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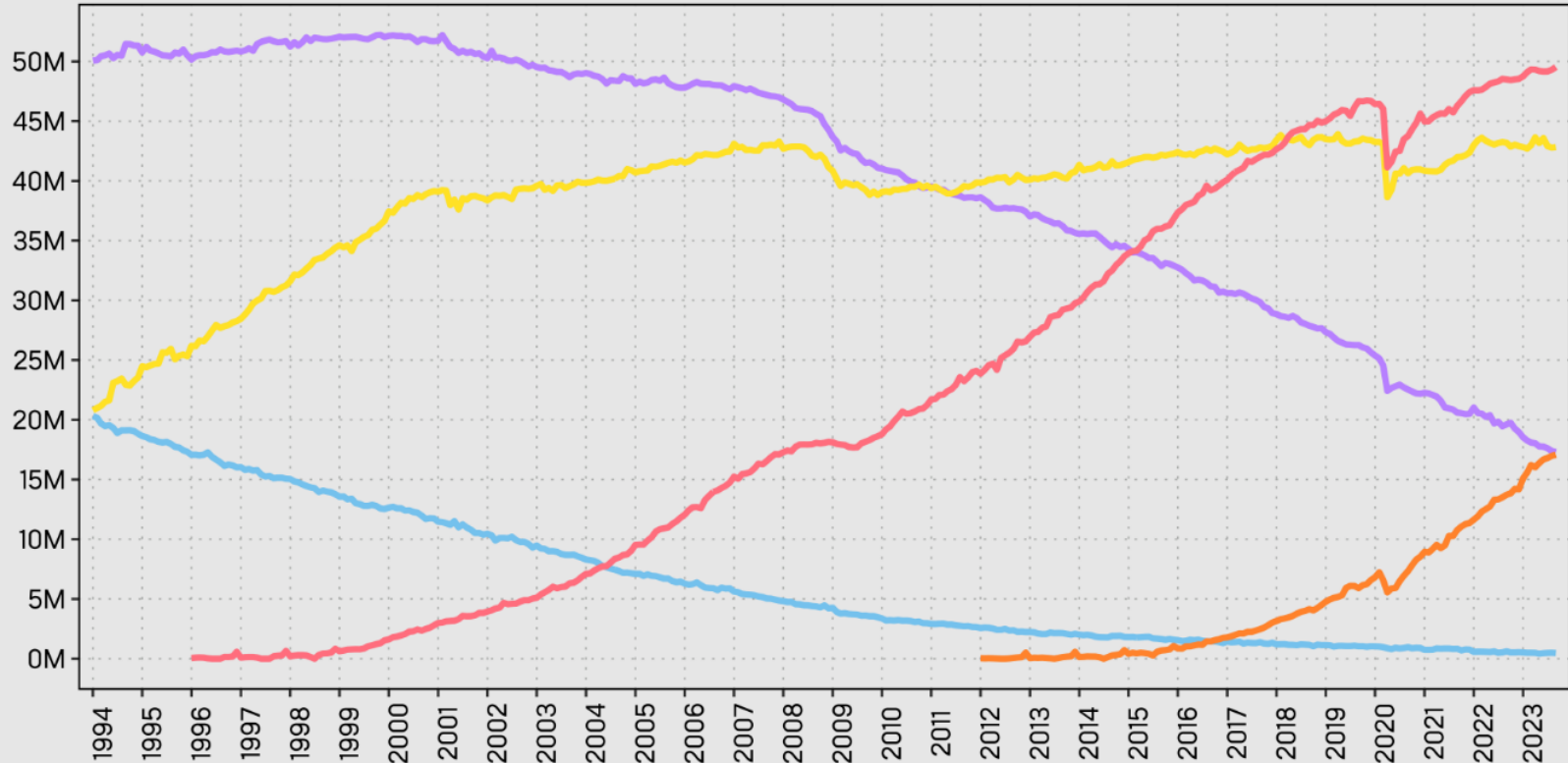
A Picture of Labor in 2023

Jayne Gough

Research Manager, NACS

Gen Z is poised to overtake Baby Boomers in the Workforce

Full-time (35+ hours per week) employment



Big Change!!

— Silent Generation — Gen X — Gen Z
— Baby Boomer — Millennial

Source: Glassdoor analysis of U.S. Census Bureau Current Population Survey made available by Univ. of Minn. IPUMS-CPS. 2024 NACS. All Rights Reserved. Unauthorized Duplication or Dissemination Expressly Prohibited.

GLASSDOOR
Economic Research

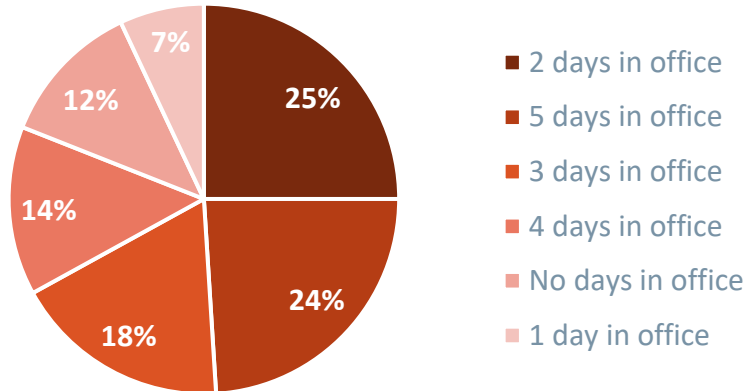
They Have Wildly Different Expectations Than the Generations Before Them

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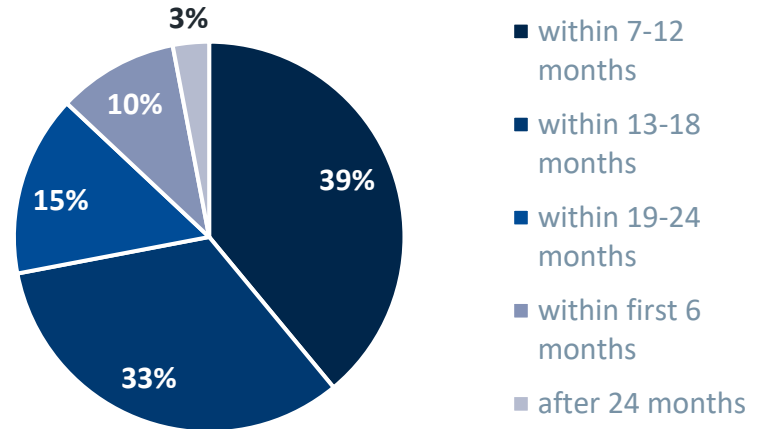
25% prefer hybrid, 24% fully in person

Remote Work



72% expect to be promoted within 7-18 months of hire

Promotions



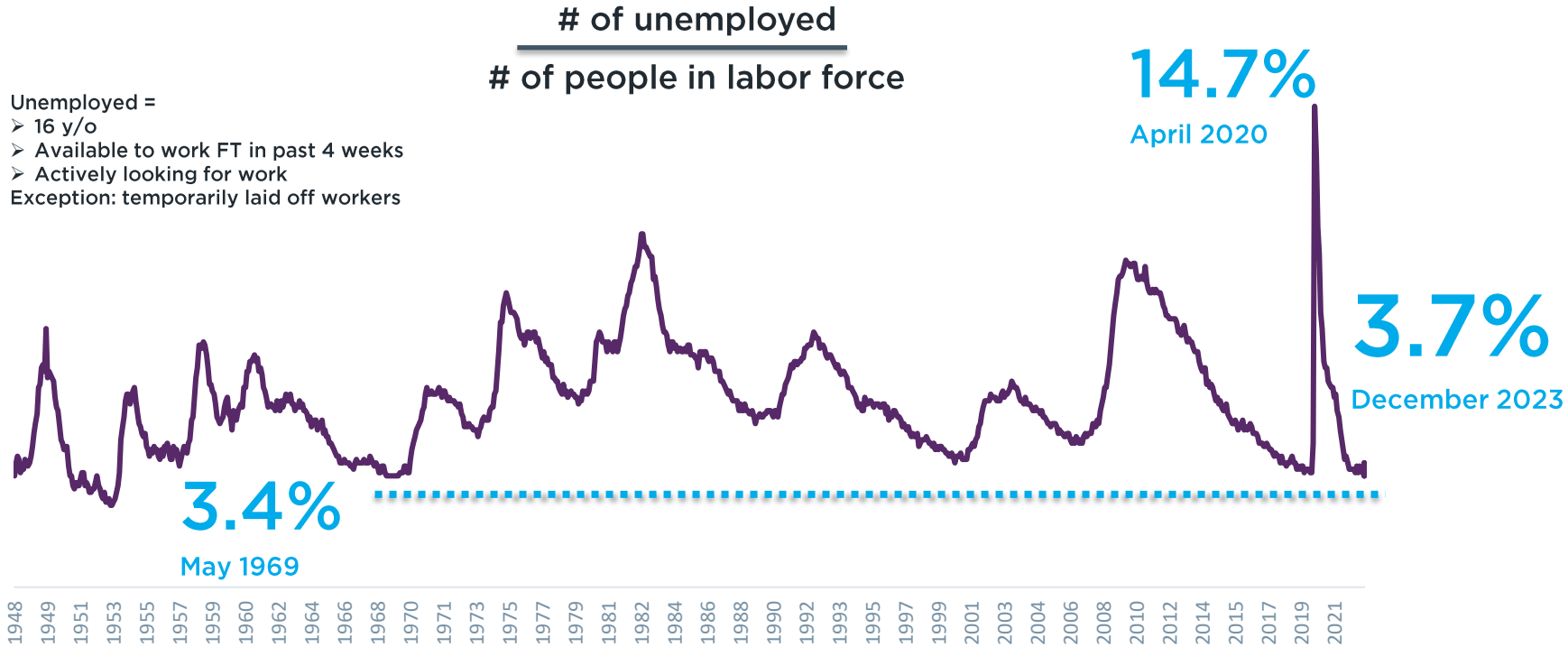
Source: Force Brands/St. John's University

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The Good News...



U.S. Unemployment Remains at 50-Year Low

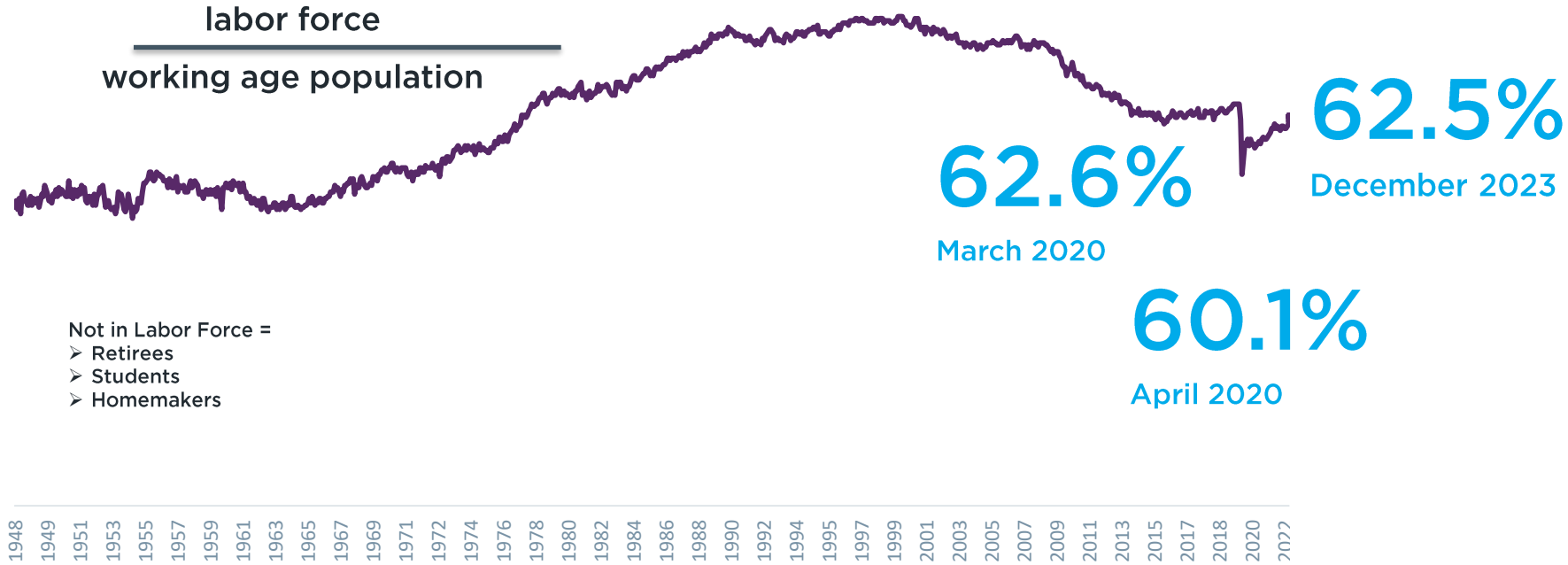


Source: FRED

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Labor Force Participation Rate Has Restabilized



Source: FRED

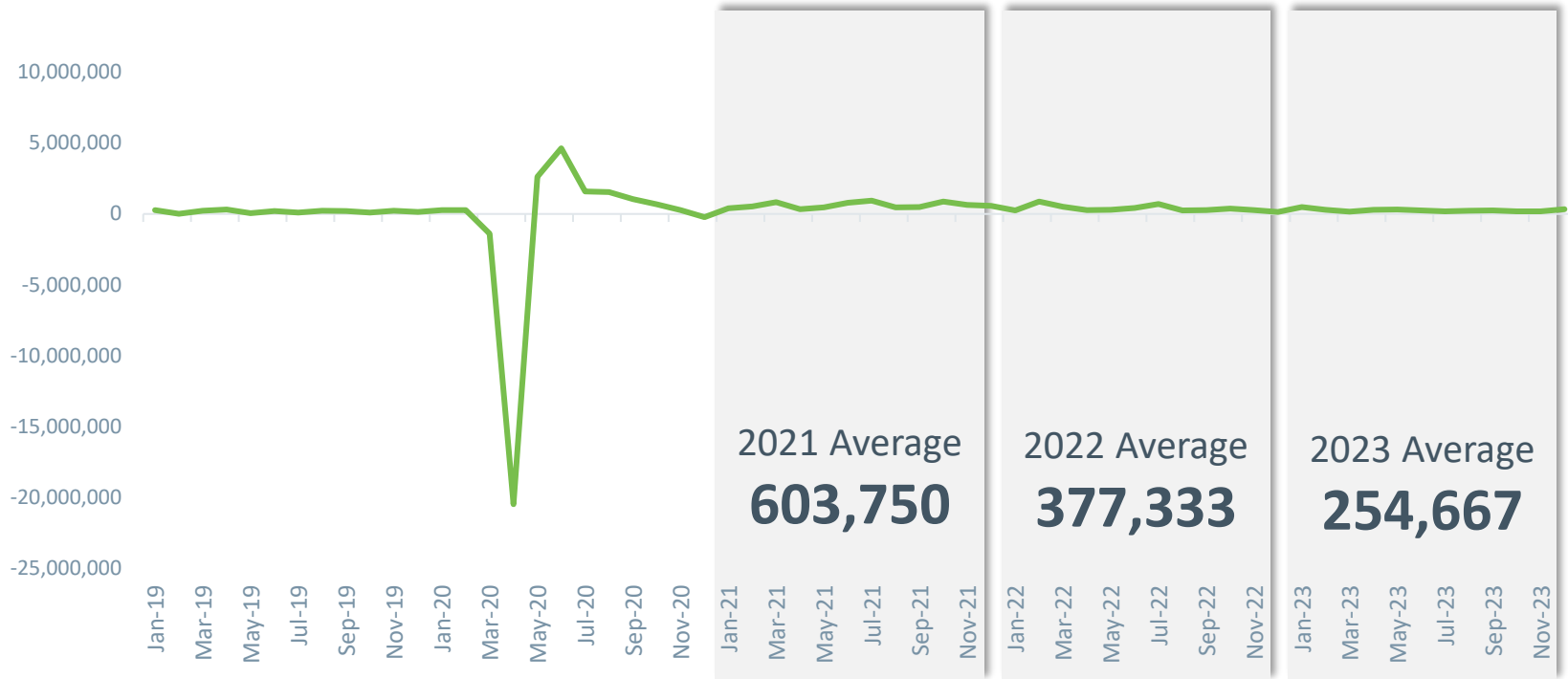
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Job Growth Has Continued, But Slowed

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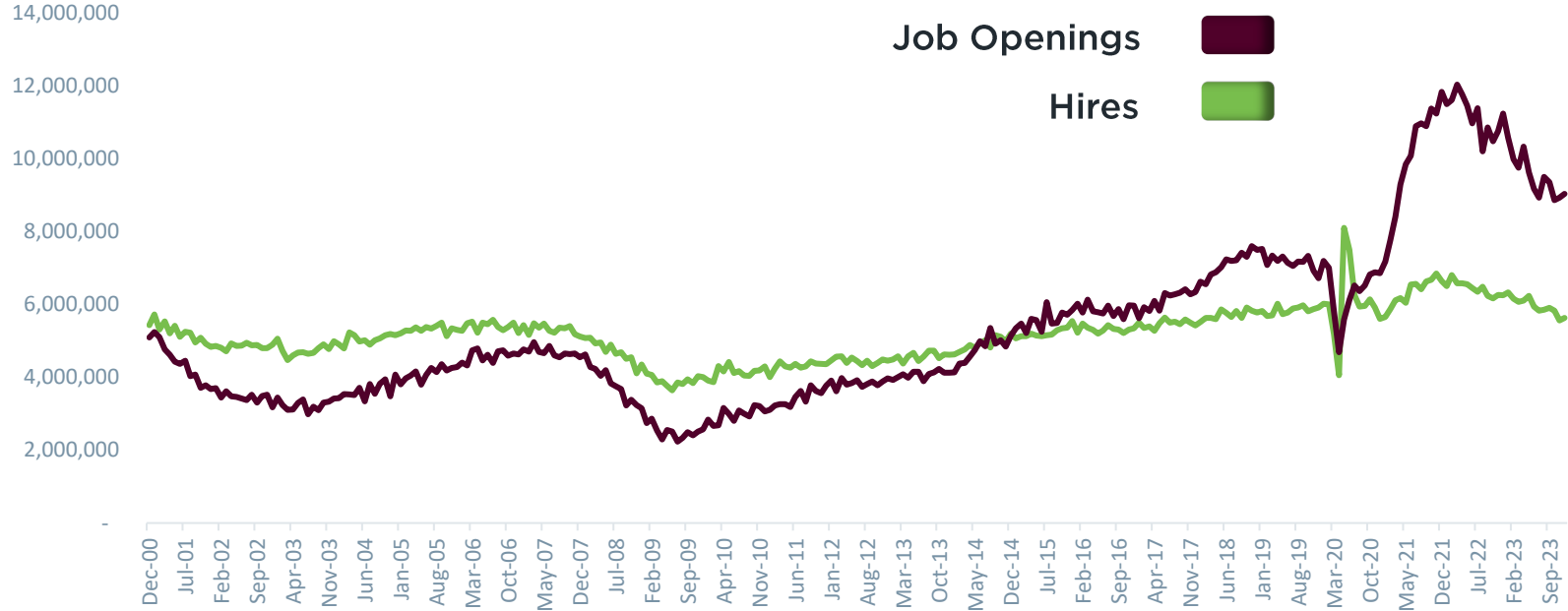
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Source: FRED, Change, Thousands of Persons

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Job Openings Far Outpacing Hires, But Falling



Source: U.S. Bureau of Labor Statistics' Job Openings and Labor Turnover Survey, FRED

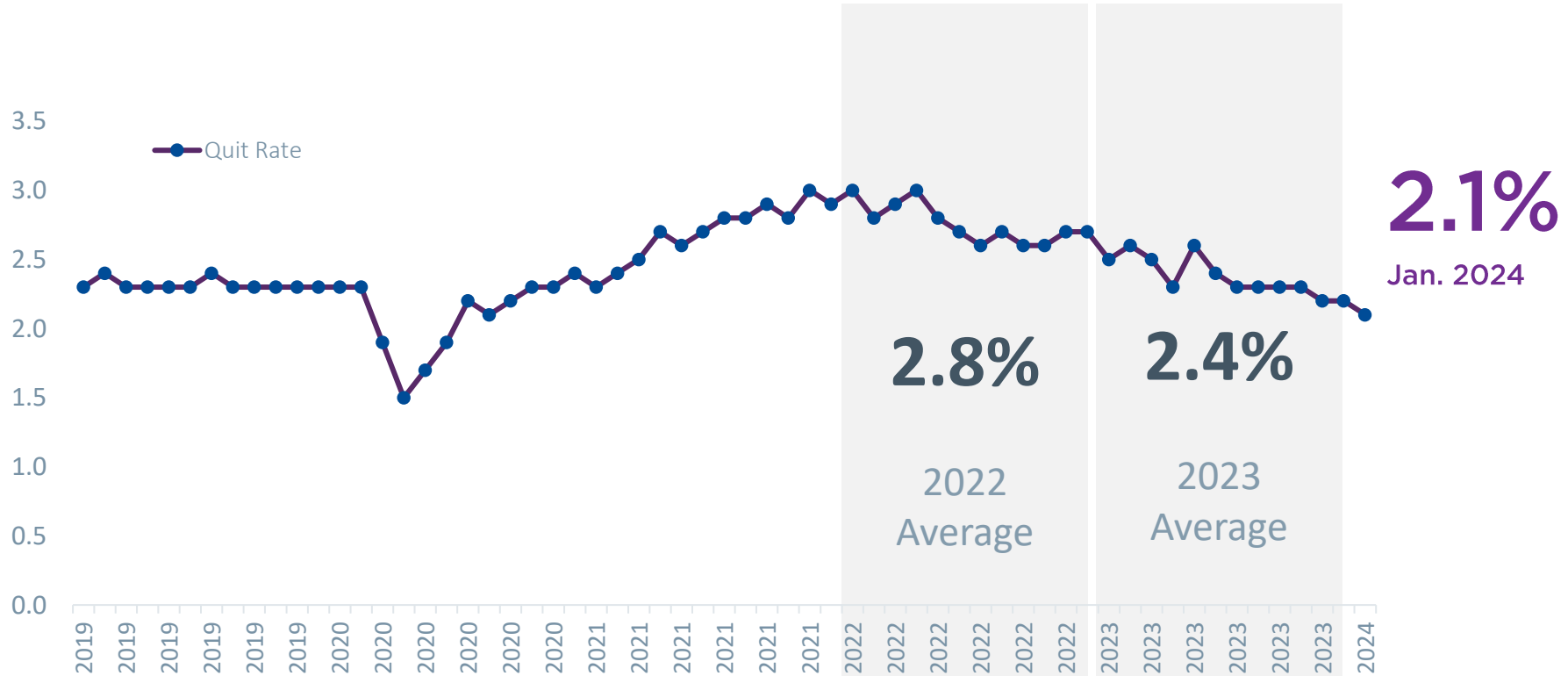
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Quit Rates are Down from 2022

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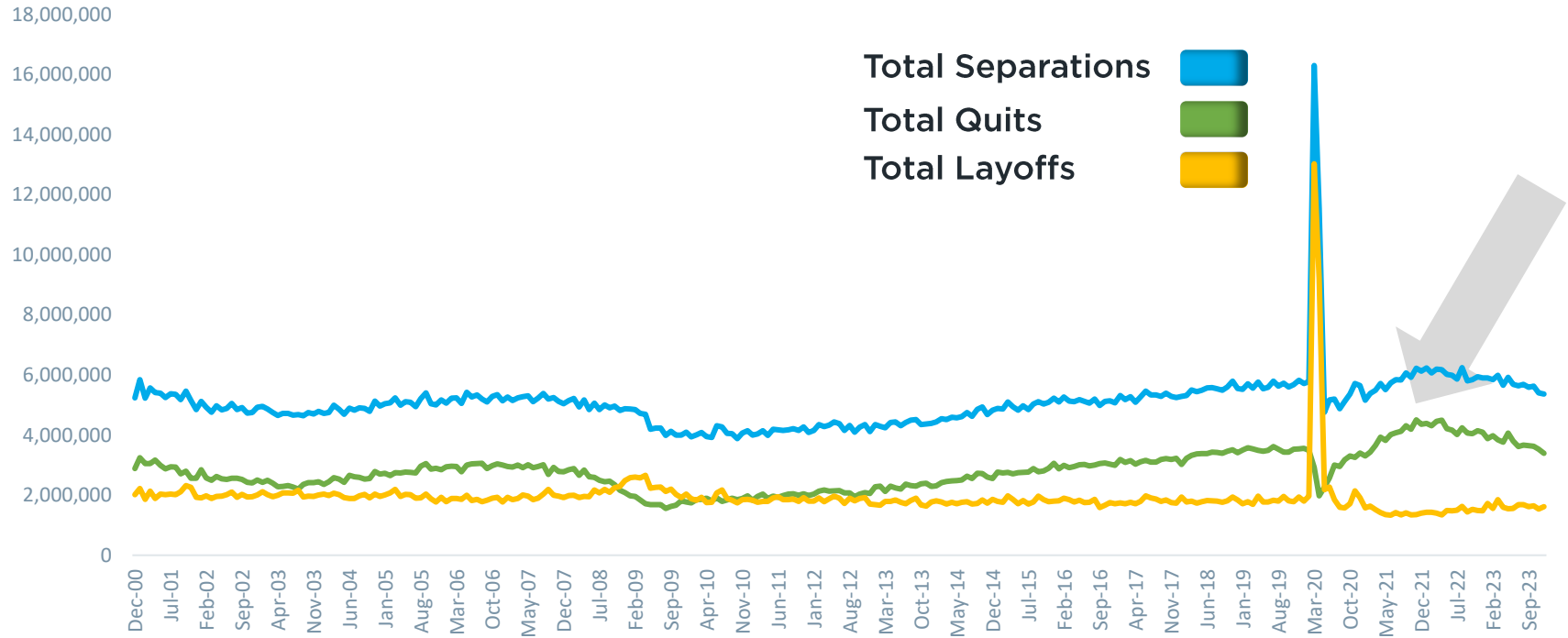
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Source: U.S. Bureau of Labor Statistics' Job Openings and Labor Turnover Survey

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In Fact, They May Have Peaked



Source: U.S. Bureau of Labor Statistics' Job Openings and Labor Turnover Survey

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Macroeconomic Summary

- Unemployment is still low, but up slightly from the start of 2023
- Job growth has continued, but slowed (indicating a shift of the market towards employers)
- The gap between job openings and hires is starting to close
- Quit rates have continued to decline – uncertainty may be impacting the labor market

The Compensation Report as You Knew it is No More

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Full-Time Sales Associate

Hourly Wage Unburdened by Firm Size

	25 th Percentile	75 th Percentile	Mean	Medi
A (1 - 10 stores)	\$13.50	\$15.15	\$14.04	\$14.1
B (11 - 50 stores)	\$13.22	\$15.50	\$14.46	\$14.1
C (51 - 200 stores)	\$14.00	\$15.10	\$14.40	\$14.3
D & E (> 200 stores)	\$13.01	\$14.97	\$13.77	\$14.1
All Firm	\$13.45	\$15.17	\$14.33	\$14.1

Hourly Wage Burdened by Firm Size

	25 th Percentile	75 th Percentile	Mean	Medi
A (1 - 10 stores)	\$14.63	\$19.60	\$17.33	\$17.4
B (11 - 50 stores)	\$16.40	\$21.13	\$19.07	\$18.1
C (51 - 200 stores)	\$17.36	\$17.81	\$17.33	\$17.4
D & E (> 200 stores)	\$16.67	\$19.11	\$17.76	\$18.1
All Firm	\$16.06	\$19.41	\$17.82	\$17.4

Part-Time Sales Associate

Hourly Wage Unburdened by Firm Size

	25 th Percentile	75 th Percentile	Mean	Medi
A (1 - 10 stores)	\$13.75	\$15.75	\$14.43	\$14.1
B (11 - 50 stores)	\$11.64	\$15.38	\$13.69	\$13.1

Hourly Wage Burdened by Firm Size

	25 th Percentile	75 th Percentile	Mean	Medi
A (1 - 10 stores)	\$13.75	\$15.75	\$14.43	\$14.1
B (11 - 50 stores)	\$11.64	\$15.38	\$13.69	\$13.1

WAGES

Waiting Period

Average Waiting Period for Benefits in Months

Firm Size	Corporate		Store Managerial		Store Hou
	Exempt	Non-Exempt	Exempt	Non-Exempt	
A (1 - 10 stores)	1.8	1.8	1.4	1.6	3.0
B (11 - 50 stores)	1.7	2.0	2.0	2.0	2.9
C (51 - 200 stores)	1.6	1.7	1.8	1.6	2.6
D & E (> 200 stores)	1.2	1.2	1.2	1.3	1.5
All Firm Average	1.6	1.6	1.6	1.6	2.5
All Firm Median	2.0	2.0	2.0	2.0	2.0

Eligibility

Percentage of Employees Eligible for Health Insurance Offered by Their Employer

Firm Size	Corporate		Store Managerial		Store Hou
	Exempt	Non-Exempt	Exempt	Non-Exempt	
A (1 - 10 stores)	100%	100%	91%	100%	85%
B (11 - 50 stores)	75%	61%	62%	61%	53%
C (51 - 200 stores)	91%	80%	90%	65%	63%
D & E (> 200 stores)	85%	87%	81%	88%	73%
All Firm Average	87%	79%	84%	76%	69%

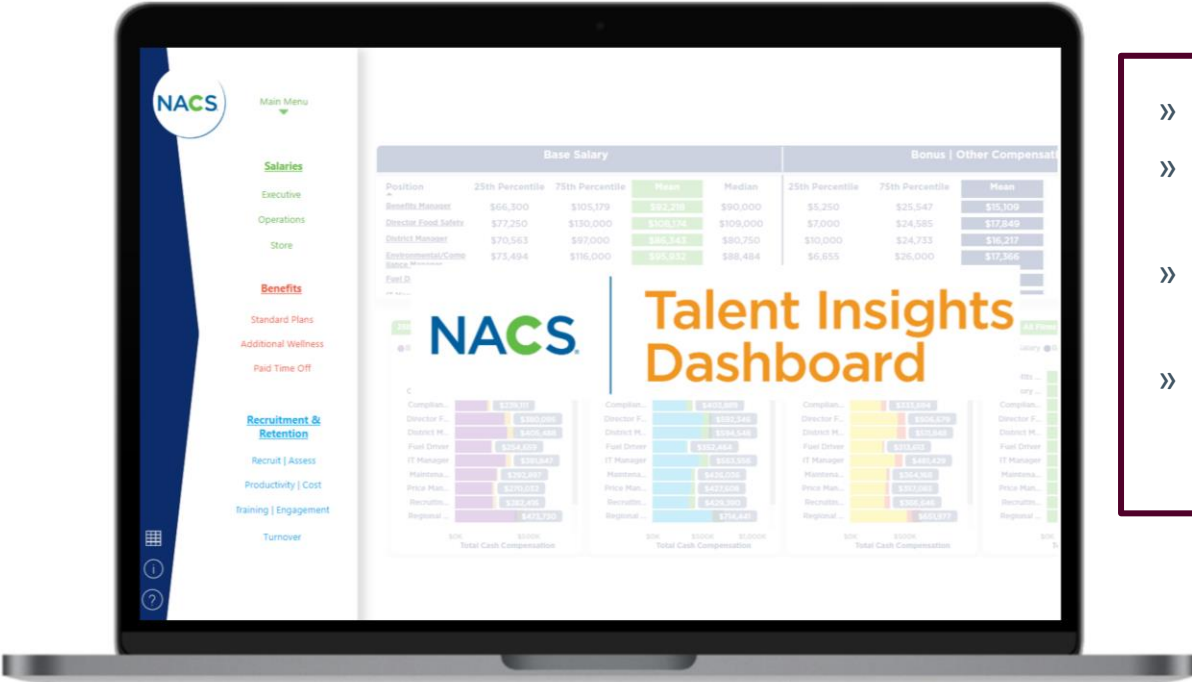
Participation

Percentage of Eligible Employees Who Participate in Their Employer's Health Insurance Plan

Firm Size	Corporate		Store Managerial		Store Hou
	Exempt	Non-Exempt	Exempt	Non-Exempt	
A (1 - 10 stores)	83%	N/A	93%	N/A	52%
B (11 - 50 stores)	74%	70%	81%	65%	37%
C (51 - 200 stores)	76%	56%	65%	41%	28%
D & E (> 200 stores)	67%	62%	65%	70%	36%

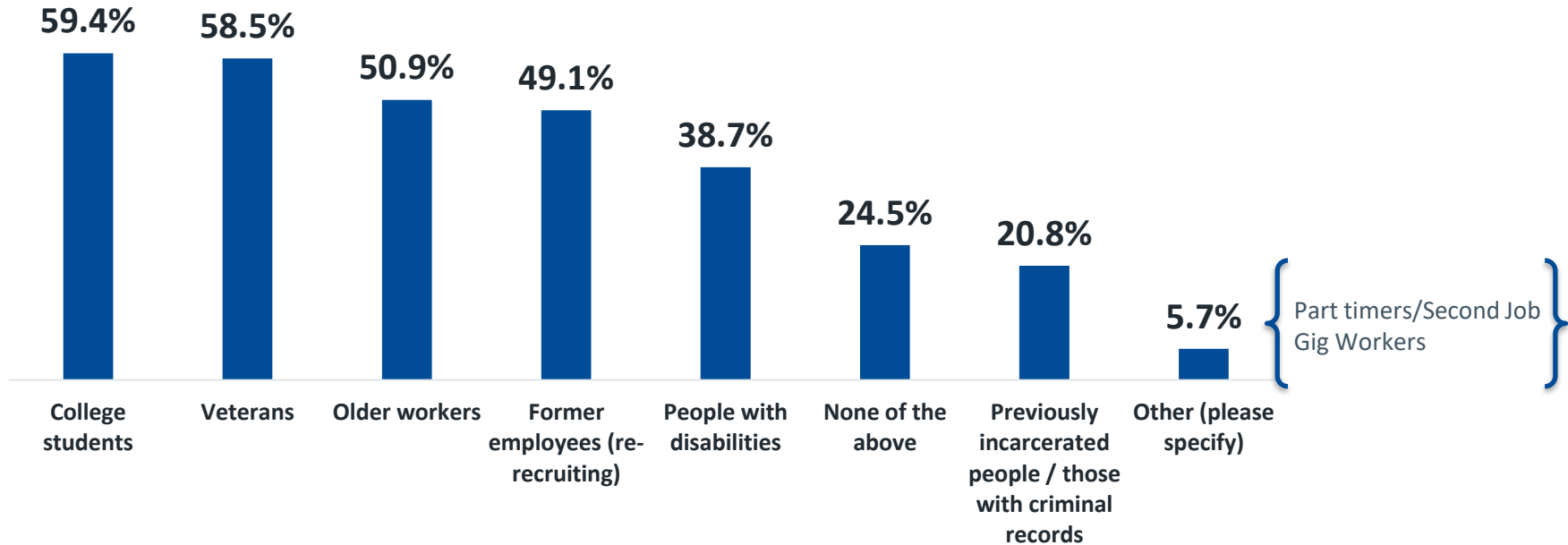
ENEFITS

2023 Survey Data is Now Available



- » Interactive Power BI Dashboard
- » Participating retailers receive complimentary access to one year
- » Enterprise access allows unlimited licenses
- » Excel download for current year's aggregated results

Are you actively recruiting any of the following: NACS | HR Forum



Source: NACS SOI Talent Insights Dashboard 2023 Data

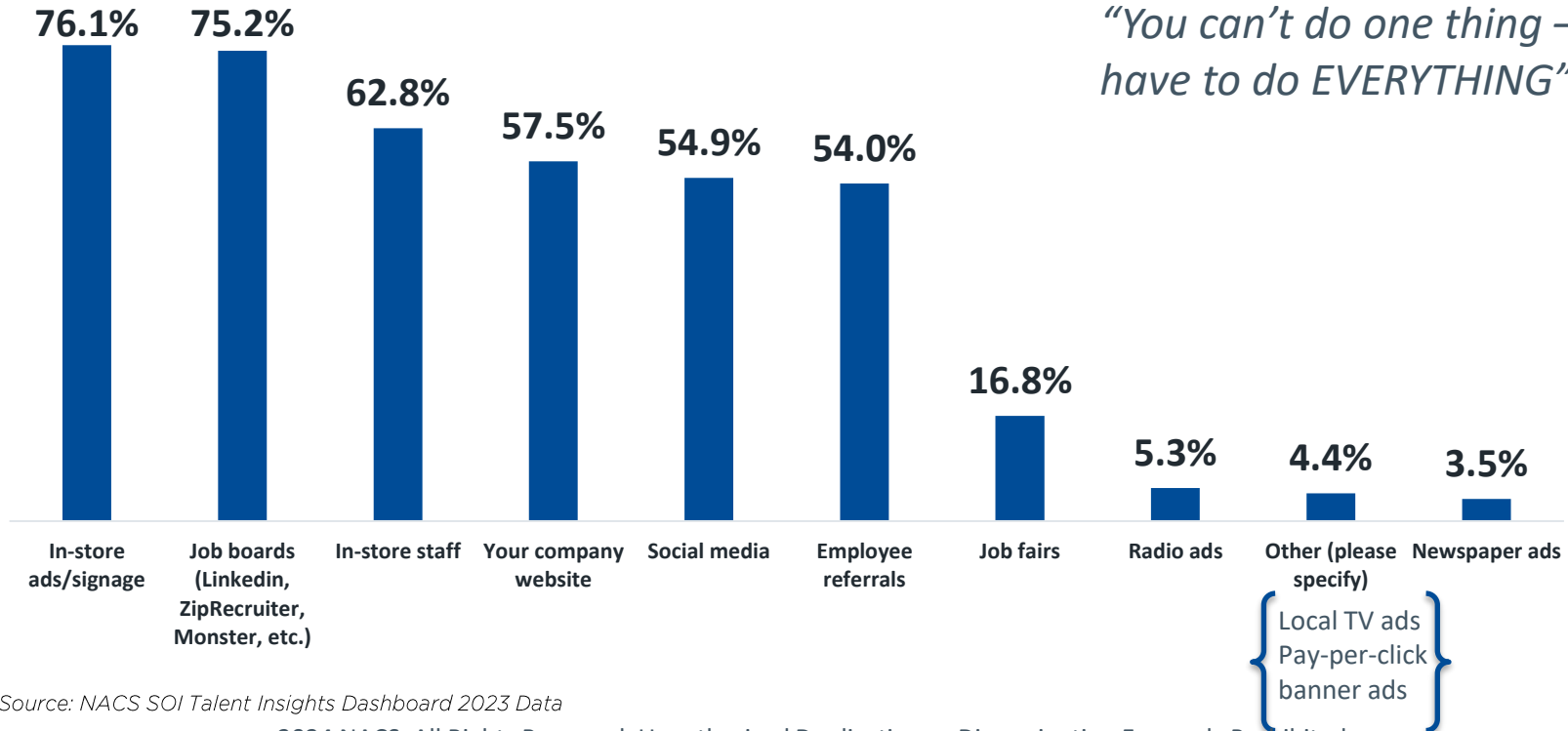
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Which tools have you found most effective for recruiting store hourly positions?

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“You can’t do one thing – you have to do EVERYTHING”



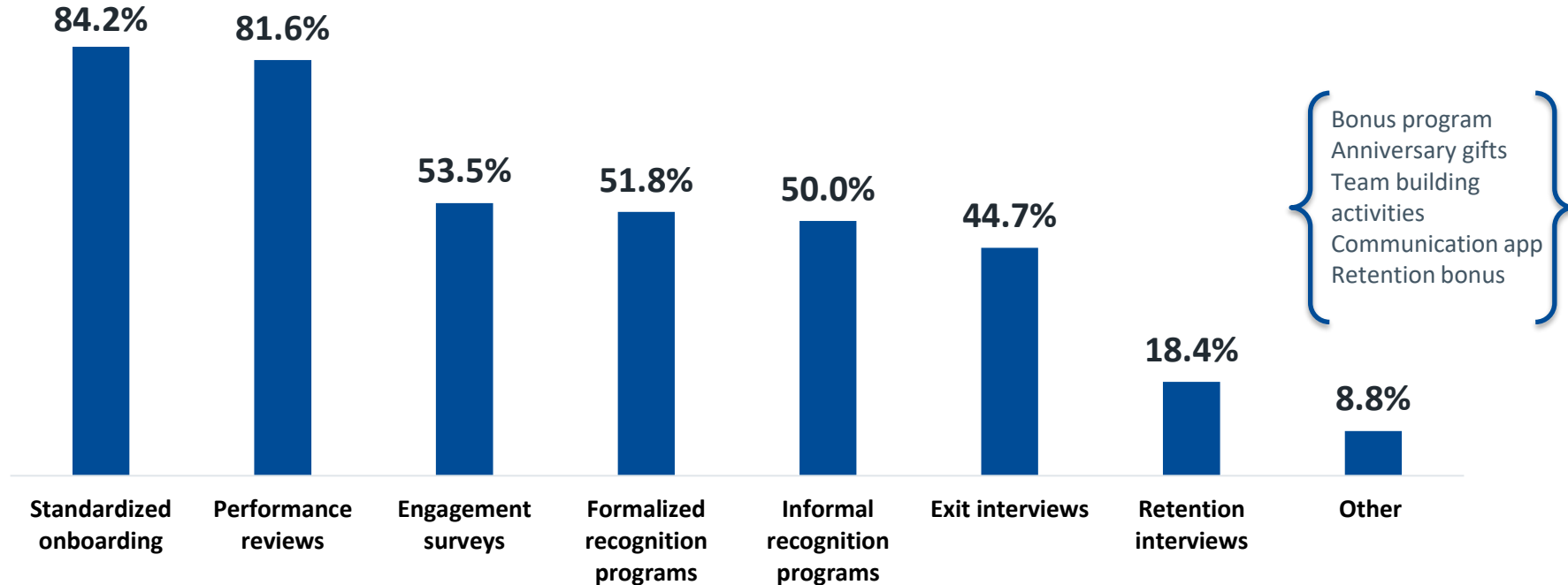
Source: NACS SOI Talent Insights Dashboard 2023 Data

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Which of the following retention tools are you currently using?

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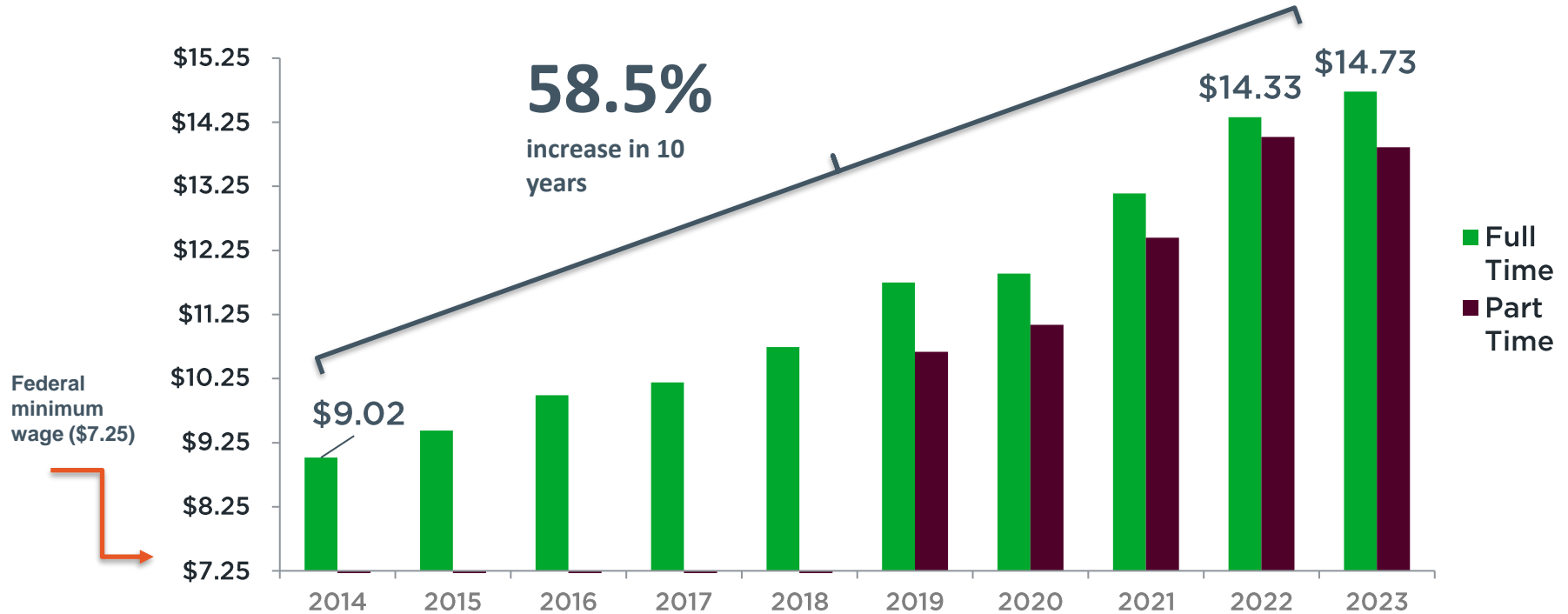
Source: NACS SOI Talent Insights Dashboard 2023 Data

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The Less Good News...



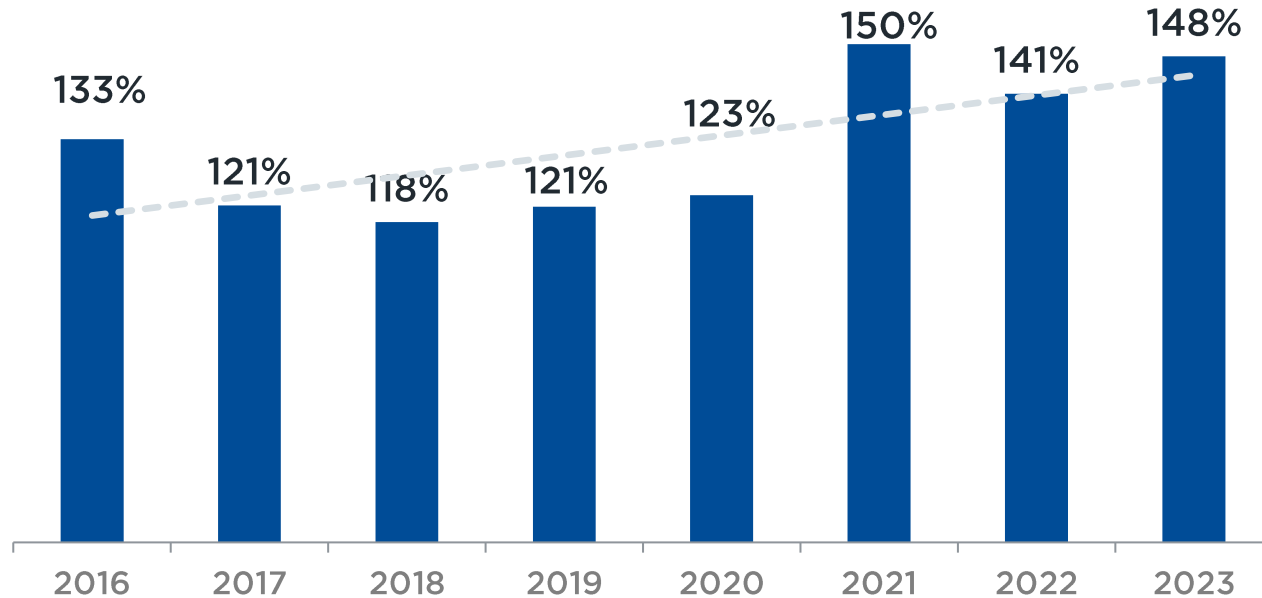
Wages Still Grew – But At a Slower Rate



Source: NACS SOI Talent Insights Dashboard 2023 Data, Historical Compensation Report Data

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Associate Turnover Increased Overall, But Full-Time Turnover was Down



Full-Time:
125.3%
(130.0% in 2022)

Part-Time:
169.9%
(152.3% in 2022)

* Data reflect the average for full-and-part-time sales associates.

Source: NACS SOI Talent Insights Dashboard 2023 Data, Historical Compensation Report Data

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So, is the amount of money employees receive important?



Of course it is. However, it's not the most important. If you don't pay people enough for their effort, they won't be motivated. However, if you incentivize them with monetary rewards, they may worsen their performance. This way, you should pay them enough to take the issue of money off the table, letting them focus on the work, rather than on receiving their salary.



***72% of employees said
“High inflation and market
volatility has significantly
increased my financial
stress.”***

Source: Mercer, Navigating the new world at work

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Recruiting & Hiring

'Expectation is the root of all heartache.'

— William Shakespeare

The Benefits That Attract Gen Z



Versus Those That Are Table Stakes



Source: Force Brands/St. John's University
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Versus Those That Are Table Stakes



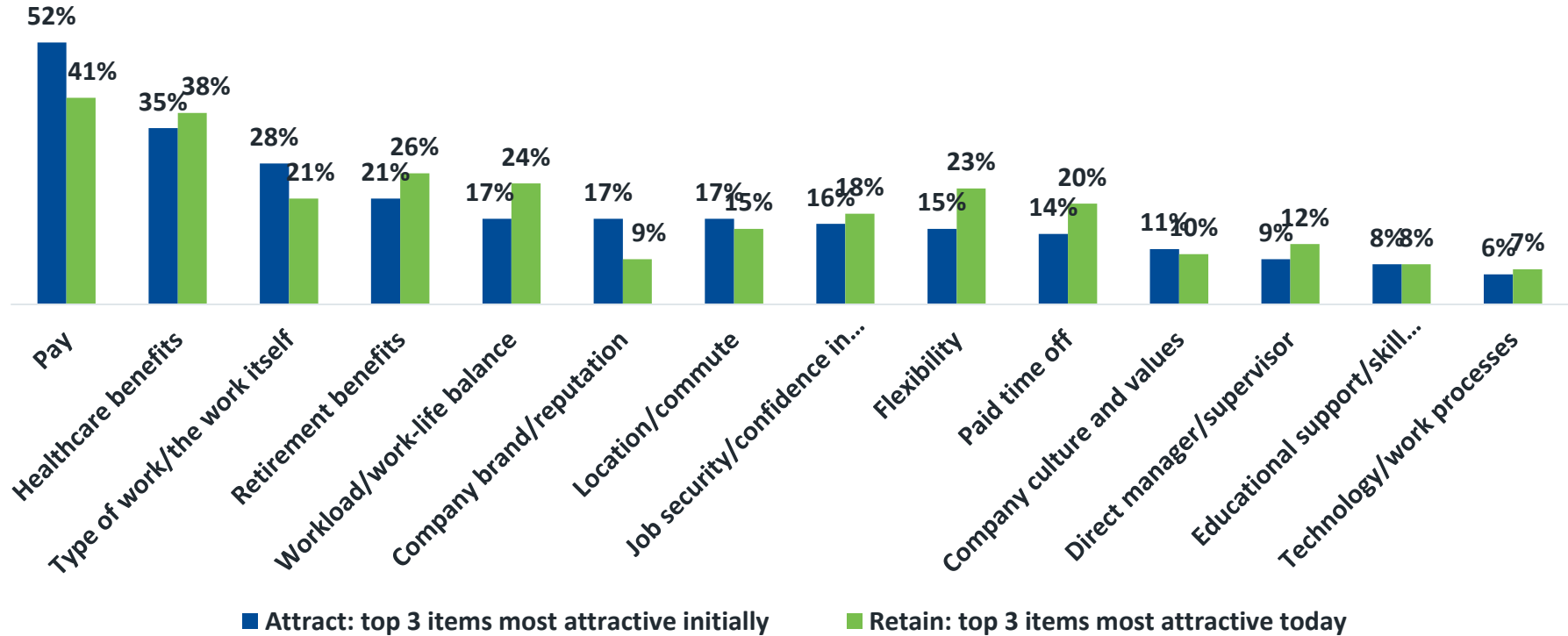
Source: Force Brands/St. John's University

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What Attracts Someone Initially May Not Make Them Stay

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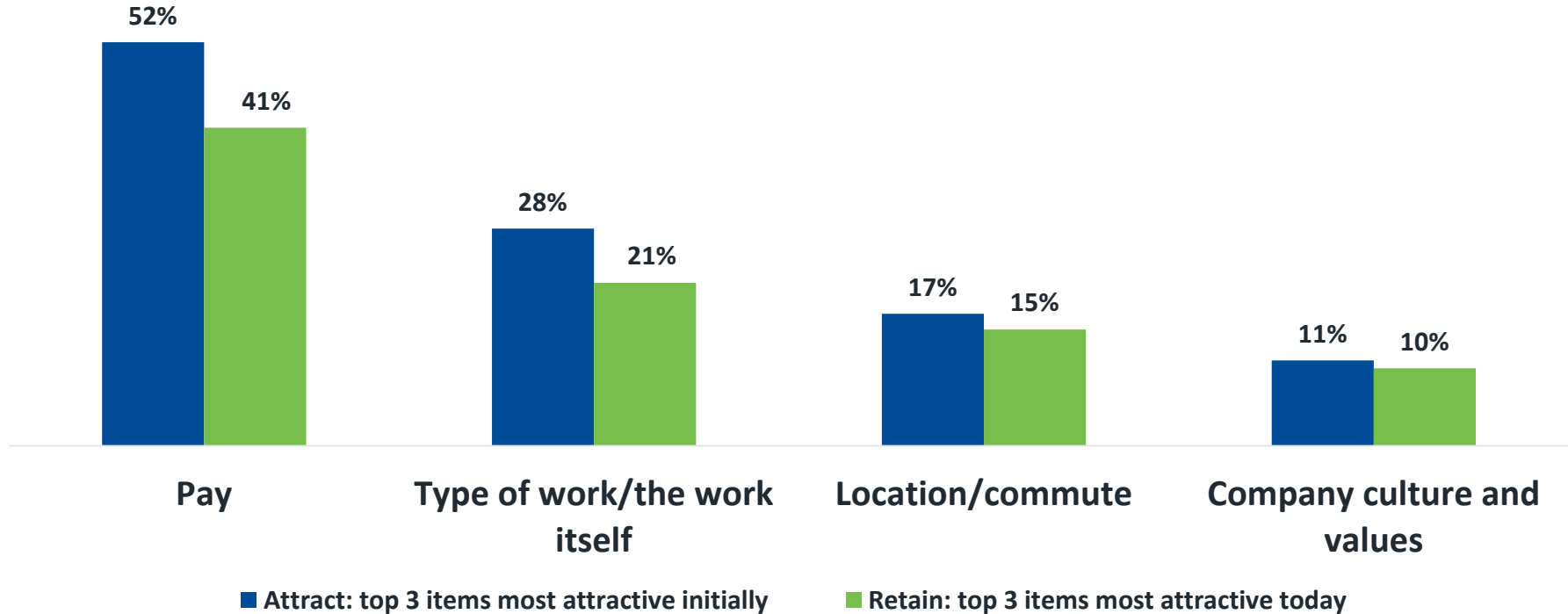
Source: Mercer, Navigating the new world at work

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Pay May Get Them in the Door

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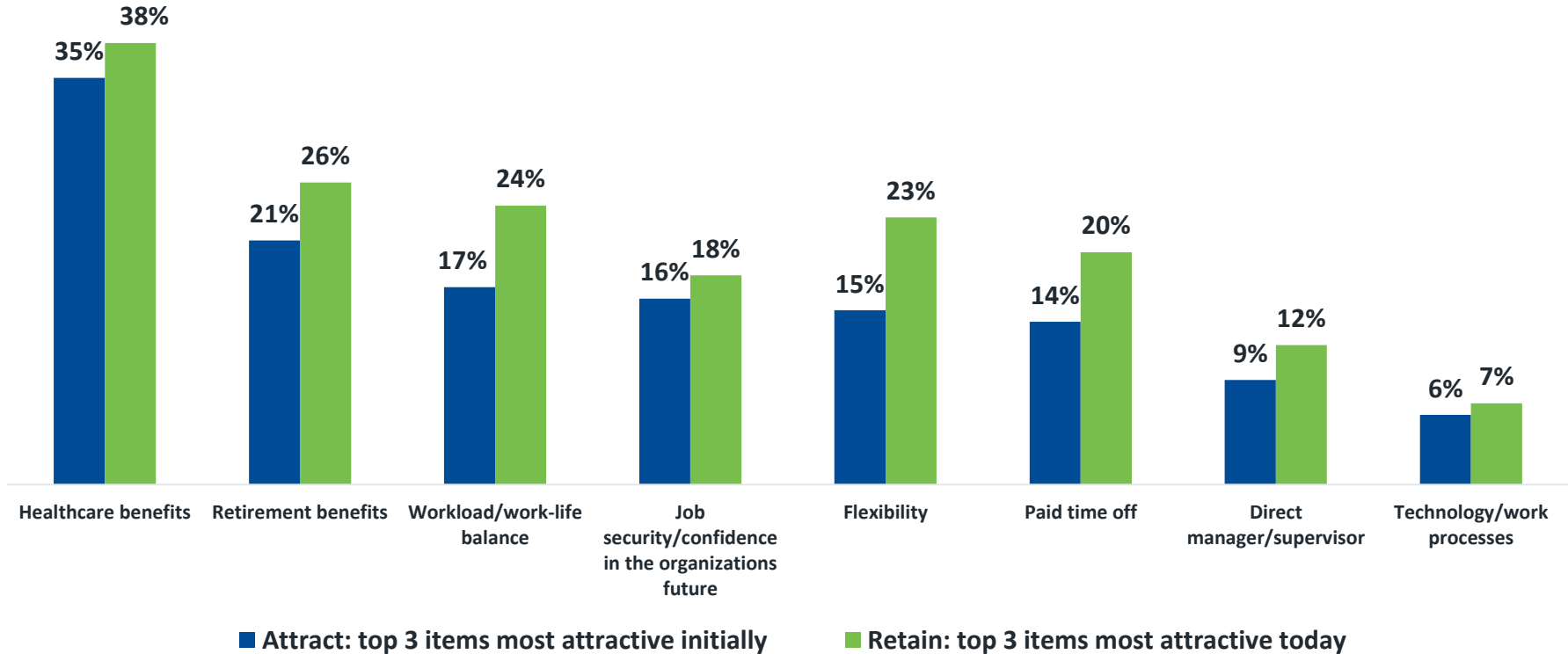
Source: Mercer, *Navigating the new world at work*

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While Security & Balance Foster Tenure

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Source: Mercer, Navigating the new world at work

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Job Descriptions

Job Descriptions Must Be:

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- ✓ **Accurate**
- ✓ **Up-to-Date**
- ✓ **Reasonable**

- It's tempting to want to create a wonderful, rosy, picture of the job, but accuracy is far more important. Set employees up for success by managing expectations.

- When is the last time you checked them? Has the job changed since then?

- Make sure that the requirement matches the job. E.g. an entry-level job does not require 5 years worth of experience.

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Hiring Costs

Hiring Costs Amplify with Turnover

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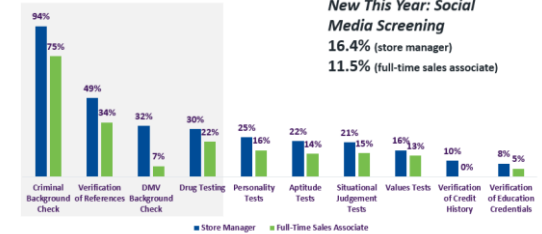


Source: NACS SOI Talent Insights Dashboard 2023 Data, Historical Compensation Report Data
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Screening Tools

Our Industry Leans Heavily into more "Concrete" Screening Tools

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New This Year: Social Media Screening
16.4% (store manager)
11.5% (full-time sales associate)

Source: NACS SOI Talent Insights Dashboard 2023 Data
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Job Descriptions Must Be:

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Accurate

- It's tempting to want to create a wonderful, rosy, picture of the job, but accuracy is far more important. Set employees up for success by managing expectations.



Up-to-Date

- When is the last time you checked them? Has the job changed since then?



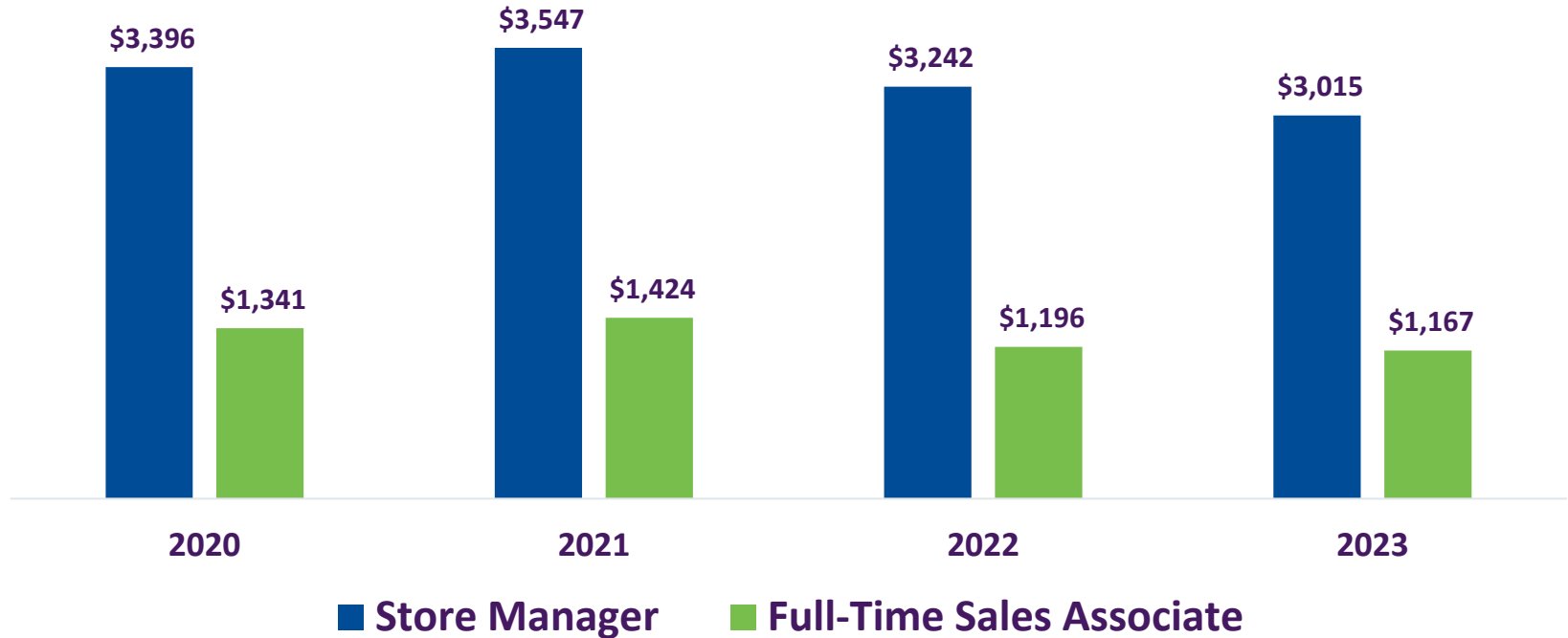
Reasonable

- Make sure that the requirement matches the job. E.g. an entry-level job does not require 5 years worth of experience.

Hiring Costs Amplify with Turnover

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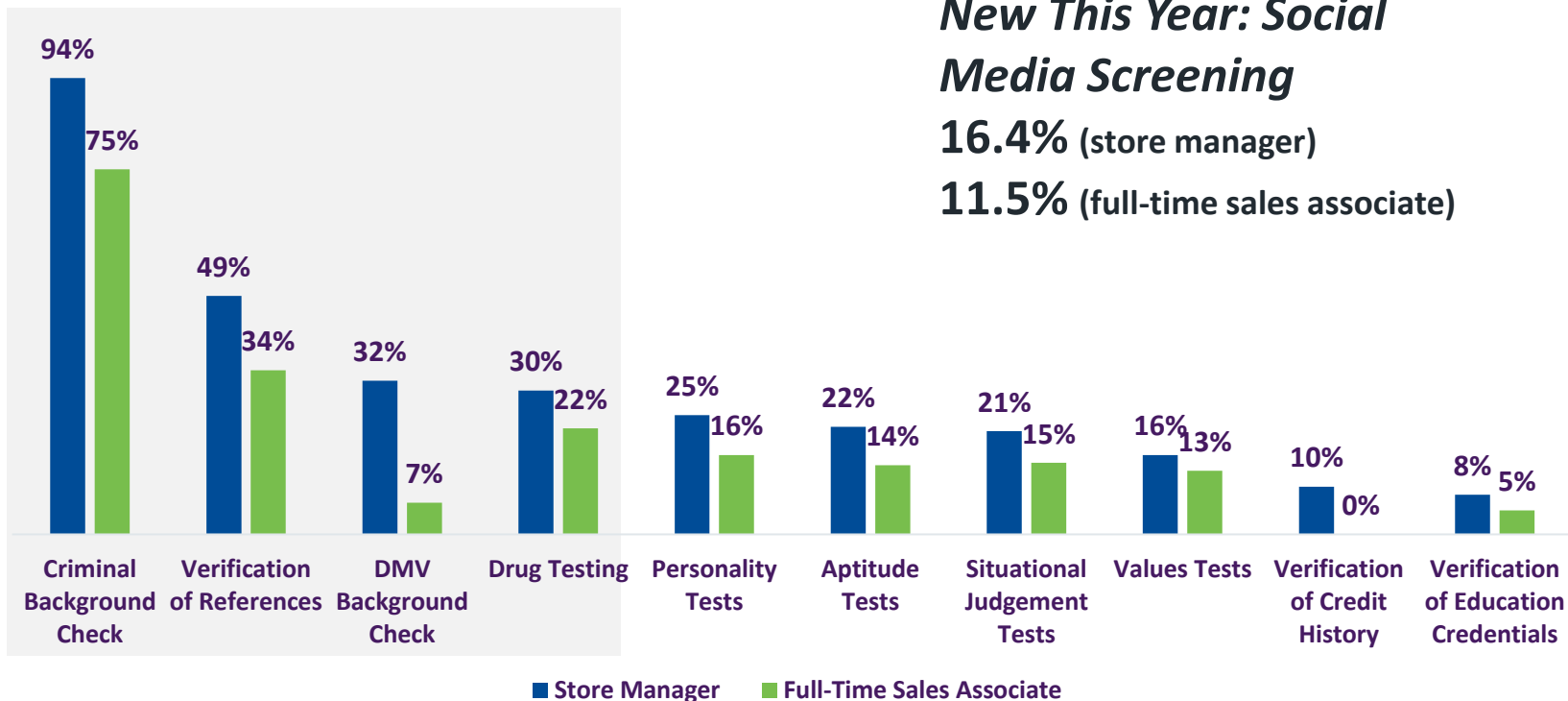
Source: NACS SOI Talent Insights Dashboard 2023 Data, Historical Compensation Report Data

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Our Industry Leans Heavily into more “Concrete” Screening Tools

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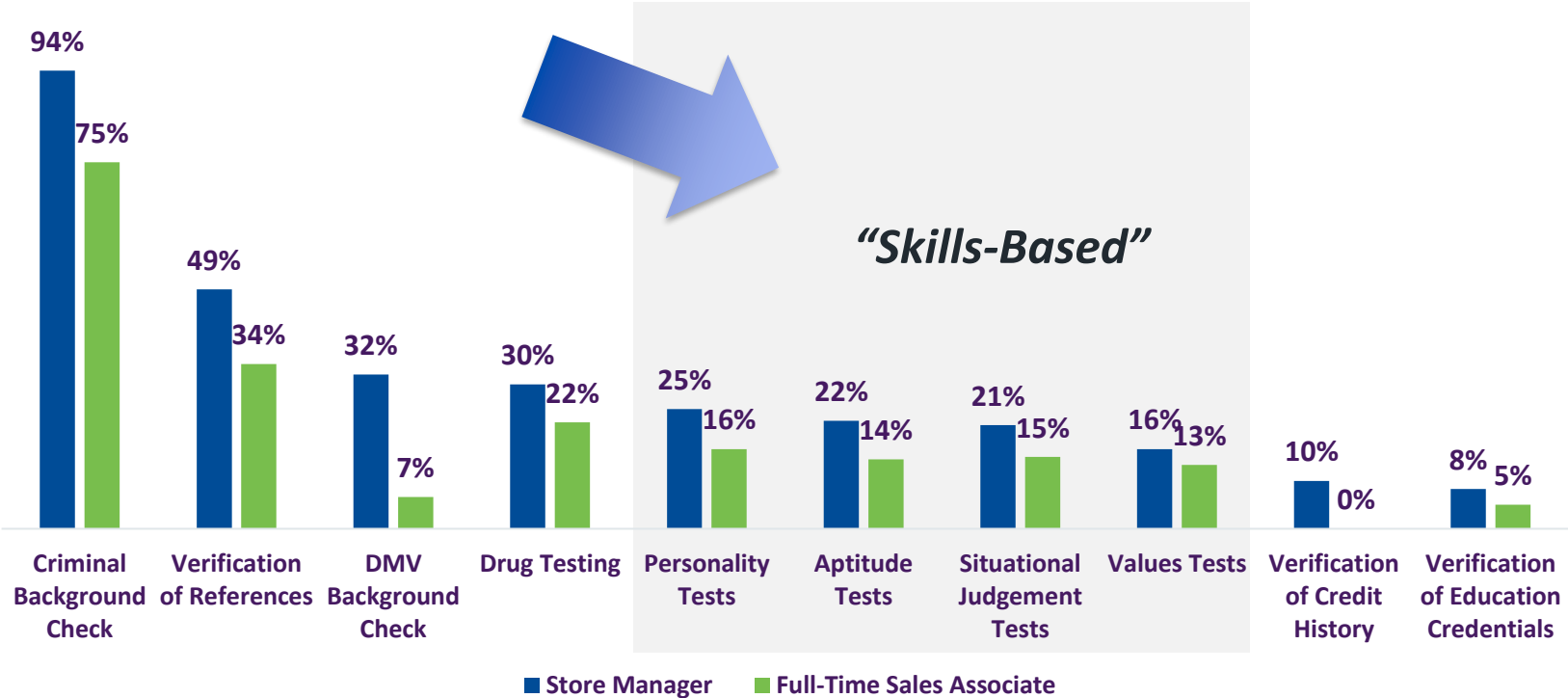
Source: NACS SOI Talent Insights Dashboard 2023 Data

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Leaving Opportunity for Skills-Based

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Source: NACS SOI Talent Insights Dashboard 2023 Data

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A shift from credential-based to skills-based hiring could be a key to filling technical roles amid talent shortages.

~McKinsey & Company

- Offer benefits that are relevant – and stay competitive on wages
- Ensure job descriptions are accurate, up-to-date, and reasonable
- Screen for alignment on values, consider skills-based hiring to widen application pool

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Engaging & Retaining

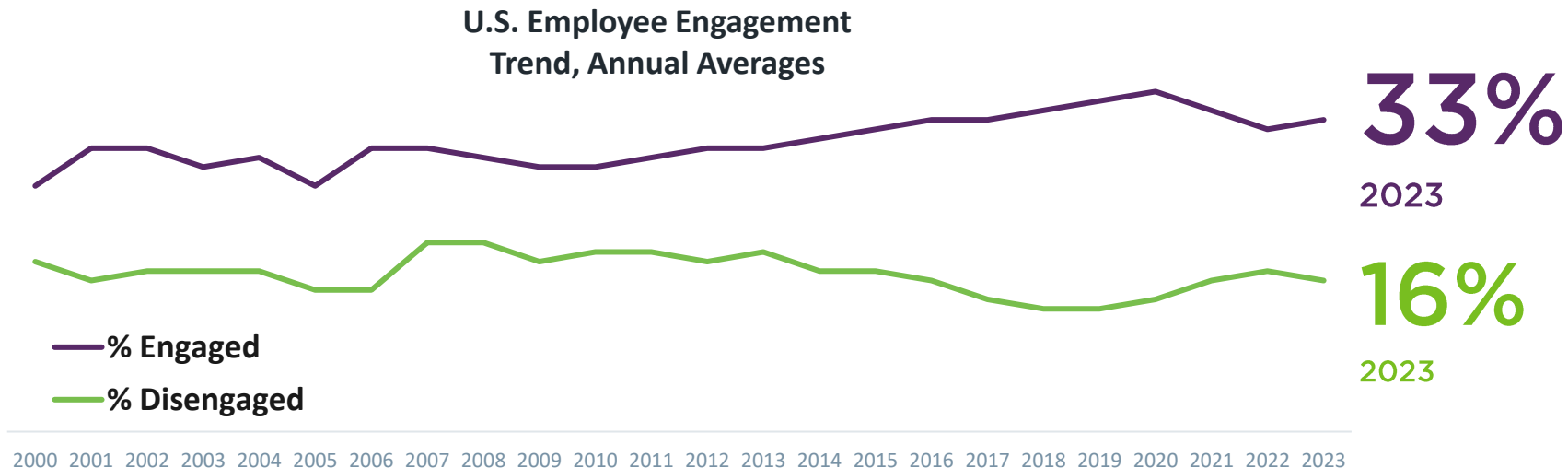
Trend Was Reversed for Engagement and Disengagement in 2023 Compared to 2022

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Not engaged or actively disengaged employees account for about \$1.9 trillion in lost productivity.

~ Gallup

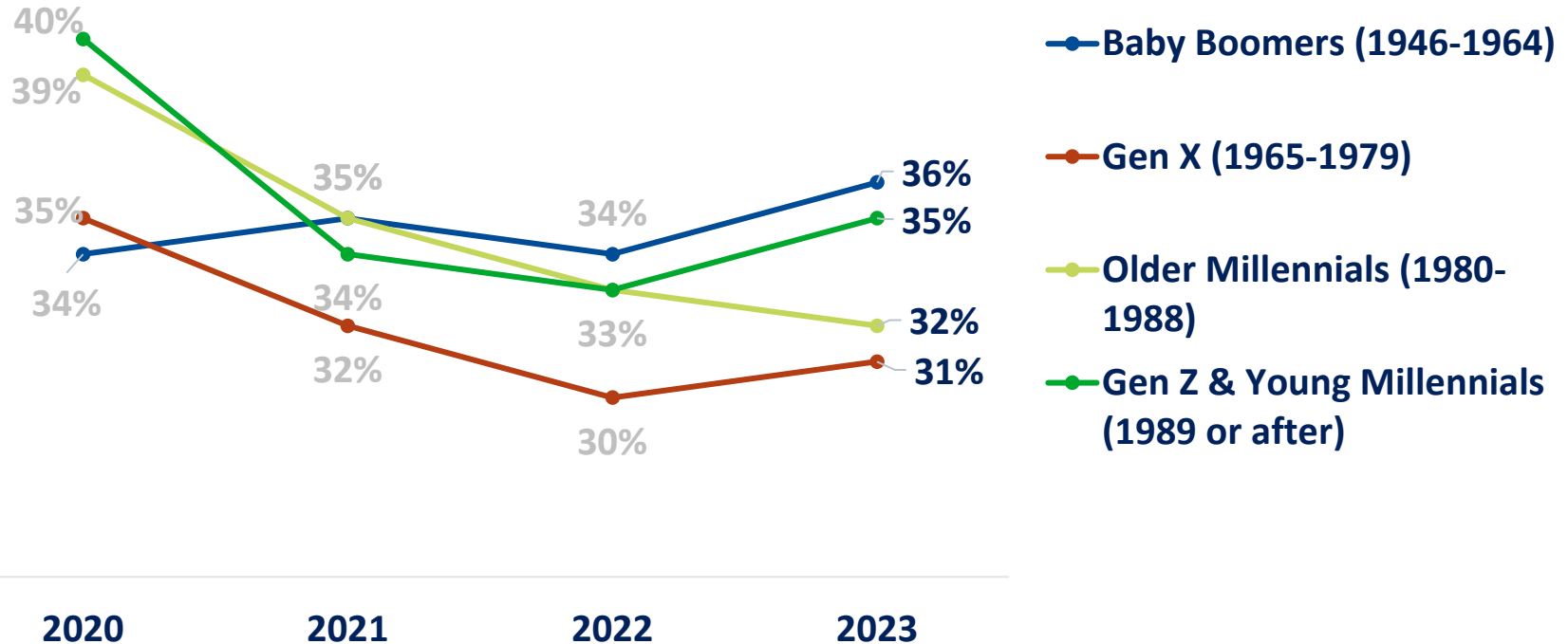


Source: Gallup

Engagement by Generation Shows Baby Boomers Most Engaged, Gen X Least Engaged

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Source: Gallup

What Engagement Means Varies by Company Size

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Small Companies

Employees want to feel confident about the company and its processes.



Mid-Size Companies

Employees want to be appropriately recognized.



Large Companies

Employees want autonomy and transparency.

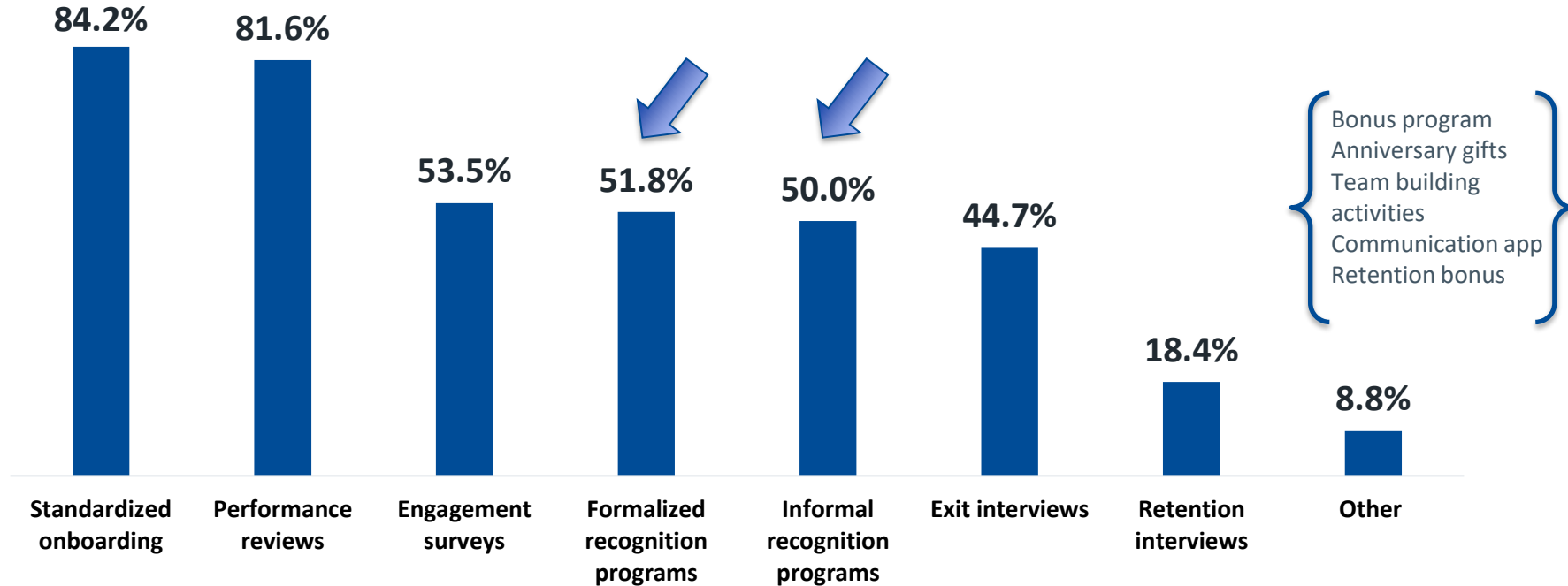


Source: Culture Amp

Employee Recognition as A Retention Strategy

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Data Shows Recognition is Key Factor in Engagement AND Profitability

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“When employees feel valued for who they are and what they do – and are treated like they’re more than cogs in the machine – they act differently, in ways that positively impact their teams and organizations.”

↑ 9% improvement in
productivity

↓ 22% decrease in
absenteeism

↑ \$91,989,474
in gained employee
productivity

↑ \$3,801,336
due to fewer unscheduled
absences

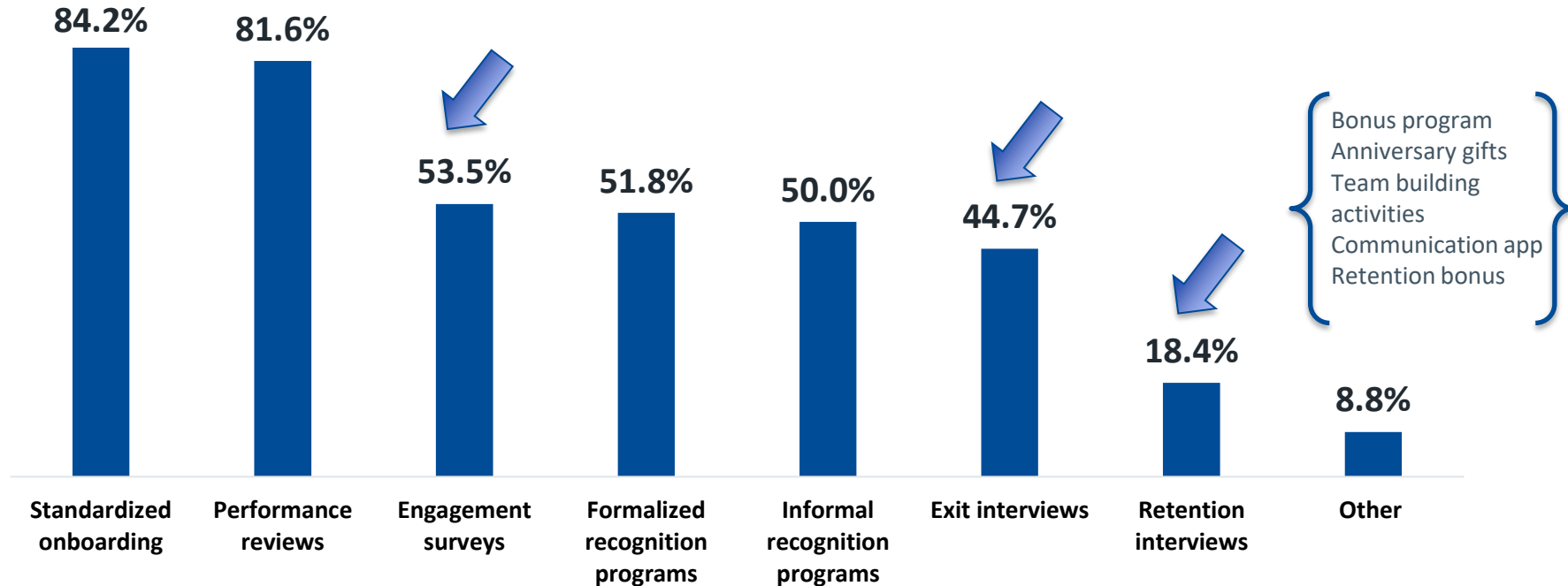
Source: Gallup/Workhuman

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Surveys & Interviews as A Retention Strategy

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Source: NACS SOI Talent Insights Dashboard 2023 Data

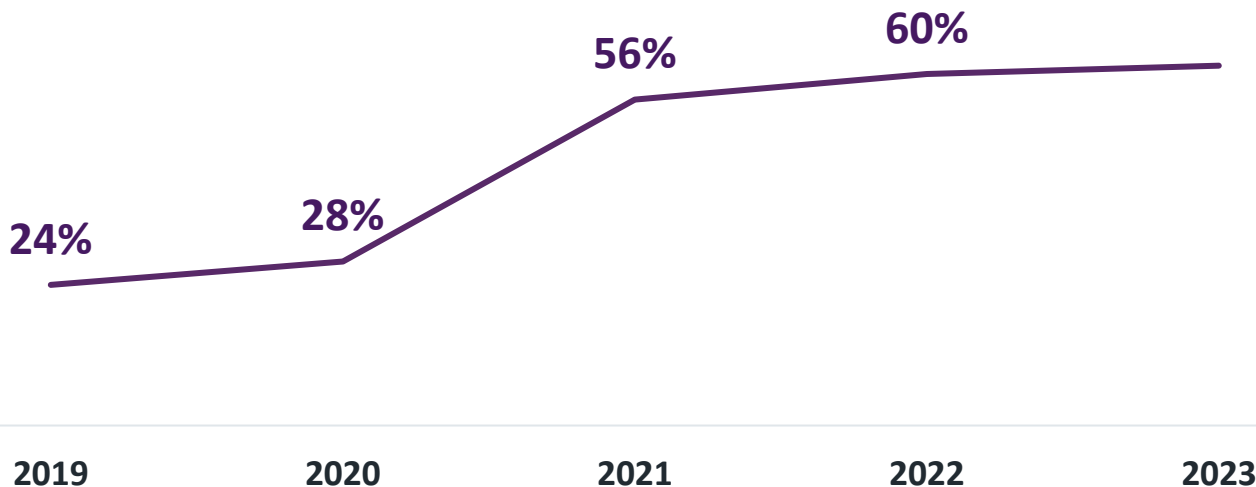
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Our Industry is Increasingly Utilizing Employee Engagement

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% of Companies
Conducting Employee
Engagement



61.4%

2023

Average Frequency
Once a Year

Source: NACS SOI Talent Insights Dashboard 2023 Data, Historical Compensation Report Data

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Exit interviews can provide invaluable feedback!

Use Exit Interviews To:

- Gather important feedback
- Show that you are listening
- Improve for the next employee

***Caveat: You Must Take
Action On Feedback Received –
Or You'll Lose Trust*

% of Companies Who Conduct Exit Interviews for Voluntary Separation

A (1 – 10 stores)	66.7%
B (11 – 50 stores)	63.2%
C (51 – 200 stores)	64.0%
D & E (> 200 stores)	82.4%
All Firm	68.6%

Employee Retention is a Holistic Experience

Coach

Provide recognition when appropriate and constructive and direct feedback when necessary.

Onboard

Make expectations clear and provide connection between the role and the organization's long-term goals. Overcommunicating is always better.

Grow

Allow for growth opportunities or role diversifications. Empower employees to seek to learn more. The enemy of growth is boredom.

Hire

Hire for quality and alignment on values.

Engage

Conduct employee engagement surveys or programs to constantly improve on employee experience.



- There are opportunities to engage more with employees, and what that means may vary by company
- Engagement tools can include: recognition programs (formal and informal), retention (stay) interviews, exit interviews
- Collecting feedback is important, acting on it is critical

- The labor market is shifting back towards employers – you can be more selective in hiring
 - Gen Z expectations are different than prior generations
- Recruiting & Hiring
 - Manage expectations (starts with the job description!)
 - Benefits that attract may differ from benefits that retain
 - Skills-based hiring may widen your employee pool
- Engaging & Retaining
 - Engagement can mean different things to different people (consider generation, company size, career phase)
 - Accept and act on feedback
- Intervention at all phases of employee experience can nurture engagement and retention

Thank You.

