



FP Retail Snapshot Takes Deeper Dive into Industry Attitudes Related to Economic Uncertainty

Insights

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The news that the economy has shrunk for a second straight quarter might not come as a surprise to businesses in the retail industry. After all, the results of our FP Flash Survey on Economic Uncertainty revealed that retail employers are more likely to be cautious than just about any other type of employer, demonstrating that they have been seeing the warning signs for some time now. This Snapshot takes a closer look at the survey findings as they relate to the retail industry to provide employers an opportunity to get a better feel for what's going on with their peers across the country.

Most Likely to Slow Down Hiring

The first piece of survey data that stands out is retail employers are the most likely to slow their hiring in 2022 compared to the average business – to a staggering degree. 53% of retail employers are looking to reduce their employee roster compared to just 24% of all employers.

Also Quite Likely to Shrink Employee Roster

Besides slowing down hiring, retail employers are quite likely to be shrinking the size of their workforce – at least compared to the average employer. While only 13% of all employers plan on reducing their employee headcount in 2022, 21% of retail employers say they will do so.

Suggested Plan for Dealing with Hiring Freezes and Reductions

We recommend you review our recent Insight on the Top 4 Things Employers Can Do to Prepare for a Possible Recession – and Top 3 Things to Ease Workers' Inflationary Concerns if you find yourself in the position of having to implement a hiring freeze or reduce your headcount. This could present with you with alternatives you might not have considered and will offer guidance on how to carry out any difficult decisions that you need to take.

Retailers Taking Action to Stem the Tide

The survey also revealed that retailers are much more likely than other employers to take action in order to address the looming economic uncertainty and possible recession in 2022.

- 43% of employers will be looking to identify and eliminate operational inefficiencies, but 56% of retailers will be doing so
- 38% of employers will be aggressively managing cash flow, but more than half (53%) of retailers will do so
- About one in three employers (37%) will be cross-training workers to handle multiple roles, but more than half (56%) of retailers will take this step
- About a quarter of employers will use technology to reduce labor costs, but 41% of retailers will deploy this tactic
- Only 14% of employers will be limiting or prohibiting business travel, but a quarter of retailers (25%) will cut back
- Only 6% of employers will be eliminating operations, offices, or departments, but 13% of retailers will

Finally, it appears that retail employers are more concerned about what may lie ahead than other employers in one key sense. More than one in five (22%) will be investing in preventive efforts such as handbooks, policies, and internal audits to reduce possible legal exposure after expected terminations compared to just 12% of all employers.

More Likely to Raise the Bar on Hiring

Among the steps that employers are now looking to take given the softening of the labor market, retail businesses are more likely to raise the bar on hiring when compared to other employers.

- About one in four employers (23%) generally intend on raising the bar when it comes to hiring to ensure only highly qualified workers are brought aboard, but that number jumps to 31% when we look to the retail industry

Retailers Offering Resources to Ease Employee Fears – But Not Bumping Pay

Finally, compared to other industries, retailers are doing a better job of offering the kinds of resources that will ease employee fears about inflation – but are lagging behind other employers in some other key tangible measures.

- One in three (34%) retailers are increasing mental health resources for their workers (compared to just 24% of all employers) and about the same number (31%) are offering financial wellness and training (compared to just 21% of all employers).
- But the most common tactic taken by employers across the country to reduce inflationary pressure among workers – offering bumps in pay to match cost-of-living increases – isn't quite as popular in the retail sector. While 30% of all employers are doing so, only 19% of retailers are.

- And while one in five employers across the country are holding town hall meetings or otherwise increasing communication with workers to reduce concerns, only 6% of retailers are doing so.

Conclusion

We will continue to monitor workplace law developments as they apply to employers in the retail industry, so make sure you are subscribed to [Fisher Phillips' Insight system](#) to get the most up-to-date information directly to your inbox. If you have questions, contact your Fisher Phillips attorney, the author of this Insight, or any attorney on [our Retail Industry Team](#).

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Industry Focus

Retail