updating your HR practices. Take a holistic view of where your business stands, what gaps may exist and what you currently have to offer to determine the best path forward.

To learn more about how Aon is helping retail companies meet their hiring and retention goals, or to speak with one of our retail experts, please write to humancapital@aon.com.

Author Contact Information

Mike Heil, Ph.D.

Associate Partner, Human Capital Solutions
Aon
+1.202.429.8509
michael.heil@aon.com

Kristen Heidenreich

Associate Consultant, Human Capital Solutions
Aon
+1.516.342.2889
kristen.heidenreich@aon.com

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