**RESEARCH REPORT**

# Moving Up

## Talent Strategies for Retail Businesses to Help Frontline Workers Advance

*Molly M. Scott*      *Shayne Spaulding*      *Christian Collins*      *Semhar Gebrekristos*
*June 2021*

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# Preface

Work on this report began in a very different world, long before the COVID-19 pandemic. With unemployment then at historic lows, interest in advancement strategies among retail businesses was growing as they vied for talent in an ever more competitive marketplace. Many retail businesses that had launched and maintained e-commerce as part of their operations still relied primarily on brick-and-mortar stores to reach consumers. And health and safety made up only a small part of the conversation about workers' well-being and business success.

More than a year later, much has changed and evolved for the retail sector. The initial shutdown hit retail businesses hard. Between March and April 2020, the sector shed about 2.4 million jobs. And even though numbers have risen again as businesses have reopened, employment is still not quite back to prepandemic levels.[1]

Online retailers and some brick-and-mortar retailers providing essentials such as groceries and medicine thrived; others were forced to shut their doors indefinitely or to scale up their online presence even more quickly. In stores, frontline workers found themselves taking on not only their standard responsibilities, but also trying to keep themselves and their customers safe from the virus. At the same time, businesses began to reflect even more deeply on diversity, equity, and inclusion, prompted by uprisings against police violence, racial injustice, and the disparate health impact of the pandemic on communities of color.

In the wake of the pandemic, many retailers have bounced back and are eager to hire and bring their operations back stronger and better. However, many people in frontline retail jobs—given the risks and hardships they have faced and perceptions of limited opportunity in retail—have opted to look to other sectors for opportunities or have dropped out of the labor force altogether.

The resulting talent shortage has motivated many retailers to explore ways to invest more in frontline staff and more effectively attract, retain, and offer opportunities for advancement. Many strategies in this report can help businesses not only support frontline workers in their internal career trajectories, but also better prepare them with the translational skills to adapt to an ever-changing economy, all while building more resilient, responsive, and equitable retail businesses.

# Acknowledgments

# Executive Summary

Nearly two-thirds of all Americans start their working lives in retail jobs.[2] Because of the breadth and depth of retail careers, many with relatively low entry requirements, these jobs can offer many people a pathway to a middle-class life (Dorfmann 2014).

Many retail businesses are exploring strategies to help frontline workers (such as brick-and-mortar store cashiers and sales clerks as well as e-commerce stock clerks, warehouse packers, delivery drivers, and call-center staff) advance through an internal career progression or a platform for external job opportunities. And yet we understand very little about these strategies. To effectively support retail businesses and workers, retailers need better information on what approaches to use, and policymakers and the public need a better understanding of the range of practices available.

To this end, the Urban Institute embarked upon a study to document how retailers design, implement, and think about approaches to advancement for workers on the front lines. We interviewed human resources (HR) and learning and development professionals in 16 large retail companies.

On the basis of these interviews, we gathered insights into the challenges businesses face hiring talent, the strategies they use to help workers advance, and the metrics that show whether their strategies are working. We also gleaned insights about what policymakers should know and do to support businesses in these efforts.

## Understanding People and Pathways

Designing effective advancement strategies that yield high value for frontline workers and help strengthen the retail businesses requires strong leadership from executives and a more extensive infrastructure that supports these goals. Leading businesses can apply several different strategies:

- Regularly assess pain points in the talent pipeline, set accountability goals, and conduct ongoing analysis to understand the effectiveness of advancement and other people strategies.

- Map out career pathways, namely ways to advance.

- Clearly define the competencies, behaviors, and experiences needed to advance.

- Get to know frontline workers by analyzing HR data, engagement surveys, Glassdoor reviews, roundtables or discussion groups, and culture studies and by deliberately codesigning advancement strategies with workers.

- Set up flexible HR and payment systems that allow frontline workers to perform different duties, develop various skills, and be paid for those skills.

# Preparing Local Managers to Champion and Support Advancement

Local managers often have a great deal of interaction with frontline workers. Managers can support frontline workers' advancement in many ways, but they must be prepared and trained to do so. Companies can take several different approaches:

- Share talent pain points and metrics with local mangers to present the benefits of developing frontline workers.

- Set performance goals related to talent development to hold managers accountable and reward excellence.

- Give managers a separate corporate budget to cover training and development activities so funds do not come out of each store's budget.

- Actively train managers on how to mentor and support frontline workers and provide tools to support their work.

# Elevating and Planning for Advancement Opportunities

Understanding advancement opportunities can make the difference between an employee choosing to stay in the retail industry or switching to a new career field. Retailers are trying several strategies to signal their willingness to invest in their employees' career development:

- Embed specific information about opportunities to advance into onboarding and standard training.

- Impart skills on how to navigate advancement opportunities. For example, train workers on how to look for a job within the company, how to prepare for an interview, and how to have a conversation about advancement with their supervisor.

- Take an active approach to career planning and development by using targeted behavioral nudging to prepare frontline workers for promotion, and set aside time each quarter for managers to discuss career planning with their supervisees.

- Assess frontline employees not only on performance, but also on potential and interests.

- Consolidate all company job opportunities in one centralized online location, ensuring it is genuinely accessible to employees, and use strategic push communications to make opportunities more visible.

- Develop complementary online tools that allow frontline staff to identify the options that are the best match for them.

## Providing Meaningful Training Opportunities

Training is an essential component of a retail advancement strategy. Training for advancement in retail can take many different forms, but businesses implementing promising practices often use the following strategies:

- Expand access to training to include anyone interested in learning new skills, not just workers who have stayed a certain number of years or who are already in a new role.

- Cross-train workers to build skills and provide workers and employers more flexibility.

- Provide access to self-administered, self-paced microlearning through customized apps or other tools.

- Offer more time-intensive training options or more formal apprenticeships for those moving into management roles or more highly skilled positions.

- Recognize and reward training completion and demonstration of competencies with certificates, bonuses, or pay bumps.

## Tailoring Educational Assistance

Educational assistance (help paying tuition or other fees) can provide workers with educational opportunities they may not otherwise be able to access. Traditionally, retail employers have used

educational benefits as a tool for attracting talent at higher rungs on the career ladder. Companies use several strategies in this domain:

- Expand eligibility beyond management to frontline workers.

- Align with internal talent development strategy, such as by covering the cost of coursework that advances company priorities or helps workers transition between steps on the company's career pathways.

- Boost retention and engagement in the short term by targeting educational assistance programs to cover the costs of credentials that help workers access higher-paying jobs outside of the business in the medium or long term.

- Pay education costs up front, rather than by reimbursement, to boost participation of frontline workers who have limited personal income and savings.

## Supporting Businesses in Frontline Retail Workers' Advancement

Businesses cannot do this work alone: they need many different stakeholders to actively support retail workers.

- **Policymakers** can work to expand the federal resources available for training frontline workers, increase tax benefits for businesses providing educational assistance, and encourage greater transparency in businesses' investments in people.

- **Education and training providers, along with US workforce systems**, can better align programs to business needs, develop learners' digital skills, help with career navigation, and be more transparent about the skills and competencies their programs impart and about real-world data on employment outcomes.

- **National and local industry groups** such as the US Chamber of Commerce and local chambers can educate the public, policymakers, and the workforce system about opportunities in retail. They can also advocate for advancement as a part of diversity, equity, and inclusion strategies. Finally, they can provide a platform for sharing and collaborating on promising advancement strategies, and they can disseminate free or low-cost tools, resources, and data standards.

# Frontline Workers and Advancement

The retail industry directly employs 32 million Americans and accounts for a further 20 million jobs through indirect and induced impact. These 52 million jobs account for almost 26 percent of US employment, making retail the largest private employment sector in the US. Since 2010, retail has created more jobs than any other sector of the US economy, accounting for 4.5 net new jobs created over the period.[3]

Nearly two-thirds of all Americans start their working lives in retail jobs.[4] These experiences shape foundational skills and knowledge that can help workers advance both within the sector and in other unrelated careers.[5] Because of the breadth and depth of retail careers, many with relatively low entry requirements, the sector can offer many people "a pathway to a middle-class life" (Dorfmann 2014). Creating pathways and opportunities for frontline retail workers to advance is important.

Many retail businesses are exploring strategies to increase the retention necessary to stabilize and invest in frontline workers and to facilitate advancement in the retail sector. Yet we understand very little about those strategies. Retailers need better information on how to better support frontline workers in their career progressions, and policymakers and the public need to better understand the range of different practices occurring in the sector better inform their opinions and construct better policy.

To this end, the Urban Institute embarked upon a study to document how leading retailers are thinking about, designing, and implementing approaches to advancement for workers on the front line.

## How We Define "Retail"

Retail trade is generally defined as the activity of selling of goods directly to the ultimate consumer, when those goods are usually not transformed in the process of the sale. The US statistical bureaus use the North American Industry Classification System (NAICS) to define industry sectors. Using NAICS, retail trade is often defined as sectors 44 and 45, making up 12 diverse subsectors including auto sales, gas stations, and nonstore sales, as well as other more traditional retail sectors. In many cases, NAICS 722, which comprises food services and drinking places, is included as a retail sector.

The US retail trade sector comprises more than 3.6 million businesses, including nonemployer and family businesses. These businesses account for almost 4.2 million establishments, or stores, across the country. The vast majority (98.5 percent) of these are small businesses with fewer than 50 employees. Almost 91 percent of retail businesses have fewer than 10 employees, making the retail sector a key driver of small business ownership and employment in the US. Retail businesses with fewer than 10 employees account for 5.1 million directly employed jobs, or about 16 percent of total retail employment.

Employer businesses (businesses that have one or more employees) account for almost 650,000 retail businesses. These businesses tend to be more diverse than US businesses as a whole. Minority-owned retail businesses account for 22.4 percent of total retail employer businesses compared with 17.7 percent for the nation. Retail businesses owned by women account for over 20 percent of retail businesses versus 19.7 percent for the US overall.

In terms of economic impact, the US retail industry accounts for $1.6 trillion in direct GDP contribution and $3.9 trillion in total GDP contribution to the US economy. "Total GDP contribution" includes direct economic impact as well as indirect and induced impacts that result from the economic activity of the retail sector. In total, the retail sector contributes almost 19 percent of total US GDP.

The retail industry has undergone a rapid transformation in the past several decades as technology and digital transactions have shifted power to the consumer. This has required retailers to invest heavily in in technology to provide true multichannel transactional capabilities. This shift has also changed the nature of the skills and roles retail firms require as they adapt to ever-evolving consumer habits.[6]

These changes are not only applicable to retail headquarters roles, where digital skills are growing in demand, or to the many fulfillment roles that retailers are currently hiring. They are also highly relevant to store-based frontline employees, who must adapt as the digital and physical channels become less defined and digital sales are more commonly seen as the responsibility of all employees. It is thus of great importance that retailers develop and provide training programs that help their workforce adapt to the ever-changing nature of modern retail.

## Who Frontline Workers Are

The retail industry does not formally define "frontline jobs." As we defined the term in our companion report *Frontline Workers in the Retail Sector* (Loprest and Mikelson 2019), we use it to mean retail jobs

that generally require minimal or no prior work experience and that could be called "entry level"—the first rung on a retail career ladder. The definition includes various occupations that reflect the changing nature of retail work, including not only workers in brick-and-mortar stores, such as cashiers and sales clerks, but also those working in e-commerce and home delivery, such as stock clerks, warehouse packers, delivery drivers, and call-center staff.

Frontline retail workers are diverse. They come from all age groups, with a median age of 40, and they roughly mirror the American working population in terms of race and ethnicity: 62 percent are non-Hispanic white, 17 percent are Hispanic, 13 percent are Black, and 5 percent are Asian. Men slightly outnumber women, about three to two.

The majority of frontline workers have completed at least some education beyond high school, and a little more than one-quarter hold some sort of degree: 14 percent had a college certificate or a two-year degree, and 14 percent had a bachelor's degree or higher. Another 13 percent are working and studying at the same time, mostly to complete an undergraduate degree.

Retail work is not simply a short-term vocation for most frontline workers. Nearly two-thirds have worked in the sector for more than a year, and a majority (63 percent) work full time. Even though most retail businesses are small, for most people working in retail, this means working for a large business; three-quarters of frontline retail workers work for employers with 1,000 or more employees.

## What We Mean by Advancement

"Advancement" is also a difficult term to define. For this report, we define it as a change or expansion of job responsibilities associated with greater earnings and opportunity, and possibly a change in job title (box 1). Frontline workers can advance along different pathways:

- **Lateral moves:** In some cases, advancement can happen through lateral moves to bigger, higher-volume stores or other parts of the business that enable workers to work substantially more hours, earn more, acquire new skills, or further develop existing skills.

- **Specialization:** Some workers unlock advancement opportunities by deepening their expertise in product knowledge or sales. For example, frontline workers in a high-end grocery might develop expertise in cheeses or wine; associates in an electronics store might become experts in home entertainment systems; or other workers might develop expertise in social media marketing to extend their sales techniques beyond the store. Associates are then able to help drive revenue to the business, and business can invest more in those associates in turn.

- **Management:** One of the most common paths for frontline retail workers is acquiring expertise in managing people and operations to advance along a management track, moving from frontline associate to supervisor to assistant manager to general manager. The number of steps along the way depends on how teams are staffed and structured. This track is more viable in large brick-and-mortar businesses, where there are multiple levels of hierarchy, and more challenging in a warehousing environment, where there are hundreds or thousands of frontline workers and very few management positions.

- **Internal career changes:** Because wages vary among frontline occupations, workers can sometimes advance by switching to other frontline jobs that pay more (Loprest and Mikelson 2019). Many people hired into frontline jobs may have training, degrees, or certifications that align with internal talent acquisition needs. For example, a cashier may have studied marketing, or a warehouse stocker may be earning a degree in graphic design or human resources (HR) management. This education and training can facilitate advancement through moves to different parts of the business, such as regional or corporate offices.

- **External career transitions:** Internal advancement opportunities may be limited by the structure of the business. Advancement may best occur when it empowers frontline workers through investments in training and education that allow them to transition to high-value career opportunities outside of retail.

BOX 1

**Reinventing Advancement in the Wake of the COVID-19 Pandemic**

The pandemic accelerated one big-box retailer's thinking about advancement, because the business had to think more flexibly about how to deploy its workforce throughout its stores. Before the pandemic, advancement occurred mostly within the context of a particular store, through the management track or through specialization in specific departments. During the pandemic, the business modernized its management systems, enabling employees to work in different roles at different stores as needed or to be deployed to provide in-home direct customer service as appropriate. This system allows store greater flexibility and capacity while empowering employees to develop and hone new skills and to increase their hours and earnings.

# Who We Talked To

From January to June 2020, our research team conducted hour-long phone interviews with HR business professionals in talent acquisition, learning and development, performance management, and organizational effectiveness at 16 large retailers. We focused on large retailers both because they employ the majority of frontline workers in the industry and because they have enhanced capacity to develop and implement advancement practices.

These retailers represent a wide variety of retail business types (table 1). Most are primarily brick-and-mortar stores, although many have an online component. Only two are exclusively electronic or mail-order houses. General merchandise stores (3) are the largest group, selling broad varieties of products, but when grouped together, hardline retailers (i.e., retailers that sell physically "hard" products such as sporting equipment, appliances, or electronics) made up a large share of the businesses (6).

TABLE 1

**Description of Interviews Conducted**

|  | Total |
|---|---|
| **Type of frontline job** | |
| Sales associate/cashier, etc. | 15 |
| Call-center/remote customer service | 6 |
| Distribution centers | 11 |
| **Type of advancement** | |
| Lateral | 3 |
| Specialization | 7 |
| Management | 16 |
| Internal pathway change | 3 |
| External transition | 1 |
| **Type of retail** | |
| Electronic and mail-order houses | 2 |
| Office supplies, stationery, and gift stores | 1 |
| Clothing and clothing accessories stores | 2 |
| Sporting goods, hobby, and musical instrument stores | 3 |
| Gasoline stations with convenience stores | 1 |
| Grocery stores | 2 |
| Electronics and appliance stores | 1 |
| General merchandise stores, including warehouse clubs and supercenters | 3 |
| Home furnishings stores | 1 |

**Source:** Urban Institute interviews with human resources and learning and development professionals in the retail sector.

Interviewees spoke to the experiences of several different types of frontline retail workers. Almost all (15) described what advancement looked like for people working customer service jobs at brick-and-mortar stores in roles such as sales associates and cashiers. Many (11) acknowledged

frontline workers in distribution centers that feed both brick-and-mortar and online operations, but with few exceptions, the people identified for interviews tended to be less familiar with these pathways or acknowledged that they were less developed than in other areas of the business.[7] To some extent this was also true of the handful of HR professionals (6) that highlighted call-center frontline workers in their interviews.

In terms of advancement, all the interviews described practices designed to help frontline workers advance along a management track. Advancement through enhanced product knowledge and role specialization was also common (7), while other types, particularly transitions to unrelated careers external to the business, arose less frequently in our conversations.

Our research team also reviewed relevant literature and consulted with other professionals at national organizations on best practices in the retail sector and in business in general. These conversations helped contextualize the core interviews and provided additional insight into how policymakers, training and education institutions, and industry associations can support businesses' efforts to strengthen advancement for frontline workers.

Talking about people metrics was particularly difficult for many of the retailers. A few had sophisticated methods for tracking and analyzing the effectiveness of their advancement strategies, but they were the exception. Thus, the metrics highlighted in this report reflect a combination of ones used by retailers and ones the research team constructed using both input from experts and practical evaluation experience.

## Roadmap for This Report

The subsequent chapters of this report present an overview of the different strategies that retail businesses are taking to support advancement of frontline workers. The first of these chapters centers around how executives and upper management can establish a framework for effective advancement strategies. The second outlines the how businesses can prepare and support local managers. Later chapters outline how retailers can not only make opportunities for advancement more visible to frontline workers but also take a more proactive approach to professional development, extend meaningful training and development opportunities, and calibrate their educational assistance approaches to support advancement. Each chapter outlines challenges, strategies, and metrics businesses can use to gauge their progress in each domain. In the final chapter, we identify steps that policymakers, education and training providers, and industry groups can take to support frontline retail worker advancement.

# Strategies to Understand People and Pathways

To design effective advancement strategies that yield high value for frontline workers and help strengthen retail businesses requires strong leadership from executives and a larger infrastructure that supports these goals. This chapter describes the challenges retail management faces in understanding its frontline workforce and the effect of talent investments on key business metrics, and in setting up the systems needed to both monitor the rollout of advancement strategies and facilitate their implementation.

## Challenges

Our conversations surfaced several challenges retail businesses face when designing and implementing effective advancement strategies for frontline workers.

- **Alignment of business and talent strategy:** Many businesses are purposeful in their approach to talent strategy and see investments in human capital at all levels as key to their larger business strategy and part of their organizational culture. But sometimes, operations strategies can be out of sync with effective talent strategies. For example, a business might make costly investments in new technology while underinvesting in the training needed to ensure its successful rollout.

- **Understanding of the value of frontline advancement strategies:** Businesses can easily calculate and track the cost of training, additional benefits, or increased pay. In contrast, understanding how people metrics, such as engagement, retention, promotion, and product knowledge relate to operations metrics such as sales goals or net promoter scores is typically more difficult. Incomplete knowledge of these impacts can make investments in frontline workers feel riskier, particularly when turnover is high.[8]

- **Career pathways:** Retail business models are constantly and rapidly evolving, and the workforce is tremendously dynamic. As a result, many businesses have not clearly mapped out what different internal career paths might look like for frontline workers and how the skills and competencies for different jobs might overlap or complement each other to facilitate upward mobility over time. Creating such a map might also include thinking strategically about

how to design jobs (e.g., deciding a job title's scope of responsibilities or the number of steps within it).

- **Knowledge about frontline employees:** Structurally, frontline workers make up a large percentage of a retail enterprise's human resources. At the same time, turnover among these staff is often the highest. Together, these factors make it very difficult for businesses to understand these workers' skills, preferences, and challenges. Businesses that do not grasp these issues well have difficultly helping workers identify opportunities for advancement that could be mutually beneficial and designing appropriate training and development approaches or other advancement strategies.[9]

- **Management and payroll systems and policies:** Frontline workers may be limited in their possible pathways to advancement because of limitations on how they can be compensated and where they can work. For example, narrowly defined job titles and rigid policies and systems may make it impossible for staff to take on different roles and responsibilities or to work at different store locations where they can gain training or experience needed to advance. Workers may also be unmotivated to engage in training or development if they perceive their potential new pay to be too modest for their efforts.

## Strategies

In the interviews conducted with HR professionals, many strategies surfaced that could set the stage for effective advancement strategies in retail businesses.

- **Lead from the C-suite.** Retail business with deliberate advancement strategies have a clear imperative from executives to align business and talent strategy (box 2). This in turn unleashes internal capacity to follow through on the subsequent steps described in this chapter. One of the professionals interviewed felt strongly that this alignment has to be driven by core values: "I know there's a ton of articles out there now and a lot of research around that purpose-driven organization, but even ahead of all that coming out, we were doing this work, and I think having those anchor points really allowed us to reinforce and bring all of it back into the conversation [about people] and anchor ourselves in something."

**Renewing Company Culture**

One retailer profiled had many old corporate processes, policies, and procedures that made it difficult for local stores to recruit, retain, and advance their associates. Interview questions did not align with competencies or skills. There was no geographic variation in compensation. Employees had to work months in a trial management position with no extra pay or training before they would actually be promoted. The company's director of talent management explained that the prevailing attitude used to be "I'm just going to sit back and see if you take a leadership role or not." A new CEO recently came on board and launched a culture study that has allowed open conversation among leadership of these challenges and launched several structural changes to support both retention and advancement.

A leadership transition at another retailer prompted "a heightened focus on strategy and HR partnership, including elevated expectations for talent strategy and alignment with corporate centers of excellence, and retail operational partners, and cross-functional movement between corporate, retail operations, and supply chain operations." As a result, the business redesigned its talent development strategies to allow associates to move more swiftly through the organization and maximize their potential.

- **Assess pain points in the talent pipeline and set accountability goals**. Businesses can start by assessing some core metrics: turnover rates for different rungs in the career ladder, internal promotion rates, and time and cost to hire at different levels.[10] Some of the most innovative businesses also look at such metrics through a diversity and inclusion lens, which helps them identify differences in access to opportunity and better design advancement strategies (box 3). Some of the strongest strategies include not only examining these metrics, but also setting clear internal goals for improvement and analyzing them side by side or in conjunction with operations metrics such as sales, customer satisfaction, or productivity. At the most advanced level, businesses examine how training interacts with both talent and operations metrics. For example, a business might examine how turnover differs for people who do and do not receive training or compare sales in a store where the manager has been internally trained and supported with sales from stores where managers are outside hires.

BOX 3

**Centering Equity Issues in Redesign of Advancement Strategies**

One grocery retailer described recent changes to the opportunities for training and advancement. Within the company, workers can participate in an apprenticeship program to move from being a clerk to a lead clerk and then a manager in training before moving up to the manager role. Previously, company policy was to not allow someone working in the deli to advance to a management position outside the department. The grocery realized that this was closing off a source of talent and creating equity issues within the company, because a manager in the meat department would not be paid the same as a supervisor in another department. It did not seem fair to make a deli manager become a lower-level clerk in another department to be able to access the higher-paid supervisory roles in that department. The company also looked at data on the gender breakdown of management positions and determined that the old policy was closing off opportunities for women. As the chief operating officer said when he saw the data, "This is not sustainable. What are we missing out on?" By opening training and advancement opportunities across departments, the retailer was able to source talent from within and address gender equity issues.

- **Map out career pathways and ways to advance**. Building on a core understanding of pain points, retailers can next define what it means to advance in their business. As described in the previous chapter, advancement can manifest itself in many different ways, and businesses must clearly define it before deciding on any specific strategies. Once the business has a handle on what it means by "advancement," it can start to map out career pathways, or the sequences of jobs through which frontline workers will pass to improve their skills and strengthen their earning potential. This mapping exercise can also help the business assess where steps are too far apart and how to design more effective progressions (box 4).

- **Define the competencies, behaviors, and experiences needed to advance**. Many of the HR professionals we spoke to talked about the importance of mapping and clearly defining the skills and competencies needed to perform different jobs along the career pathway from frontline positions to management or more highly specialized positions. Mapping and defining help identify what on-the-job experiences, training, education, or mentorship is needed to facilitate moves between jobs. As one HR professional mentioned, "We're trying to tie these competencies more consistently across our organization, as well as tying them much more closely to our values."

BOX 4

**Deploying Experience Maps**

One retailer has created experience maps across five functions or competencies that describe the experience frontline workers must have to advance in different ways. Managers use these experience maps as tools to talk to staff about how to actively plan for the next rung on the career ladder.

- **Get to know frontline workers**. Many of the retailers interviewed described ways that they actively reach out to frontline workers to understand them better and receive feedback on what works and what doesn't in the workplace.

  - **Detailed analysis of HR data:** One business made a habit of regularly analyzing information on the education and prior experience of frontline workers to identify who might already have particular skills and competencies to advance. This analysis is part of its "internal-first" strategy, which prioritizes hiring and advancement from within.

  - **Engagement surveys:** Engagement surveys are used across the sector, but frontline workers are not always included in these efforts. Some of best practices for engagement surveys include making efforts to include all types of employees (including part-time staff in entry-level roles) and administering them more frequently (i.e. a regular series of pulse surveys throughout the year rather than once a year).

  - **Glassdoor data review:** One retail business regularly reviewed the website Glassdoor to see what employees said about their workplace experiences.

  - **Round tables or discussion groups:** Sometimes HR professionals find it useful to periodically convene discussion groups with frontline workers to reflect on the findings and trends in engagement and other surveys. This can help companies uncover the underlying reasons for associate perceptions and craft potential approaches in response.

  - **Ongoing codesign processes:** Some of the most innovative retailers are involving frontline workers in human-centered design processes, particularly for processes or platforms aimed at supporting workers' professional development and enhancing their ability to map out and access opportunities for advancement.

- o **Culture study:** A few of the businesses conducted full studies of their culture as part of a larger overhaul of business and talent strategies. This was usually associated with executive leadership transitions.

- ▪ **Set up flexible HR and payment systems**. Some businesses are limited in the way workers can advance because systems are fragmented. For example, frontline workers might be able to pick up additional shifts working a different role at a neighboring store but are prohibited from doing so because payment is facilitated only through their home store. The most agile systems allow individuals to bill for hours in different locations and define jobs flexibly so that frontline workers can perform different duties and develop different skills and be paid for them. One retailer also made a point that businesses should conduct wage studies to make sure that their pay structure is competitive and can reward associates appropriately as they advance in their career pathways.[11]

## Metrics

Some of the retailers interviewed shared specific metrics they use to holistically assess their approaches to talent and to plan appropriate advancement strategies:

- ▪ retention and turnover rates

- ▪ internal promotion rates

- ▪ engagement rates[12]

Several of the most sophisticated businesses not only analyzed these talent metrics, but also displayed them alongside or analyzed them in conjunction with operations metrics such as sales, productivity, and customer satisfaction Many leading businesses also disaggregated talent metrics by race and gender to monitor diversity and inclusion simultaneously.

## Wrap-Up

With a strong framework in place, retail businesses will be positioned to start designing and implementing specific strategies that will both strengthen their business and allow frontline workers to advance in their careers. The next chapter discusses the challenges of enlisting local management in this effort to empower and support frontline advancement.

# Preparing Local Managers to Champion and Support Advancement

Companies can use local managers to champion the advancement of frontline workers. Local managers often have a great deal of interaction with frontline workers and can help them advance in many ways, but the local managers must be well prepared and trained. Several of our respondents spoke to the importance of getting local managers on board and trained to champion advancement.

## Challenges

Although companies recognize that local managers are key in supporting advancement for frontline workers, respondents shared several related challenges throughout our interviews:

- **Trade-offs between meeting sales and other goals and training frontline workers:** With the competing priorities involved with running stores (such as safety and customer satisfaction) and meeting sales goals, local managers often don't have the capacity to focus on the advancement of frontline staff.[13] Advancement activities can involve the trade-off of taking frontline workers off of the floor during business hours to participate in various trainings, during which they aren't working toward sales goals. As one HR professional put it, "Years ago it was like, 'If we're not selling, then it's not important.'"

- **Paying for training at the store level:** Some companies expressed that when stores don't have a separate budget for training frontline staff, managers may be less likely to use the existing store budget for training time because it takes away dollars needed for basic staffing.

- **Incentives and support for managers:** Other research suggests that diversity and inclusion training is needed for managers to effectively retain frontline workers and train them for advancement (Hanleybrown et al. 2020). If companies don't train managers on how to coach or promote advancement of frontline staff, managers aren't equipped to champion advancement and may not recognize its importance. Further, if managers aren't adequately rewarded for successfully supporting advancement, they may be discouraged from doing so. Mangers may also believe their success relies upon spending time on other initiatives that drive their business.

# Strategies

Across our interviews, respondents discussed several ways they addressed local managers' challenges:

- **Share talent pain points and metrics with local mangers to present the benefits of "putting in time."** Respondents noted that communicating and educating managers on the importance of advancement efforts is critical, even though it is expensive. Many companies shared information on talent metrics and communicated with managers in training meetings or presentations (box 5).

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**Sharing Talent Metrics with Local Managers**

One retailer takes several approaches to communicating information on talent to local managers. The company bring managers together several times a year for leadership training and talent planning. These trainings reinforce the need for local managers to constantly identify talent, and talent metrics are shared. The retailer also uses Tableau dashboards to make talent pain points and metrics available to local managers.

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- **Set performance goals related to talent development to hold managers accountable and reward excellence**. Several respondents explained that measuring talent development is critical to getting managers to understand the importance of championing advancement (most respondents were in the development phase of creating performance indicators related to talent development). When managers have talent development as a part of their defined roles and are assessed on its basis, and not just on store productivity, managers can be motivated to focus on frontline worker advancement. Setting talent development goals holds managers accountable and rewards them for training frontline staff well. As one HR generalist explained, "Leaders are expected to have a succession plan...and that [applies to] our in-store assistant managers [as well]."

- **Give managers a separate corporate budget to cover training and development activities**. Respondents noted that when training comes out of the corporate budget rather than a store budget, managers have greater freedom to take frontline workers off the sales floor to participate in trainings. Some companies gave each store a specific budget, to allocate as

needed, for activities related to frontline staff advancement, such as professional development conversations and trainings.

- **Train managers on how to mentor and support frontline workers**. Managers should know how to provide opportunities for frontline workers who want to move up, and interviewees talked about different ways they invest in and support managers. Many companies expanded their formal management training programs to include training on how to coach and mentor frontline staff. Several companies also have trainings to help managers develop coaching skills, such as how to have conversations about advancement or how to manage people in general. Some companies also talked about providing managers with professional development.

- **Provide concrete tools for managers**. Companies also talked about the importance of giving managers access to tools that can guide advancement activities with staff. These tools can help formalize the interactions between managers and frontline staff. In the next chapter, we discuss specific examples of tools retailers provide to help managers facilitate advancement. As one of interviewees explained, "It's up to [leaders] to create the space and point [managers] to the right resources, and we are working here to make sure the resources are accessible."

## Metrics

Although our interviewees did not mention using the following metrics, companies could use them to measure the impact of the strategies above:

- the number and percentage of managers trained in coaching and mentoring frontline staff

- dollars spent on training managers on advancement of frontline staff

- the number and percentage of managers meeting talent development goals

## Wrap-Up

Implementing strategies that help local managers better engage frontline staff and support their advancement can promote store success and the long-term goal of retention. The next chapter covers how companies raise awareness of and plan for frontline worker advancement opportunities.

# Elevating and Planning for Advancement Opportunities

A key component of an effective strategy for retailers to better invest in internal talent is to raise awareness of potential advancement opportunities for their frontline workforce. Knowing about those opportunities could be the deciding factor in an employee choosing to stay in the retail industry versus switching to a new career field. Moreover, a retailer having an effective communication strategy signals its willingness to invest in the career development of its employees.

## Challenges

From our conversations with retail employers, a common theme was that it is hard for frontline workers to advance if they are unaware of what opportunities exist or how to access them. Without a deliberative strategy for internal recruitment or for communication of advancement and training opportunities, workers may not learn about opportunities to maintain a career in retail past the initial frontline role.

- **Knowledge of what is needed to advance:** Applying for jobs, seeking out training, and navigating advancement pathways requires certain skills and knowledge. Getting the next job requires understanding advancement opportunities, talking to supervisors about those opportunities, applying for these jobs and interviewing, and taking advantage of opportunities to build skills. Frontline workers might not be aware of what they need to do and may lack the skills to write a good resume or to interview effectively.

- **Career development and planning for frontline workers:** Because of high turnover, some retail businesses may not emphasize career development and planning for their frontline workforce compared with other employees. Part of that may be from how little some retailers understand about the existing skills and interests of their current workforce, and that information gap is a barrier to determining the career development support that the frontline workforce would need.

- **Access to job listings:** Opportunities within a certain company may be fragmented by a variety of factors, such as the location of stores or the positions being split between the corporate office and local store locations. Opportunities may also focus on attracting external talent

rather than identifying and promoting internal talent; this approach reduces the frontline workforce's access to those opportunities.

- **Communication strategies:** It's difficult for frontline employees to discover advancement opportunities if communication from their employer is passive. Limiting communication of opportunities to methods such as leaving posters on a bulletin board that employees may or may not see during their shift is not nearly as effective as concrete and targeted efforts to spread awareness.

## Strategies

Companies across the interviews had various methods and initiatives to increase internal communication efforts so that frontline employees would have more knowledge of internal opportunities.

- **Embed awareness of opportunities into onboarding and standard training.** Helping employees understand possible career growth and mobility within their companies gives them better knowledge of what training opportunities to pursue and skills to develop to match their growth interests, which in turn gives their supervisors a better framework to evaluate employee performance. Part of this strategy can be communicating directly with employees during onboarding about career growth opportunities available from their new company roles. Companies can also encourage interest in advancement opportunities by inviting corporate leaders to discuss their experiences advancing within the organization from initial frontline roles, providing concrete examples that investment in skill development and company culture can lead to successful advancement within the organization.

- **Impart specific skills on how to navigate advancement opportunities.** Several retailers we spoke with indicated that frontline workers often didn't know that they could move up or how to do so. Seeing the value of hiring talent from within, some companies have strategies to develop those skills, including trainings on how to have a conversation about advancement with their supervisor, how to look for a job within the company, and how to prepare for an interview. As one retailer put it, "We're really working to prepare people in that way to be successful in those interviews. Again, we're trying to be more proactive in learning about the population and preparing them instead of letting them come to us."

- **Take an active approach to career planning and development.** Companies encouraging the career planning and development of their frontline workforce greatly helps those workers explore advancement opportunities. One method of being active in career planning and development is the use of targeted behavioral nudging in preparing frontline workers for promotion. Setting aside dedicated time each quarter for managers to discuss career planning with their supervisees is also a proactive method of engaging frontline employees.

- **Assess frontline employees not only on performance but also on potential and interests.** Gauging employee interests and evaluating the potential of frontline employees to advance to higher-level retail roles is valuable when promoting advancement opportunities and matching them with employees. Evaluation of frontline employee potential and interest can be incorporated into existing employee review schedules, or it can be the focus of dedicated scheduled conversations with managers. Retailers in our interviews indicated that store locations with managers that more commonly held conversations around advancement and required skills to develop had significantly higher rates of internal applicants applying for positions in the next career step.

- **Consolidate all company job opportunities in one online location.** Providing an easy-to-access resource about advancement and training makes it easier for frontline employees to learn about such opportunities. Employees may see some opportunities as unviable because of several factors (geographic location, department that role is located in, time commitments, etc.). Companies have therefore begun to consolidate information into online portals so employees can easily access and search opportunities across different departments and geographic locations. It is also important to not just build these centralized locations: retailers must also effectively promote them to employees and make them as accessible as possible both in terms of how and when employees can log on to the system as well as in terms of literacy level and language.

- **Develop complementary online tools that allow frontline staff to identify the opportunities that are the best match for them.** Employee profiles are online pages that highlight and provide information about specific employees in a given company, such as their skills or amount of experience. Companies can use employee profiles to demonstrate the skills common in certain roles, match training opportunities to positions requiring those skills, and encourage completion by mandating that certain information be provided during employee onboarding. Internal sites can also serve as leadership development tools by connecting

frontline employees seeking information on advancement opportunities to managers more familiar with those job requirements and by tracking employees' interests.

- **Develop strategic "push communication."** Related to the development of online tools is the ability to rapidly push that information out to all employees connected to a given portal (box 6). This function has been traditionally served by emailing employees, but companies are developing their own apps and websites as new ways to distribute information. For example, apps can easily integrate customized content to fit organizational needs, such as trainings from established online services such as LinkedIn, and they can provide continued access to training opportunities for frontline employees throughout situations such as the current COVID-19 pandemic, when public health restrictions may prevent in-person trainings from taking place.

BOX 6

**Reaching Out to Frontline Workers Proactively**

Push communications can be integrated with other employee resources to better reach employees. For example, a store might place a digital messaging board that contains job and training announcements near the employees' time clock. Companies can use online-based efforts, such as employee surveys, to better understand their workforce. Survey results can in turn be used to better target emails and other communications to employees regarding advancement opportunities.

# Metrics

Businesses can use metrics such as the following to monitor the success of awareness strategies:

- engagement rates of employees with push communication and company apps

- number and percentage of internal frontline applicants applying to higher-up company positions

- number and percentage of frontline staff with skill profiles on company web portals

# Wrap-Up

A deliberative internal recruitment and advancement strategy for a retailer needs effective communication of advancement opportunities to effectively serve a frontline workforce. Knowing about the career growth potential of the retail industry and seeing the investment a company puts into its workforce could encourage more frontline employees to seek advancement within a retail company rather than leaving the industry for other opportunities. Communicating the link between training and advancement more clearly could help some employees become more willing to invest in the training opportunities their employers provide.

# Providing Meaningful Training Opportunities

Training is an important component of a retail advancement strategy. By investing in training, employers can increase engagement among employees and build on the knowledge and experience of frontline workers as they move into higher-level jobs. Training for advancement in retail can take many forms and can focus on different skills depending on the particular retail industry (e.g., grocery, clothing, or electronics) and whether skills are related to work in a store, warehouse, call center, or home office. Some training, such as onboarding of new workers or ongoing training on the store floor, may not be oriented toward advancement but rather toward the functions of workers' current jobs (although strong performance can be important for setting workers up for advancement). In this section, we focus on training connected to opportunities for advancement.

## Challenges

Frontline workers face multiple challenges that can get impede their participation in training for advancement. Similarly, retailers also face barriers in maximizing training as a strategy for sourcing internal talent. Key challenges include the following:

- **Access to training for advancement:** Training is important for facilitating advancement, but frontline workers often lack access to training opportunities that will help them move up. As discussed, this can be because an employer is worried about investing in training if workers are going to leave the company, especially given the rates of turnover in frontline retail jobs. But by not offering training to frontline workers, retail employers may miss an opportunity to engage workers and grow talent from within the company. For businesses that want to tap into the existing workforce to meet goals around diversity and inclusion, it can be particularly important to ensure underrepresented groups have access to training opportunities for advancement.

- **Reward or recognition for gaining new skills:** A barrier to workers participating in training can be that the benefits of gaining new skills are not clear. Training may produce increased expectations about workers' duties without providing monetary gains, promotions, or other recognition that workers have mastered new skills and are expected to do more.

- **Training environments:** The busy retail environment can make it difficult to find time for workers to get the skills they need to advance and contribute to the company's bottom line. In a customer-facing environment, it is challenging to find time for training, and pulling workers off the floor can be expensive. When retailers are operating at large scale, making significant investments in training is difficult.

## Strategies

The retailers we interviewed shared their innovative strategies they had in place to support training for advancement:

- **Expand access to training.** Rather than focusing training on workers who have stayed a certain number of years or who are already in a new role, some retailers we interviewed offer broad access to training. One retailer determined eligibility for training by a frontline worker's interest in learning new skills (see the Strategies section in the previous chapter, where we discuss assessing frontline employees not only on their performance, but also on their potential and interests). Retailers also acknowledged that a worker's best path to advancement might be outside the company but that supporting training is valuable, even for workers who will leave, because doing so engages workers, helping with recruitment and retention.[14]

- **Cross-train workers as a strategy for advancement and to prepare all parties for the future of work.** Several retail representatives indicated that cross-training was an important part of their talent development strategy. Cross-training workers (for example, to work in different departments or different parts of the business) is a strategy for flexibility. This became particularly true when the pandemic required major shifts in operations from in-store sales to online sales and curbside pickup. Cross-training also creates dual advantages. Businesses can more agilely adapt to changes in technology and customer demand, and cross-trained workers can prepare for more diverse opportunities for advancement than would have been available to them otherwise. One interviewee described cross-training as a strategy for preparing for the future, because it gives both the employer and the employee flexibility to navigate changes in the labor market (box 7).

- **Provide self-administered microlearning opportunities.** Technological advances and the ubiquity of personal devices has created opportunities for learning even in the context of a busy retail environment. Retail businesses rely on customized learning management systems

and apps to give workers constant access to training, even while workers are on the store floor. LinkedIn Learning was mentioned by multiple interviewees as a resource for training that could either be connected to customized apps or used as an independent tool for workers to build skills. A related strategy, known as "bring your own device," allows workers to download relevant apps and access training while on the store or warehouse floor, where skills learned can be reinforced while performing them.

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**Cross Training in the Context of the COVID-19 Pandemic**

One retailer had been looking at ways to expand and incentivize cross-training when the COVID-19 pandemic hit. Leadership recognized that more workers would be calling in sick. They developed 20 skill assets across four key positions and implemented a cross-training plan. Next, the retailer will monitor how cross-training and certification related to specialized skills relate to increases in pay.

As another retailer put it, "This is all changing quickly because of COVID. We have been looking toward the workforce of the future. The workforce of the future: 'I am an individual who works at [this business], I have the skill set and it's validated, trainings and validations and demonstration, I can then do jobs that meet these skills in any location.' We are working toward it because we need greater flexibility. Now associates are training on skill set."

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- **Offer high-intensity training for advancement.** For those moving into management roles or more highly skilled positions, retail employers can provide more in-depth and time-intensive training (box 8). In our interviews, we found that the nature of this training varied. One retail employer offered 16 weeks of training for managers that combined in-person training in the store, remote training online, and training in the home office. Others combined classroom learning with opportunities to learn on the job. Several retail businesses offered apprenticeships in which frontline workers could develop competencies needed for advancement while working and applying skills learned on the job.

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**Combining Mentoring and Classroom Learning to Teach Necessary Skills**

One retailer offers a six-week program that encompasses specific rotations with subject-matter experts trained in how to transfer their knowledge about specific areas of the store where they've

demonstrated expertise and leadership. Trainees can take specific coursework on leadership development and topics central to the core business, such as listening and coaching, how to handle confrontation and strategies to delegate, financial management, hiring, the need for emotional intelligence, and diversity and inclusion. The idea is to help workers develop and demonstrate competencies in these areas.

- **Recognizing training completion and demonstration of competencies.** Retail employers can provide different incentives for completion of training (box 9). Some use certificates to recognize that an employee has completed training or learned the desired skills for advancement. Retail employers can also offer monetary rewards through a bonus or pay bump.

BOX 9

**Providing Rewards for Building Skills**

One retailer with a large online salesforce reported that 90 percent of hires for supervisory positions were sourced from within the company. To make this successful, the company relies on a variety of strategies. It is important to make the opportunities for advancement visible as well as the skills needed visible, and the retailer does this through an online platform combined with regular communication with store leadership about training opportunities. To incentivize skill building, entry-level workers can receive an increase in pay for demonstrating they have additional skills beyond the base requirements for a job. Those identified as being ready to move up are placed in a supervisory role while they participate in a leadership development program for six months with strong oversight from senior leaders. They get to learn on the job, receive mentorship, and showcase how they perform in the supervisory role.

# Metrics

Many of the most innovative retailers tracked several metrics to gauge the success of their training and development strategies. Among metrics tracked are the following:

- number and percentage of frontline workers participating in training

- number and percentage who complete training out of those who enroll

- number and percentage of participants who earn certificates

- number and percentage of workers who demonstrate mastery of competencies or skills after completion of training

- turnover rate for frontline workers who participate in training compared with frontline workers who do not

- rate of promotion for those who participate in training

- relationship between training participation and other core metrics (number of guest experiences, sales, etc.)

When possible, it may also be helpful for businesses to disaggregate these metrics to ensure that investments in talent align with diversity and inclusion strategies.

# Wrap-Up

On-the-job training is an important part of an advancement strategy. Innovative approaches involve a variety of flexible strategies to meet worker and retail employer needs. However, other types of learning may be needed for frontline workers to move to different career pathways, either within their current employer or externally. The next chapter discusses the role that educational assistance can play in facilitating such moves.

# Tailoring Educational Assistance

A key aspect in promoting the advancement of frontline workers into higher-level positions is the provision of educational assistance benefits by the company employing said workers. Educational assistance is the practice of an employer paying for part or all of an employee's educational expenses, and it can vary in many ways (tuition reimbursement versus up-front payment, certificate programs versus degree programs, on-site versus independent off-site delivery, etc.). Educational benefits give workers access to opportunities that they may not have been able to obtain without employment by eliminating cost barriers associated with education. Educational assistance programs also directly connect employees to the further skill development required for advanced positions with higher pay that a given company may not have enough resources to provide internally for its workforce. Such programs can also complement internal training opportunities.

## Challenges

Even with the known positive benefits that educational assistance can bring to a company's workforce, businesses still recognize challenges in implementing such programs.

- **Alignment with talent strategy:** Many businesses view educational assistance more as a perk to attract talent than as a tool to further develop skills, knowledge, and competencies among staff that could strengthen both operational performance and advancement for associates.

- **Access and eligibility:** Because of a "perk" mindset, educational assistance has traditionally been available only to certain employees (full-time, exempt, middle to upper management) perceived to be hard to attract and retain. This mindset may exclude many frontline workers who work part time or who tend to experience higher rates of turnover.

- **Structuring assistance as a reimbursement program:** Frontline employees are commonly on the lowest rungs of the pay scale within an organization. Requiring them to pay educational costs before being reimbursed creates a significant financial barrier to educational opportunities.

# Strategies

Interviewees spoke of strategies their companies have used or are considering to increase the effectiveness of educational assistance programs:

- **Expand eligibility for educational assistance.** As mentioned earlier, assistance programs may not be as effective for aiding frontline worker advancement because of limited access and restrictive eligibility requirements. For example, one company only offered educational benefits for salaried employees at the assistant manager level and above, but the company is reconsidering program restrictions to better understand what employees see as important. Reducing program stipulations, such as by allowing any employee with a year of service to be eligible for tuition reimbursement or by expanding eligibility to nonexempt employees, is a common way to increase access and take-up of educational assistance.

- **Align with internal talent development strategy.** Retail companies can increase the effectiveness of educational assistance programs for frontline workers by aligning programs to their talent development strategies. For example, a company can cover the cost of coursework for degrees that align with company priorities, have a heavy retail business focus, or are related to a role within the organization (box 10).

BOX 10

**Aligning Educational Assistance Benefits with Career Opportunities**

One company recently focused tuition assistance on an eight-course retail management certificate program through a partnership with a local community college, with the goal being to help employees discover the career potential of working in the retail industry.

Another company has developed a career choice program that provides assistance for middle-skill associate degrees to open new career development paths for employees. Participants have all of their tuition and books paid for if they enroll in certain associate degree programs and are encouraged to pursue additional development opportunities upon completion, even if those opportunities require working for a different company.

- **Boost retention while helping employees plan for external advancement.** This pathway can help frontline talent transition and advance to other areas of the company if the career pathway from their initial role is narrow. This serves as a retention tool, keeping workers in high-turnover frontline roles by helping them plan for their future. Employers can

acknowledge that upward mobility is lacking for the frontline workforce and target their educational assistance programs to cover the costs of credentials that help workers access higher-paying jobs by providing them with new knowledge and experience.

- **Pay education costs up front**. Whether obtaining a GED or pursuing a postsecondary education, having the funds to pay for education costs may be a significant barrier for frontline retail workers, who often have limited personal income and savings. Through more cutting-edge educational assistance programs, businesses pay the college or training program directly, taking the burden off the employee.

## Metrics

Businesses can employ several metrics to gauge how their educational assistance strategies are working:

- number and percentage of frontline workers who take up or enroll in educational assistance programs

- number and percentage of those taking part in educational assistance who complete their program

- number and percentage of workers who complete a program and are then promoted internally to higher-level positions and pay grades following program completion

- retention rates for frontline employees receiving educational assistance versus employees who do not

As with the training metrics, it may be useful for businesses to disaggregate these numbers by race and gender to align these strategies with larger diversity and inclusion efforts.

## Wrap-Up

Educational assistance programs when implemented effectively are tools both for employers to increase the quality of their workforce and for frontline employees as a pathway to higher wages and promotion to higher-level positions. Complementing access to educational resources with internal training opportunities is a powerful incentive to combat high turnover rates associated with frontline retail workers. These benefits are essential aspects of how retail businesses can build systems to support frontline retail advancement by addressing a financial and opportunity barrier much of the frontline workforce faces.

# Building Systems to Support Frontline Retail Advancement

This report has surfaced insights from retailer employers on strategies to support frontline retail workers' advancement. In addition to the steps individual businesses can take to promote advancement within their workplaces, policymakers, education and training providers, and intermediaries can support employers in advancement of frontline retail workers. In this chapter, we highlight insights from our interviews and from relevant literature and policy analyses.

## Support from Policymakers

Federal policymakers can help lay the groundwork to support and incentivize businesses' investment in frontline workers' advancement.

- **Expand resources available for training frontline workers.** Funding available for training through the public workforce has been declining steadily over the past several decades (Cielinski 2017). The Workforce Innovation and Opportunity Act (WIOA)—the main federal legislation governing workforce development programs and funding—is up for reauthorization, presenting the opportunity to increase the resources available for upskilling. WIOA allows businesses to use resources to support training for current employees, often through on-the-job training (OJT). Through OJT, employer investments in training are matched by approximately 50 percent, with some variation in approaches across states (Barnow and Spaulding 2015). OJT can encourage spending on training for frontline or entry-level workers. An issue with OJT programs—as with many workforce incentive programs—is that employers can find them difficult to navigate and perceive that the paperwork and requirements are not worth involvement in the program. The reauthorization of WIOA offers a possibility to expand available resources for upskilling incumbent workers through OJT and to better align programs with business needs and make them easier to navigate. The US Department of Labor, which along with the US Department of Education oversees WIOA, can provide states with technical assistance on how to effectively structure OJT programs to meet the needs of employers, including retail employers. There are also opportunities to leverage resources to support training, including by creating state matching grant programs for training and

establishing a capital fund for training at either the state or federal level (Fife, Greenberg, and Fitzpayne 2020).

- **Increase tax incentives for offering tuition benefits**. Many businesses offer workers education benefits through Section 127 of the Internal Revenue Code (Fife, Greenberg, and Fitzpayne 2020). From our interviews, we learned that such educational benefits are used more to compete for talent than to support company strategies around learning and development. Further, tuition benefits are often underutilized by workers. Several businesses noted that the cap of $5,250 that could be claimed as a tax deduction was not enough. There is also evidence that the percentage of employers offering such educational benefits has been on the decline in recent years.[15] Fife, Greenberg, and Fitzpayne (2020) recommend steps to modernize the current tax incentives and create new ones to encourage and promote investments in training.

- **Encourage transparency on human capital investments**. To build knowledge of advancement strategies, we need greater transparency about the approaches employers take and better data and metrics. Fife, Greenberg, and Fitzpayne (2020) note that businesses can be encouraged to share more information on human capital investments, including expanding Securities and Exchange Commission guidelines on what companies must disclose and how they disclose it. A step in the right direction was taken in August 2020, when the Securities and Exchange Commission issued amendments to disclosure requirements and acknowledged the important role that human capital plays in affecting the bottom line. Fife, Greenberg, and Fitzpayne (2020) argue that Congress could take further action to increase transparency around HR issues, which could create incentives for investment and provide valuable information on effective approaches. They also advocate changes in accounting standards with respect to the measurement of human capital investments. Another step to increase knowledge about employer investment in skills would be to revive the Survey of Employer-Provided Training, conducted by the Bureau of Labor Statistics in 1993 and 1995. This nationally representative survey provided useful information on employer investments in training, which could be used to understand how federal and state policymakers can best target public dollars to support the investments in training made by employers.

# Support from Education and Training Providers

Our workforce system with its education and training institutions also has an important role to play in terms of supporting retail businesses in their advancement efforts.

- **Better align educational programs with the needs of employers.** Frontline workers interested in advancement need flexible options that adapt to their needs for learning and skill development while working, and employers need programs that teach people the skills they need and are available "just in time." This means workers being able to access content aligned with job requirements and a schedule that can accommodate work. Innovations such as competency-based education, online learning, microlearning, and apprenticeships can each offer advantages to working learners and employers, but educational institutions do not always provide them. Employers can partner with postsecondary institutions to ensure that content is aligned with business needs and help outfit labs with equipment to ensure that students are learning skills that reflect the latest technologies (Scott et al. 2018). Partnerships can be with varied educational institutions, including community colleges, four-year colleges, graduate programs, and proprietary schools. Educational institutions should consider how to offer education and training opportunities that are flexible and that meet the needs of working learners and employers. The Aspen Institute's Reimagine Retail initiative also provides a Facilitator's Guide for education and training providers to help them understand how to work with retailers and customize program offerings (Instituto del Progreso Latino 2020).

- **Develop digital skills and provide career navigation support.** Information about advancement opportunities and opportunities for skill building often depended on digital or app-based platforms. When workers do not have access to technology or lack the requisite digital skills, they may be closed out of opportunities. Education and training organizations need to support the development of digital skills in education and training programs starting at early ages and continuing throughout people's working lives, as technologies constantly change (Hecker and Loprest 2019). We also heard from employers that workers need training on how to navigate advancement opportunities. High student-to-advisor ratios in public secondary and postsecondary institutions can provide a barrier to meaningful career guidance. Using the guided pathways approach—where learners are provided with structured choice, holistic support, and clear learning outcomes—is one way to ensure learning is linked to educational and career goals (Bailey, Jaggars, and Jenkins 2015). Some institutions are using career navigators to support students. Digital skills, like other basic skills, can be integrated or

contextualized within technical skills content. Developing digital and career navigation skills can help workers build resiliency in the labor market.

- **Provide information on programs and outcomes linked to career pathways.** Higher education has tended to be centered around the metrics of seat time and credit hours, which are not always useful to students or employers. Tracking information on employment outcomes as they connect to postsecondary programs of study and course taking is critical for understanding how well institutions are meeting the needs of local employers in both developing the talent pipeline and supporting advancement. These data can also help students to make informed choices and can help postsecondary institutions refine programs to more effectively respond to student, worker, and employer needs.

# Support from Industry Associations and Collaboratives

National organizations can provide leadership and advocacy for forward-thinking businesses, and local chapters can collaborate with partners on a variety of sector-based strategies to support advancement and strong talent strategies in the retail sector.

- **Educate the public workforce system and providers on opportunities for advancement within retail**. With many individuals working their first jobs in retail, many advancement opportunities that exist for workers will be outside of retail. At the same time, we heard from businesses and see in the data that retail offers opportunities for advancement. A challenge for the retail industry in attracting and retaining talent is the perception that these opportunities do not exist. Retailers and industry groups can make these opportunities more visible to the public workforce system and to educational institutions. For example, local retailers or chambers of commerce could leverage a report by the Council for Adult and Experiential Learning (2017) to help illustrate the common employability skills of retail workers and how they map to concrete opportunities in the sector.

- **Advocate for advancement efforts that focus on diversity, equity and inclusion.** Diversity, equity, and inclusion were a driver of advancement efforts among many employers we interviewed. Industry associations and collaboratives can further support advancement efforts and help ensure diversity by promoting and supporting diversity, equity, and inclusion efforts among member companies. The US Chamber of Commerce's Equality of Opportunity initiative, which partners with more than 500 local chambers, can be leveraged in this way.

- **Provide a platform for sharing and collaboration around advancement challenges.** Industry groups can foster collaboration on common challenges and promising practices to increase knowledge about effective strategies to support advancement. National intermediaries like the US Chamber of Commerce or the National Retail Federation can drive such efforts, or this can occur at the state or regional level with support from local chambers of commerce or other local associations. Sometimes the public workforce system, philanthropy, and industry associations can come together in local areas to promote information sharing and problem solving around industry human capital challenges (National Fund for Workforce Solutions 2020). States can encourage collaboration by offering funding incentives to promote partnership (Fife, Greenberg, and Fitzpayne 2020).

- **Disseminate tools, resources, and data standards to inform talent development strategies.** Industry associations can provide access to resources and tools to support advancement efforts. These can include open-source professional development tools, technical assistance materials, or information on data standards that can be used for people-focused metrics. Although we have suggested metrics that could be used to measure different aspects of a company's advancement strategy and progress in this report, evidence suggests that many businesses do not have the internal capacity to systematically capture, track, and analyze them (Scott and Spievack 2019).

# Conclusion

In this report we have laid out several concrete strategies that retail business can deploy to build organizations that support advancement. These include understanding people and pathways, equipping local managers with the skills to champion advancement, elevating and planning for opportunities for frontline workers, providing meaningful training, and tailoring educational assistance. We have also offered strategies for policymakers, education and training institutions, and business groups to support the work of retail businesses in their communities.

As the nation and world recover from the COVID-19 pandemic, these findings should be contextualized:

- With the acceleration of the industry toward online models that might depend more heavily on warehousing and other e-commerce jobs, rather than jobs inside brick-and-mortar stores, retailers must further explore and invest in external career pathways and advancement. There are simply not as many or as varied opportunities for frontline workers to advance from inside a warehouse environment. However, businesses might better retain these staff if they are able to offer educational assistance or other targeting training opportunities that help workers use their jobs as a platform to the next opportunity.

- With rising labor costs, greater demand for automation, and less contact with customers, it's more important than ever for businesses to understand their return on human capital and investments in retention and advancement so that people can be present in those difficult conversations and the costs and benefits can be more accurately discussed. This part of the conversation was often difficult for the retailers that generously shared information about their advancement practices. Building this understanding may require more leadership from executives, a more collaborative greater community of practice in the sector, and other supports.

- With so many smaller retail businesses closed or struggling given the pandemic, it is of even greater importance for big employers, such as the ones consulted for this report, to step up. They employ most retail workers and are best positioned to help frontline personnel advance in their careers. For smaller businesses, industry associations and the public workforce system can support retailers around critical issues related to the training of their workforce and support for advancement.

- With the struggles that most of the retail industry has faced over the past year, it is even more important that policymakers, the workforce system, and industry groups work together to support retail employers in redesigning their systems and training their workers. Many retailers may feel risk averse when making investments in this time of recovery, but this is precisely when such investment is most needed.

The retail industry may continue to transform over the coming years, but will remain an important sector in our economy. There is much that we can all do to make sure that retail provides opportunity for the people who work in it.

# Notes

1 "CES4200000001: All Employees, Thousands, Retail Trade, Seasonally Adjusted," US Bureau of Labor Statistics, accessed June 3, 2021, https://data.bls.gov/timeseries/CES4200000001?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true.

2 Calculated for this study using National Longitudinal Survey of Youth data from Loprest and Mikelson (2019).

3 It is likely that the retail sector accounts for an even larger share of US jobs because of misclassification of employees, given the way the NAICS works. NAICS measures employment on the basis of the main economic activity in the location where an employee works. Given that many retail employees work in locations other than stores, retail employment is undercounted by several million employees. Retailers are building more fulfillment centers and hiring more employees who do not work in conventional store jobs to meet evolving consumer shopping habits. As the retail industry evolves toward nonstore transactions because of the rapid growth of e-commerce, this discrepancy is likely to grow larger over time.

4 Calculated for this study using National Longitudinal Survey of Youth data from Loprest and Mikelson (2019).

5 A survey of hiring managers found that 69 percent say the retail industry equips employees with a wide variety of skills and experience, and 72 percent say it provides its employees with job-skills training. See National Retail Federation (2015).

6 For more information about the need for digital skills, see Digital US's report on the topic, *Building A Digitally Resilient Workforce* (Digital US 2020).

7 For many retail businesses, the distribution and fulfillment functions are newer roles that are still being built or rationalized.

8 Part of the challenge is that many businesses, even those with sophisticated capacity to track and measure operational metrics, lack data and technology infrastructure as well as analytic capacity.

9 Third parties (such as workforce organizations) may be able to help businesses learn more about their frontline workers. The Aspen Institute is working on a tool to help workforce organizations partner with employers to gather input from frontline workers about their experiences.

10 Data platforms such as Working Metrics (https://www.workingmetrics.com/) can help businesses start to track standard talent hiring and retention metrics.

11 Workforce organizations can be a resource for local businesses by providing labor market information, including competitors' data. industry wage data, and living wage data.

12 The Society for Human Resource Management defines engagement as "the level of an employee's commitment and connection to an organization." Futher, "employee engagement has emerged as a critical driver of business success in today's competitive marketplace. High levels of engagement promote retention of talent, foster customer loyalty, and improve organizational performance and stakeholder value." Most employers regularly use surveys to assess employee engagement as an indicator of their businesses' health and success. See "Developing and Sustaining Employee Engagement," Society for Human Resource Management, accessed June 3, 2021, https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/sustainingemployeeengagement.aspx.

13 Case study research shows that businesses that operate with slack (i.e., that choose to schedule more than enough staff to work at the same time)avoid this problem and can still be highly profitable if they combine this strategy with other operational strategies (Ton 2014).

[14] Offering wraparound supports (e.g., child care supports) can also make training for advancement more widely accessible. See Hanleybrown, Hawkins, and Medrano (2019).

[15] "Employee Benefits," Society for Human Resource Management, 2008–2019, https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/pages/benefits19.aspx.

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# About the Authors

**Molly M. Scott** is a principal research associate in the Income and Benefits Policy Center at the Urban Institute. Her work centers around the systems changes needed to ensure that all people are valued for their skills and abilities, can signal them effectively in the labor market, and enjoy a good return on their investments in education and hard work. Recent research has focused on redesigning mainstream high school to be more supportive of young people with adult responsibilities, incentivizing postsecondary institutions to take more competency-based approaches to education, and evaluating initiatives to promote broad-based credential transparency. In addition, Scott has collaborated with employers to document forward-thinking practices in hiring and advancement for frontline workers that promise to be good for people and business.

**Shayne Spaulding** is a senior fellow in the Income and Benefits Policy Center at the Urban Institute, where her work focuses on the evaluation of workforce development and postsecondary education programs. She has spent more than 20 years in the workforce development field as an evaluator, technical assistance provider, and program manager. Her research has examined the public workforce system; community college innovations; employer engagement in workforce programs; services to parents, youth, and noncustodial fathers; people with criminal records; performance measurement in workforce programs; and other topics.

**Christian Collins** is a research assistant in the Income and Benefits Policy Center at the Urban Institute, where he works primarily on the Building America's Workforce initiative. His research interests include workforce development, postsecondary education policy, and the impacts of policy decisions on lower-income and majority-minority communities located in the Great Lakes region. Before joining Urban, Collins worked as an intern with the Center on Budget and Policy Priorities and has also held internships with the Ohio Senate and Columbus City Council.

**Semhar Gebrekristos** is a research analyst in the Income and Benefits Policy Center at the Urban Institute. She conducts quantitative and qualitative research on such topics as career pathways and the intersection of workforce development and childcare. Before joining Urban, she was a research assistant in the education program at American Institutes for Research. She is experienced in statistical testing and reporting and holds a bachelor's degree in economics from Mount Holyoke College.

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500 L'Enfant Plaza SW
Washington, DC 20024

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