



2026 SECTOR REPORT

The Future of HR in Canadian Retail

*Challenges, Opportunities, and the
Transformative Role of Employee Recognition*



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Retail is a central pillar of the Canadian economy, [employing nearly 3 million Canadians](#). Yet the sector is undergoing a major transition, marked by the rapidly evolving labour market and changing employee expectations. [In March 2025](#), the sector lost more than 28,000 positions, reflecting structural adjustments and economic pressures.

Paradoxically, despite these job losses, retailers are struggling to fill frontline and mid-level supervisory positions. This disconnect is explained by the elimination of corporate roles, while in-store positions remain difficult to fill due to working conditions, wages, and lack of career prospects.

This guide explores the six major HR challenges in retail in 2026 and demonstrates how employee recognition can become a strategic lever to address them.



2026 HR Challenges in the Canadian Retail Industry



CHALLENGE #1 : TURNOVER RATE

25,9%

Annual turnover rate, compared to the 11,9% national average

19 %

of retail organizations lose at least one hourly employee per week.

42%

retail advisors consider quitting their job

Turnover remains one of the most critical issues in retail, particularly for frontline and mid-level supervisory roles. According to the data, 42% of retail sales associates are considering leaving their job due to low wages, volatile working conditions, and lack of growth opportunities. This high turnover generates significant costs for companies in recruitment, training, and loss of expertise.

"The constant turnover of retail employees has a real impact on customer experience and operational efficiency," explains Laura Hammond, an HR consultant with extensive experience at H&M and Aritzia, [in an interview with RBC](#).

"When customers have less money to spend, every dollar counts. To capture them, you need to offer a positive shopping experience through engaged and skilled employees. But when these employees leave, the organization gets caught in a perpetual recruitment cycle."



Impact on HR and the Role of Recognition

High turnover forces HR to rethink their recruitment practices, growth opportunities, manager training, and organizational culture creation.

To achieve this, recognition emerges as a key lever. When an employee feels valued, their engagement increases and their intention to leave decreases. In fact, [the data shows it](#): companies that practice recognition record a voluntary turnover rate 31% lower than those that don't, across all industries.



CHALLENGE #2 : TALENT ACQUISITION

Recruiting the right talent has become a real challenge in retail, especially for frontline positions and supervisory roles. The causes are multiple: offered salaries are often deemed insufficient, irregular schedules and lack of career prospects reduce the attractiveness of positions. Additionally, traditional recruitment processes are sometimes lengthy or rigid, which particularly discourages Generation Z candidates.

"In today's tight labour market, retailers need to recruit earlier and more intelligently," says Heidi Harman, Senior Director of Retail and Hospitality at UKG, in an interview with [HR News Canada](#).

47,9%

of recruitment targets were met in 2024

29%

of retailers see decreased customer satisfaction when positions remain vacant

38%

of companies report that staff shortages lead to longer wait times for customers

1/3

of managers must work double shifts to cover vacant positions



How to “recruit more intelligently” in 2026?

Adapt the experience to Gen Z preferences

This generation, which is the third largest in Canada and will represent 31.5% of the working population by 2031, conducts job searches via mobile. The application process must therefore be adapted and take less than ten minutes.

Focus on authenticity and transparency

77% of Generation Z says they only apply to organizations with authentic inclusive cultures. Candidates seek employee testimonials, videos showing company culture, and transparency about compensation from the start.

Simplify and standardize processes

Organizations must standardize their recruitment processes to reduce inefficiencies, protect their employer brand, and provide managers with tools for informed decisions. The time between interview request and job acceptance must remain quick to meet Generation Z expectations.

Value existing employee experience:

In a competitive market where candidates actively seek employers who align with their values, satisfied current employees become the best ambassadors. A strong recognition program directly fuels attraction capability by demonstrating that the organization truly values its employees.



Impact on HR and the Role of Recognition

To attract and recruit talent in a shortage context, HR teams must strengthen the company's attractiveness by offering positions and experiences aligned with Generations Z and Millennial expectations.

Recognition plays an indirect but powerful role here: it helps establish a culture where employees feel valued and engaged. This valuation promotes the emergence of ambassadors capable of promoting the organization's culture externally.

When well-anchored, recognition is perceptible from the hiring process, clearly signalling that the organization invests in the experience and development of its staff.

By combining modernized recruitment processes, engagement, and recognition, organizations can transform a recruitment challenge into a real opportunity for performance and strengthening corporate culture.

CHALLENGE #3: COMPENSATION, BENEFITS, AND WORKING CONDITIONS

\$15 à \$19.75

average hourly wage in stores,
varying by province

57%

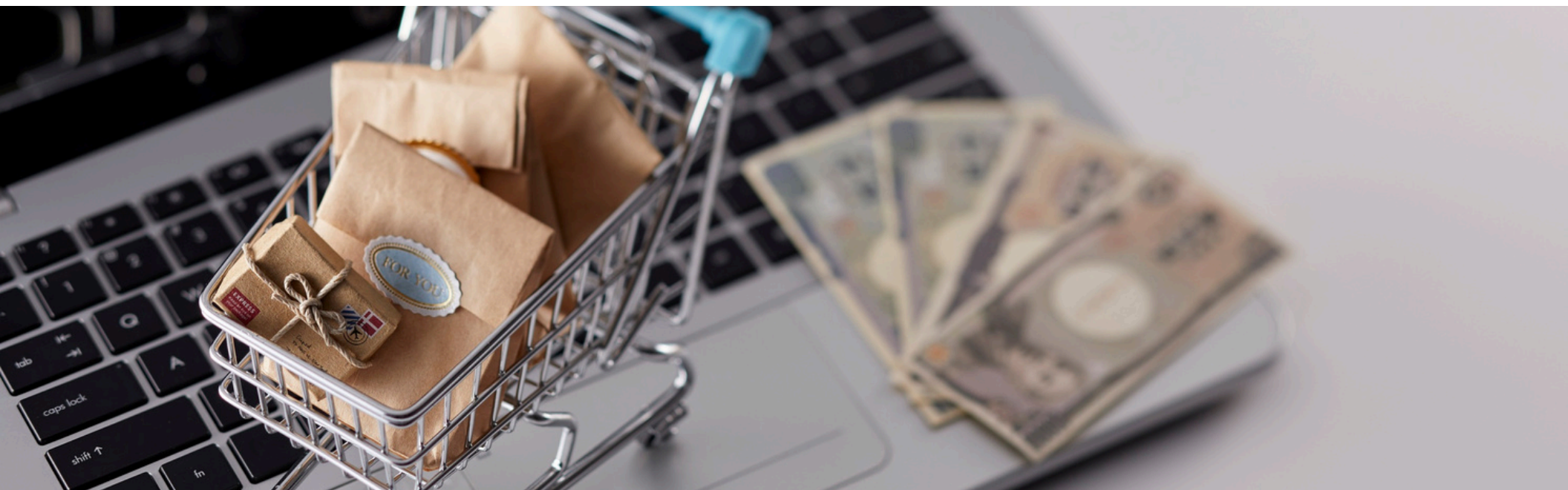
employees work full-time and 42% work part-time,
compared to 83% and 17% for other occupations.

49%

Retail employees work year-round, and 51% have
seasonal positions, compared to 56% and 43% for
other occupations.

One of the major reasons employees leave retail or hesitate to join the sector is related to compensation and working conditions.

The combination of low wages, unstable schedules, and limited career opportunities makes retail particularly vulnerable to attrition and complicates recruitment, a phenomenon amplified by rising cost of living



Impact on HR and Role of Recognition

For HR teams, this challenge requires rethinking total compensation, creating flexible working conditions, and highlighting development opportunities.

Recognition becomes a strategic lever by:

- Complementing monetary compensation by valuing daily work and strengthening sense of belonging
- Improving job satisfaction, even when wages cannot be drastically increased
- Showing that the company truly values its workers for their everyday efforts



Offering development opportunities is a powerful form of recognition, as it demonstrates the employer's confidence in employees' potential. In retail, clear career progression paths transform what is often perceived as a temporary job into a true career, meeting a need for fulfillment beyond compensation.

CHALLENGE #4: SKILLS GAPS AND TRAINING OPPORTUNITIES

According to Statistics Canada, a majority of companies report that their employees don't fully master all the skills required to perform their work at the expected level, a reality particularly marked in retail.

Today's requirements go well beyond basic sales tasks, including technical skills, problem-solving, customer service, and adaptability. These gaps create work overload for experienced employees, limit the ability to promote internally, and slow productivity.

Technological transformation and the rise of e-commerce accentuate these challenges, as employees must now combine operational and digital skills to effectively manage in-store and online operations. For example, in Quebec, more than half of retailers making online sales still generate less than 10% of their revenue through these channels, reflecting a need to strengthen digital skills. Main obstacles include organizational overload, lack of resources, and internal skills deficit.

67,8%

Retail companies report that their employees have skills gaps

45%

of retail employees do not feel prepared to tackle digital transformation due to a lack of training

12

hours per retail employee are allocated for training each year

Impact on HR and Role of Recognition

For HR, this makes training, professional development, and recognition essential to prepare employees for a hybrid, physical, and digital work environment. They must therefore:

- Identify skills gaps and target critical positions requiring training
- Develop adapted training paths, even with limited resources, to support internal progression
- Encourage continuous learning by valuing training efforts and successes

Recognition becomes a strategic lever by:

- Highlighting learning and development efforts, even when immediate promotions aren't possible
- Strengthening engagement and sense of belonging, showing that the company invests in employees' professional growth
- Offering growth opportunities, leading to a 20% increase in engagement and reduced turnover



CHALLENGE #5: CREATING AN EXCELLENT EMPLOYEE EXPERIENCE ACROSS ALL SITES

37%

Retail workers say they do not feel heard by their organization, despite the importance they place on feedback.

19%

employees would recommend their employer as a good place to work.

16%

of employees say they love what their company stands for.

78%

of employees report that recognition and appreciation improve their job satisfaction.

67 %

employees report high levels of stress related to workload.

These figures reveal a concerning reality: the vast majority of retail employees don't feel heard, valued, or connected to their organization. This disconnect has direct consequences on retention, engagement, and quality of customer service.

In retail, providing a quality employee experience is a strategic challenge, particularly for organizations operating across multiple sites. Management practices and recognition can vary significantly from one store to another, complicating the creation of a consistent environment for all.

Employee experience is largely shaped by the relationship with the frontline manager, who represents the main point of contact with the organization and concretely embodies the culture daily.

"For the majority of frontline employees, their experience primarily depends on store leadership. Investing in managers and providing them with the tools to become solid leaders enables them to create a more inclusive and welcoming environment for their teams, while empowering them," explains Laura Hammond.

When practices vary from site to site, employees quickly perceive these gaps as inequities, accentuating the feeling of disconnection. Conversely, equipped managers aligned with a common framework contribute to a more consistent, fair, and engaging experience.

Impact on HR and Role of Recognition

For HR teams, this challenge involves:

- Implementing tools to collect and act on feedback
- Identifying friction points and tracking progress in engagement
- Ensuring managers create a motivating, inclusive, and valued environment across all sites through training

Recognition is a strategic lever that allows:

- Valuing daily work, reducing feelings of disconnection, and strengthening sense of belonging
- Improving job satisfaction, even when conditions and compensation cannot be immediately modified
- Reducing perceived stress by showing employees that their efforts are observed and appreciated
- Promoting engagement and retention by harmonizing employee experience across all stores and sites

With the right tools, it enables a unified and fair experience, ensuring everyone is recognized regardless of their role and location.





CHALLENGE #6 : DIVERSITY, EQUITY & INCLUSION

39%

candidates report having already turned down a job because they perceived the organization as non-inclusive.

75%

Employees believe that diversity policies have no real impact without clear and visible commitment from management.

Retail relies on a highly diverse workforce, in terms of cultural backgrounds, generations, employment status, and personal realities. However, this diversity isn't always reflected in mid-level management and senior leadership positions, creating a disconnect between field teams and decision-making bodies.

This underrepresentation isn't just an equity issue: it has a measurable financial impact. Research demonstrates that store performance increases when employee diversity reflects customer diversity, generating up to \$67,000 in additional sales per percentage point of match. Moreover, in a context where consumers expect brands to solve social problems, the absence of credible DEI efforts can directly harm reputation and talent attraction.

In a multi-site environment, ensuring a consistent inclusive culture becomes particularly complex. For retail employees, inclusion is experienced daily, in interactions with managers, recognition of accomplished work, and equitable access to opportunities.

Impact on HR and Role of Recognition

For HR teams, this challenge involves:

- Supporting frontline managers so they concretely embody principles of diversity, equity, and inclusion
- Ensuring consistency across all stores and sites, making sure corporate DEI principles translate into inclusive daily management practices
- Promoting equitable access to development, recognition, and progression opportunities

Recognition plays a key role in an effective DEI strategy by:

- Enabling fair valuation of contributions, regardless of role, site, or employment status
- Strengthening feelings of inclusion and belonging by showing that every employee matters
- Supporting engagement of employees from underrepresented groups by making their efforts and successes visible
- Translating DEI commitments into concrete actions, experienced daily on the floor.

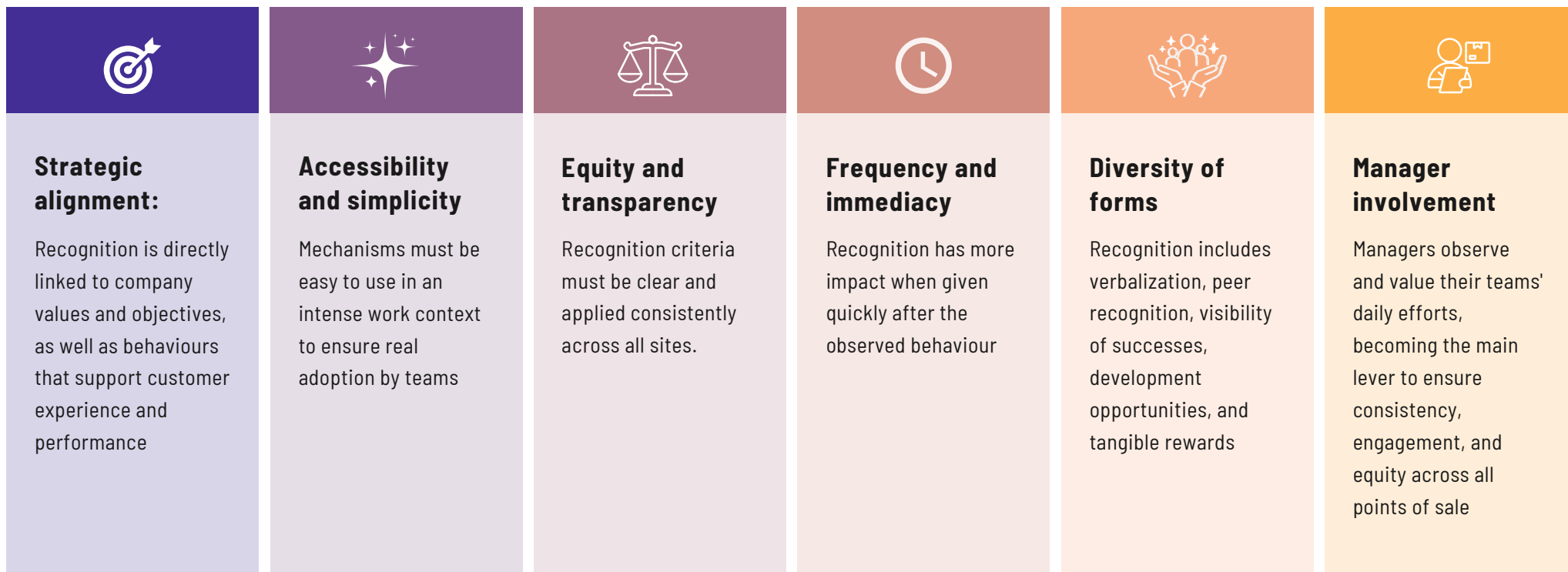


Recognition in Retail



In retail, recognition cannot be sporadic or symbolic: it must be part of a structured framework capable of supporting frontline teams, often dispersed across multiple sites, with different operational realities. An effective framework ensures that every recognition gesture has a real impact on engagement and employee experience.

Such framework rests on six pillars:



By combining these six pillars, organizations structure recognition sustainably, improve employee experience, and enable HR to track and adjust practices according to operational needs.

IMPLEMENTING A RECOGNITION PROGRAM: A STEP-BY-STEP APPROACH

Once the framework is established, success depends on progressive implementation. Trying to deploy everything at once increases the risk of disengagement or inconsistency. A step-by-step approach allows recognition to be anchored in existing practices.

Step 1: Understand the Reality of Different Teams

Before defining mechanisms, it's essential to start from the reality experienced by all teams: frontline staff in stores, logistics teams, headquarters collaborators and more. The expectations of a part-time employee aren't those of a store manager or corporate team member.

This step aims to create a complete picture: observe operational realities, identify what's valued in each context, and understand gaps between what's offered and what's perceived. The [goal is to understand the diversity of needs and perceptions across all sites](#) and hierarchical levels, to precisely target improvement areas and ensure recognition initiatives will have real and consistent impact.

Step 2: Define Clear and Measurable Objectives

Recognition cannot be disconnected from business issues. Clarifying these objectives helps avoid generic recognition and ensures buy-in from managers and leadership.

Examples of Measurable Objectives

- Reduce voluntary turnover rate of frontline employees from 25% to 20% within 12 months
- Increase employee participation in recognition initiatives from 50% to 80% over 6 months
- Improve employee engagement score from 65% to 75% over the following year

Step 3: Create a Clear and Structured Recognition Policy

Before deploying recognition in the field, it's essential to establish a formal policy that will guide all practices across the organization. This policy serves as a common reference for all sites and managers.



An effective recognition policy for retail should define:

- **Objectives and vision:** why the organization invests in recognition and what measurable results are targeted
- **Valued behaviours:** a clear list of actions and attitudes deserving recognition, aligned with company values
- **Available forms of recognition:** informal recognition, formal recognition, peer recognition, monetary or through development
- **Equity principles:** frequency standards, attribution criteria, and mechanisms to ensure equitable access for all employees, regardless of role or site
- **Roles and responsibilities:** who does what (HR, managers, employees) and with what tools
- **Budget and resources:** financial allocation and available support for managers

Step 4: Communicate the Plan and Equip Managers

Once the policy is created, program success depends on adoption by frontline managers. This step aims to train, equip, and mobilize them so they become recognition ambassadors in daily operations.

HR must:

- **Communicate the framework:** present the policy to all managers, explain the why, and provide a simplified practical guide
- **Train to recognize effectively:** teach how to give specific, sincere, and timely recognition, with concrete examples adapted to store reality
- **Provide necessary tools:** demonstrate use of recognition platform or system and ensure managers are comfortable with mechanisms

- **Ensure ongoing support:** designate an HR resource person, organize best practice sharing among managers, and provide site-by-site adoption tracking

When managers feel supported, trained, and aligned with HR vision, they become the main recognition ambassadors and ensure its real impact in the field.



Step 5: Deploy Recognition Program in a Targeted and Integrated Way

Program launch must be conceived as a strategic deployment, not a simple announcement. To maximize adoption, recognition must naturally integrate into existing practices: team meetings, management routines, internal communications, and key moments in the employee journey (onboarding, service anniversaries, goal achievement, peak periods, etc.).

In the retail industry, where managers' time and attention are limited, simplicity is a critical success factor. The clearer, faster, and more accessible recognition mechanisms are, the more they'll be used consistently and perceived as authentic by teams.



Deployment can and should be progressive, prioritizing initiatives with the most impact related to objectives defined in step 2. This approach allows practices to be adjusted along the way, strengthens manager buy-in, and avoids organizational overload.



Step 6: Measure, Adjust, and Evolve the Program

A recognition program is never fixed. Measuring adoption, perception, and impact allows HR to identify what works, what needs adjustment, and where gaps exist between sites.



Examples of performance indicators

Retention Indicators

- Voluntary turnover rate (before/after program comparison)
- 90-day retention rate for new hires
- Average employment duration by site

Engagement Indicators

- [Employee engagement score](#) (quarterly surveys)
- Participation rate in recognition initiatives
- Frequency of recognition given and received per employee

Operational Indicators

- Absenteeism rate by store
- Time to fill vacant positions
- Customer satisfaction score (NPS or equivalent)

Basic ROI Calculation

To learn how to calculate the ROI of recognition, [read our blog article](#) or use our ROI [calculator to run your own analysis](#).

FROM THEORY TO PRACTICE: CASE STUDIES

The framework and step-by-step plan offer a strategic and operational vision of recognition in retail. But how does this translate concretely in the field? To illustrate recognition's real impact, two Canadian case studies demonstrate how retail and service companies applied these principles and achieved measurable results.



ALDO MODERNIZES EMPLOYEE RECOGNITION

THE CHALLENGE

At **ALDO**, recognition for service awards and performance relied on a fully manual process: letters, trophies, gift cards, and limited gift pamphlets handed out in person. This model created a significant administrative burden, offered little variety, and became difficult to maintain with the rise of hybrid work.

THE SOLUTION

In 2023, ALDO chose Altrum's platform to automate and modernize its recognition programs:

- Turnkey management, from invitations to gift delivery
- Unlimited store options and a wide variety of gift choices
- Flexible delivery options
- Automatic notifications to managers
- Dashboards to simplify management and ensure fairness

RESULTS



Increased efficiency:
Reduced manual tasks and errors



Improved employee experience:
A simple process with gifts for every taste



High satisfaction:
Smooth adoption, far fewer employee questions



I've experienced the very, very manual side, then the turnkey side, and I don't see why we wouldn't make the jump to a platform like this. Prices are reasonable, it's smooth, simple, and efficient. I love it. You want to recognize people, but it's often complex, very personal, and every situation is different. A solution like Altrum's really simplifies everything while giving employees choice. It's definitely worth it

- Cassandra Warren, Senior Manager, Corporate Creativity + Events and Recognition

FROM POST-ITS TO DIGITAL: AMIEL CHOOSES ALTRUM FOR PEER RECOGNITION

THE CHALLENGE

Before 2021, [Amiel Group](#) used a physical post-it wall for employee recognition. While well received locally, this system no longer met the needs of a hybrid organization.

The goal: Move recognition into a virtual environment to maintain a culture of gratitude despite distance and new ways of working.

THE SOLUTION

Groupe Amiel adopted Altrum's peer recognition and rewards points platform to create a comprehensive recognition ecosystem accessible to its 350 users.

- Peer Recognition Wall: A social space to highlight colleagues
- Points and Gift Cards: A redeemable rewards system, including local brands
- Badges and Internal Contests: Encourage active participation and showcase behaviors aligned with company values

RESULTS



Inclusive Recognition :
Even less visible employees receive appreciation

66%

of employees use the platform daily, reinforcing collaboration and recognition



Increased Motivation
The points and gift card system adds a tangible dimension to recognition



Altrum's platform allowed us to digitize our approach to recognition. We went from a local post-it wall to a recognition network that connects our dispersed store teams across Quebec. The points and gift card system is really fun—it's a great concept. Our next step is to extend this positive culture across the entire group to maximize employee engagement.

Méliissa Falardeau, CHRP, Amiel Group

5 COMMON MISTAKES TO AVOID IN RETAIL RECOGNITION

After supporting several organizations in retail, certain mistakes recur frequently. Avoiding them can make the difference between a program that transforms culture and one that fades after a few months.

				
Top-Down Recognition Only	Overcomplicating Processes	Neglecting <u>Manager Training</u>	Lack of Consistency Between Sites	Absence of Tracking and Evolution
Recognition shouldn't flow only from managers. Encouraging employees to acknowledge their peers and leaders helps build a more engaged, collaborative workplace.	A program requiring forms, multiple approvals, or overly strict criteria will quickly be abandoned by already overburdened managers. HR must implement simple, fast tools adapted to field reality rather than heavy processes requiring significant human effort to function.	Many managers don't know how to give effective recognition. A simple generic "good job" has little impact. They must learn to be specific, sincere, and timely in their recognition.	When each store applies recognition differently, employees working across multiple sites quickly perceive inequity. The framework must be applied consistently.	Launching a program without ever measuring its adoption or impact inevitably leads to stagnation. Recognition must be treated like any strategic HR initiative: with objectives, metrics, and regular adjustments.

CONCLUSION

Retail in Canada is going through a complex period: high turnover, talent acquisition difficulties, pressure on wages and working conditions, challenges related to diversity and consistency of employee experiences across multiple sites. In this context, HR teams are called to rethink their practices and find levers capable of engaging, retaining, and motivating employees long-term.

Recognition, when structured around a clear framework, adapted to field realities, and supported by an operational step-by-step process, proves to be a powerful strategic tool. It's not limited to valuing performance: it strengthens manager leadership, harmonizes employee experience across sites, supports corporate culture, and contributes to inclusion and equity.

Case studies of Aldo and Amiel concretely illustrate this potential: well-designed recognition programs have improved motivation, retention, team cohesion, and overall employee satisfaction. These examples demonstrate that recognition can transform not only employee experience but also operational performance and talent attraction capability in a sector where every employee counts.

Ultimately, recognition isn't just an HR program: it's a strategic lever capable of addressing major challenges in Canadian retail, supporting frontline teams, and building a strong, consistent, and sustainable corporate culture. For organizations wanting to remain competitive and attractive, investing in recognition is no longer an option: it's a necessity.



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