

Retailers Scramble to Attract Workers Ahead of the Holidays

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FULL TEXT

Signing bonuses, higher wages, even college tuition. Companies are using perks to entice new employees in an industry that has been battered by the pandemic.

Macy's is offering referral bonuses of up to \$500 for each friend or family member that employees recruit to join the company. Walmart is paying as much as \$17 an hour to start and has begun offering free college tuition to its workers. And some Amazon warehouse jobs now command signing bonuses of up to \$3,000.

Retailers, expecting the holiday shopping season to be bustling once again this year after being upended by the coronavirus in 2020, are scrambling to find enough workers to staff their stores and distribution centers in a tight labor market. It is not proving easy to entice applicants to an industry that has been battered, more than most, by the pandemic's many challenges, from fights over mask wearing to high rates of infection among employees. Willing retail workers are likely to earn larger paychecks and work fewer hours, while consumers may be greeted by less inventory and understaffed stores.

"Folks looking to work in retail have typically had very little choice —it's largely been driven by geography and availability of hours," said Mark A. Cohen, the director of retail studies at Columbia University's business school. "Now they can pick and choose who's got the highest, best benefits, bonuses and hourly rates. And as we've seen, the escalation has been striking."

Or as Jeff Gennette, the chief executive of Macy's, which plans to hire 76,000 full- and part-time employees this season, put it in a recent interview: "Everyone's experiencing this —there's a war for talent at the front lines. My sense is we all have to raise our game."

While some of the most generous perks, like tuition reimbursement, are being offered mainly to long-term workers, even seasonal workers will see higher pay than usual. It's especially critical for retailers to hire temporary help this year because existing employees are already strained from nearly two years of pandemic conditions. The National Retail Federation, an industry group, is anticipating record holiday sales and has forecast that retailers will hire 500,000 to 665,000 seasonal workers, significantly more than the 486,000 in 2020.

"The biggest risk to retailers and distributors is that they are working their current work force too much," said Scott Mushkin, who founded the financial consultant R5 Capital, based in New Canaan, Conn. "Overtime can only go so far. The work force is tired out."

Mr. Mushkin experienced firsthand just how eager retailers are for workers during a visit last month to a Home Depot in Naperville, Ill.

"I was looking at a sign listing open positions at the store when I was basically accosted by a manager asking if I was interested in applying," Mr. Mushkin said.

Mr. Mushkin said he was struck not only by the manager's desperation but also by the number of positions available. "Basically every job in that store is open," he said. "So who is doing those jobs now? Who is picking up the slack?"

Those pressures may explain why large retailers like Walmart are looking to hire 150,000 additional workers to

supplement its current staff this season. For several years leading up to the pandemic, Walmart offered existing workers extra hours at the holidays but did not start a large hiring blitz. (Existing employees can still sign up for additional hours.) It recently raised its minimum wage to \$12 an hour, and in some stores it is offering new workers \$17 an hour.

Amazon is also looking for an additional 150,000 people this holiday season, which follows a push to expand its permanent work force by 125,000. With giant retailers gobbling up many of the job candidates, enticing new employees is that much harder for others.

Many retailers, like Saks Off 5th, reiterated commitments to remain closed on Thanksgiving this year, a welcome shift for workers after a yearslong trend of shopping invading the holiday. Demanding that employees work in stores that day would probably be a particularly tough sell this year.

Nordstrom, which is aiming to hire 28,600 seasonal and regular employees, said it had increased bonus and incentive pay to as much as \$650 for hourly and overnight store workers, from as much as \$400 last year.

Saks Off 5th said in October that it was raising its minimum base wage for hourly store workers to \$15 per hour—more than double the federal minimum wage—and that it would not offer extended holiday shopping hours this year so that staff could have more flexibility.

Best Buy is allowing job applicants to submit videos rather than coming in physically for a first round of interviews, saying in a recent statement that the videos “can be recorded and reviewed without the need to go back and forth on scheduling.”

The scramble by retailers comes as the American economy is gaining strength, adding 531,000 jobs in October, a sharp rebound from the previous month. But even as unemployment dropped to 4.6 percent from 4.8 percent, the labor participation rate—which measures the share of the working-age population employed or looking for a job—was flat last month, at 61.6 percent. That signals that the pool of available workers remains tight.

“We’re coming out of a crisis we have no experience in dealing with, in which millions of people were furloughed or laid off or removed from the work force, and to think they’ll all show up on certain date to come back to work is kind of silly,” Mr. Cohen said. “Some people are still fearful about coming back to work, especially in a job in which they would be exposed to large numbers of the public.”

While fear of the Delta variant may be keeping some workers away, the retail industry had been loath to impose vaccine mandates for fear that store workers might leave and that it might become even harder to find seasonal employees. A new vaccinate-or-test requirement for companies with 100 or more employees announced by the Biden administration on Thursday essentially forced their hands, though it is not scheduled to take effect until Jan. 4 and was temporarily blocked on Saturday by a federal appeals court in Louisiana. (The mandate does instruct employers to require unvaccinated workers to wear masks by Dec. 5.)

The National Retail Federation was critical of the mandate, saying it imposes “burdensome new requirements on retailers during the crucial holiday shopping season.”

Stephen Smith, the chief executive of L.L. Bean, the outdoor retailer based in Maine, said it has been “incredibly challenging” to hire hourly employees, especially for its more than 50 stores. The chain is not offering bonuses, but it has given priority to new forms of flexibility to attract workers. For example, jobs at its domestic call center are now fully remote.

In stores, Mr. Smith said, “we have changed our shift structure so you can do two- or four-hour shifts” in an attempt to “make it a lot easier if you’re juggling family responsibilities.”

The company has also sought to emphasize its unique benefits, including several paid days off for employees to pursue outdoor experiences.

The challenge of finding workers has put a spotlight on how difficult many retail jobs are and on the short shrift given to many store workers during the worst of the pandemic. They were regularly exposed to Covid-19 and involved in customer conflicts around wearing masks, and they were inconsistently offered hazard pay or other compensation for their efforts. Many retail workers said that they were not properly informed when they were exposed to the virus in stores.

Anthony Stropoli, a personal shopper at Bergdorf Goodman, holds one of the lucrative, client-facing jobs that have been fading in retail in recent years and he noted that luxury retail was a different ballgame. He previously worked at Barneys New York, which filed for bankruptcy in 2019.

"A lot of people do not want to work in retail right now – I really, really see it," Mr. Stropoli said. "People are not feeling appreciated or fairly compensated, and I think this whole Covid thing has made them really rethink that. They want to feel valued."

It all means that workers have more leverage this season than they have in the past. Joel Bines, global co-leader of the retail practice at the consulting firm AlixPartners, said if retailers want to find enough workers this season, they need to pay them more and fundamentally improve working conditions.

"For retailers, who have treated their workers as dispensable cogs in order to increase the bottom line, to say they are shocked that they can't find people to work for them is hard to believe," Mr. Bines said.

"The thing that the industry needs to realize is that workers have agency now," he added. "They have agency in a way they never have before."

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