

**AlixPartners**



**Darwin X**

# Employee happiness in the age of AI

Why retail lags and what leaders get right

# Employee happiness has moved from an HR concern to a CEO-level strategic priority

Over the past decade, employee happiness (EH) has progressively shifted from a “soft” HR topic to a core leadership and performance issue.

- A growing body of academic and business research demonstrates a direct link between EH and business outcomes, including productivity, customer satisfaction, innovation, and financial performance (cf. below). What was once anecdotal is now empirically proven.
- The global talent war is intensifying, particularly around scarce and strategic skills such as data, AI, and advanced digital capabilities. In this context, the ability to attract, engage, and retain top talent has become a decisive competitive advantage (Darwin X Data & AI Human Capital report).

- Post-pandemic workforce expectations have fundamentally evolved. For Gen Y and Gen Z in particular, work is no longer seen merely as a means of financial security, but as a key component of identity, purpose, and self-fulfillment. Employers that fail to acknowledge this shift risk disengagement and attrition, regardless of compensation levels.

**Employee happiness is becoming a strategic lever for performance, resilience, and future readiness.**

Pleasure in the job puts perfection in the work

Aristotle, Nicomachean Ethics  
(4th century BCE)

- 01 Employee ratings predict stock returns<sup>1</sup>.** Firms with the largest quarterly increases in Glassdoor ratings outperform those with the largest declines by around 0.74% per month over the next quarter.
- 02 Ratings capture real improvements in firm fundamentals<sup>1,2</sup>.** A one-star increase in employee ratings is associated with a ~0.10 percentage-point increase in YoY ROA and a 0.30 pp increase in sales growth.
- 03 The pattern is robust across studies and markets<sup>2,3</sup>.** Firms with high employee satisfaction exhibit higher profitability and valuations; the portfolios of most highly rated firms earn abnormal returns of ~1.35% per month.

1. Green, T. C., R. Huang, Q. Wen, and E. Zhou (2019), Crowdsourced Employer Reviews and Stock Returns, Journal of Financial Economics

2. Huang, R., Z. Li, F. Meschke, and R. Guthrie (2015), Employee Satisfaction, Firm Value, and Firm Productivity

3. Symitsi, E., K. Keasey, and K. N. Kostakis (2018), Glassdoor.com: Rating the Ratings

Source: Green et al. (2019); Huang et al. (2015); Symitsi et al. (2018); Darwin X Data & AI Human Capital report – Retail Edition 2024; Darwin X analysis

# Retail underperforms where employee happiness is built: pay, balance, growth, and leadership

## Retail lags on overall employee happiness

On average, the retail industry trails other sectors on overall employee happiness measured by our combined rating (see methodology, p11). The average retail company scores around 7% lower than companies in Banking, Insurance, Pharma, and CPG (Figure 1). This gap is not driven by one isolated weakness. Rather, retail underperforms across the core conditions that shape how employees experience work day to day: whether the job feels sustainable, whether the rewards feel fair, whether there is a credible path forward, and whether leadership creates confidence.

## Daily needs are not being met consistently

The clearest weakness is in the Compensation and Benefits Glassdoor (GD) category. Put simply, retail employees do not feel as well rewarded for their work compared to employees in other industries. Retail scores 3.30 on this dimension, compared with an average of 3.77 for the benchmark group overall. The same finding appears in the Work-Life Balance category, where retail scores roughly 11% lower than peers.

This is especially important because it affects both sides of the employee equation at once: the effort required by the role, and the value employees feel they get back. Against industries such as Banking, Insurance,

Pharma, and CPG, retail looks structurally weaker in delivering the everyday conditions employees expect.

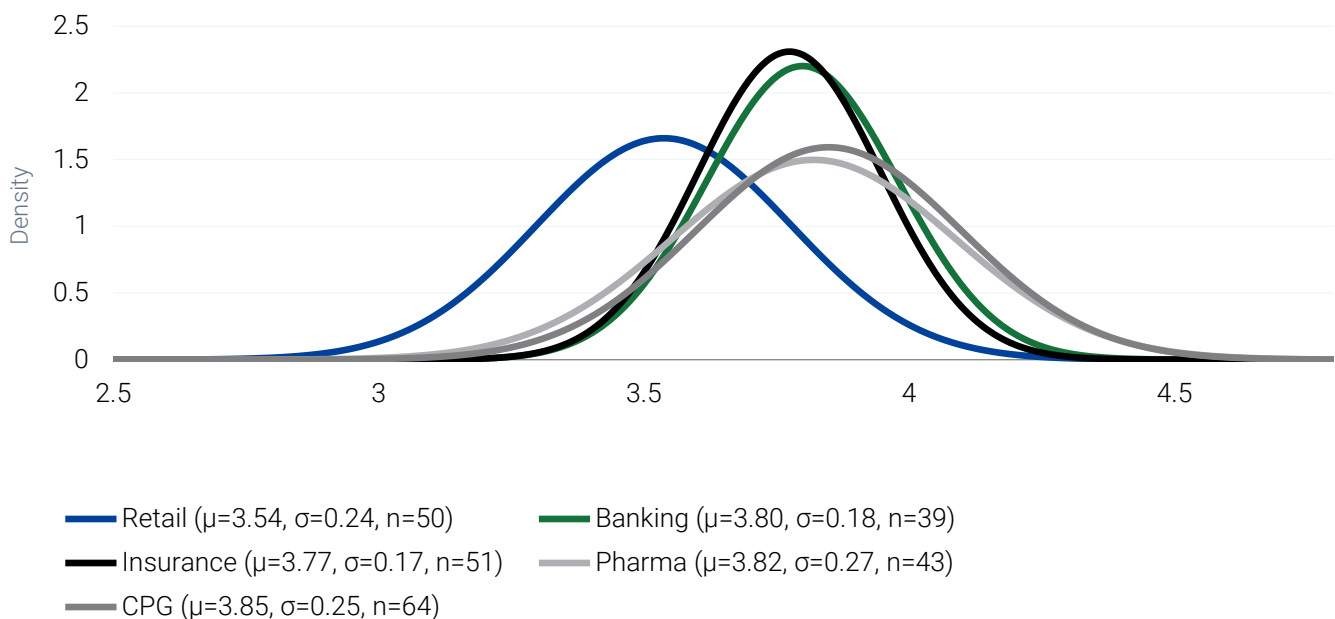
## Growth and leadership also lag behind

This weakness extends beyond day-to-day experience into the more forward-looking parts of the employee proposition. Retail employees seem less likely to believe that the sector offers strong career prospects, and less likely to feel confident in the management environment around them. In the Career Opportunities category, retail scores an average of 3.22 compared with 3.52 for the benchmark group average, while in Senior Management, it scores 3.06 versus 3.36. This suggests that the sector is not only struggling to meet immediate employee needs, but is also less successful at creating confidence in long-term growth and reliable leadership.

“Retail sits at the bottom of our employee happiness ranking, and underperforms in every other Glassdoor subcategory”

Figure 1: Employee happiness comparison across industries

Combined global crowdsourced ratings from 1–5, as of Q3 2025



Source: Glassdoor and Indeed Q3 2025; Darwin X analysis

# You can't buy happiness, but you can design for it

Employee happiness is most sustainable when organizations get two things right at once: the extrinsic prerequisites that remove anxiety and friction (security and stability, fair rewards, enabling conditions), and the intrinsic drivers that create energy and meaning at work (autonomy, growth, belonging).

When the basics are secure, employees have the capacity to take ownership, build mastery, and form the relationships that make high performance feel worthwhile. This is not the case in retail.

Here, we examine the “prerequisites” that explain retail’s overall underperformance relative to other sectors.

## Fair rewards

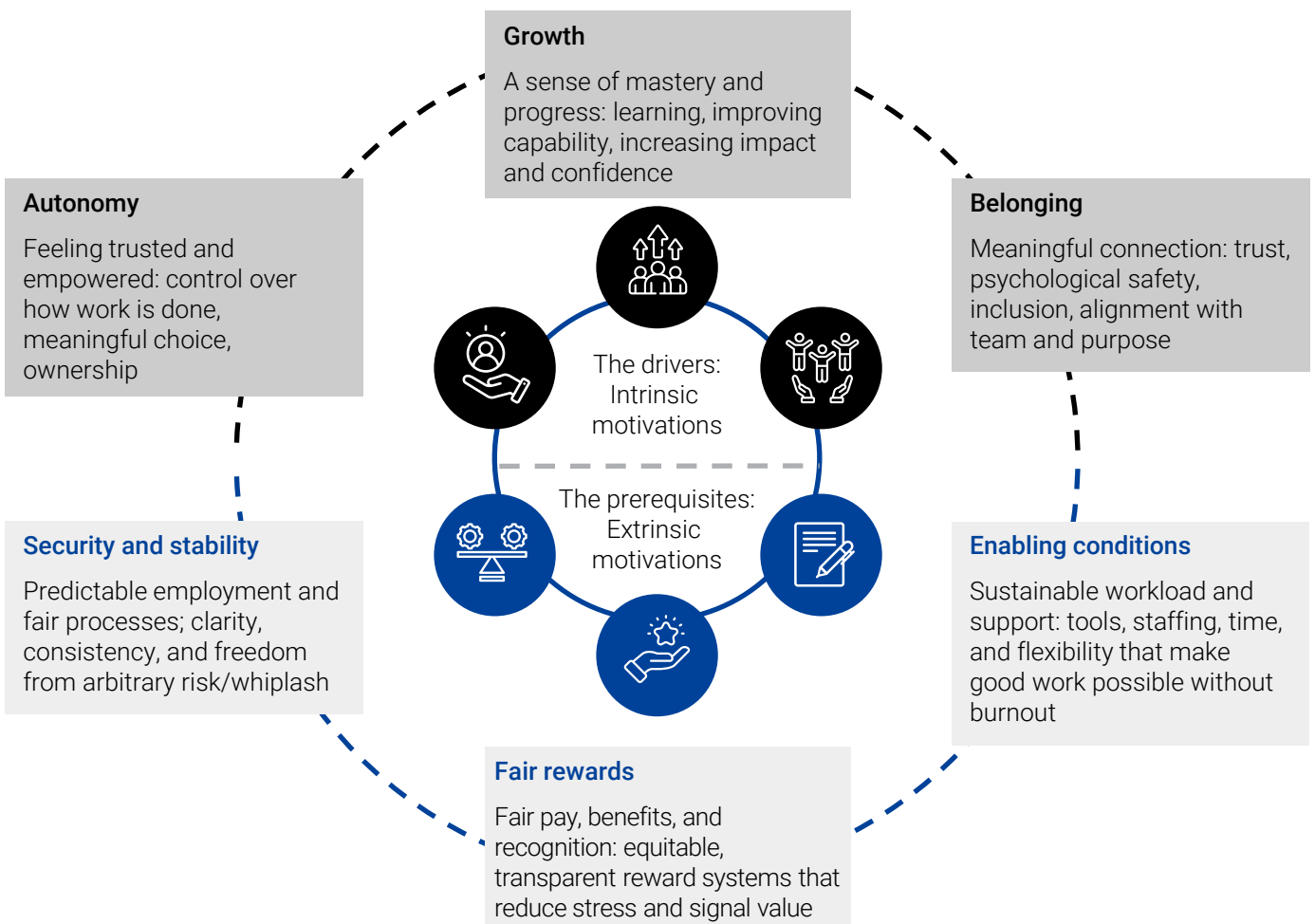
External workforce studies show that dissatisfaction with pay remains one of the clearest pressure points in retail. Many frontline employees do not feel fairly compensated, and pay continues to rank among the leading reasons people consider leaving. The rewards of the job do not then feel fair enough to sustain motivation.

## Security, stability, and enabling conditions

Retail work is often defined by unstable schedules, short notice, and fluctuating hours, which undermine work-life balance and make it difficult for employees to plan their lives around their jobs. A Berkeley study found that around two-thirds of hourly retail workers receive less than two weeks’ notice of their schedule, a factor shown to negatively impact health, sleep, and overall quality of life. Only 1 in 5 workers reports having regular daytime schedules. Taken together, these patterns highlight a lack of stability and day-to-day conditions that employees need to feel supported.

Retail also struggles with the conditions that help employees move beyond day-to-day friction. Surveys across the U.S. and Europe reveal that career development and leadership quality are among the top reasons retail employees disengage or leave. When progression opportunities feel limited and management support feels weak, employees are less likely to see a future in the sector and to stay motivated in the present. The challenge, therefore, is not only addressing immediate pressures, but fostering an environment where people feel they can grow and succeed over time.

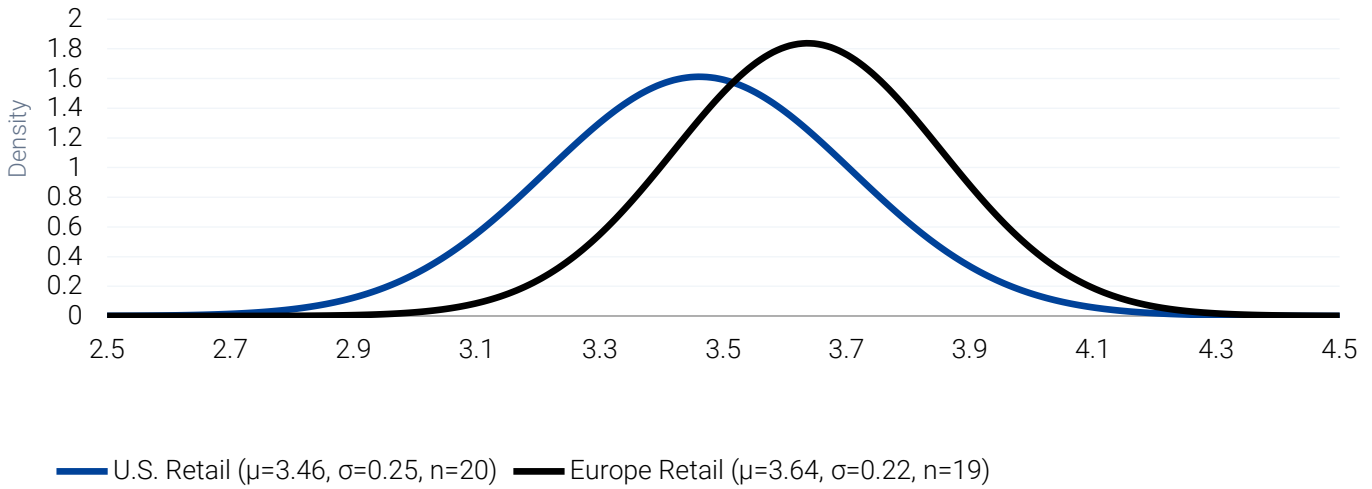
Figure 2: Sustainable employee happiness



Source: Self Determination Theory, Deci & Ryan (1985, 2000); Banks corporate communication and annual reports; Darwin X analysis

# U.S. vs. Europe: a happiness gap rooted in regulation, and in the prerequisites of employee happiness

Figure 3: U.S. retail lags behind in employee happiness



Source : Glassdoor et Indeed T3 2025 ; analyse Darwin X

The two distributions barely overlap: U.S. retail ( $\mu=3.46$ ) sits consistently to the left of Europe ( $\mu=3.64$ ), reflecting a market-wide gap rather than isolated outliers.

44% of U.S. frontline retail workers were considering leaving within 3 to 6 months in 2023. 72% of employees who quit their retail job left the industry completely. Annual turnover has remained above 60% for years, and no other U.S. industry has been more affected by attrition than retail. The data is unambiguous: U.S. retail is structurally failing to meet the basic conditions employees need to stay.



## 1. Security and stability

**In the U.S.**, 25% of retail workers receive less than 72 hours' schedule notice, and 69% are required to remain permanently "open and available"—with no federal floor on hours, notice, or cancellation compensation. ([Shift Project, 2022](#) · [US DOL](#))

**In Europe**, EU Directive 2019/1152 (2022) mandates written reference hours, minimum shift notice, and cancellation compensation across all 27 member states ([EUR-Lex](#)). National floors go further: seven working days in France and Belgium; five days in Spain; and up to 16 weeks in Denmark.





## 2. Fair rewards

**In the U.S.**, the federal minimum wage has not increased since 2009—the only one among 30 OECD countries whose real value remains below its 2019 level—at \$7.25/h or ~30% of the national median ([OECD, 2024](#)). There is no federal paid vacation requirement: only 46% of leisure and hospitality workers have access, compared with 98% in finance ([Center for American Progress/BLS, 2025](#)).

**In Europe**, the EU Minimum Wages Directive (2022) targets 60% of median wages as a legal floor, and the EU Working Time Directive mandates 20 paid vacation days per year for all workers, the employer or the social security system ([EU Working Time Directive](#)).



## 3. Enabling conditions

**In the U.S.**, there is no federal paid sick leave law; it is one of only 2 OECD countries without a statutory paid sick leave system ([CLASP](#)). Access is sharply unequal by industry: only 64% of retail workers have paid sick leave, compared with 95% in utilities and 96% in management occupations ([Pew Research/BLS](#)). For the lowest-paid workers, only 39% have any paid sick time ([Center for American Progress](#)).

**In Europe**, paid sick leave is a statutory right in all 27 EU member states, funded by the employer or the social security system ([EU Working Time Directive](#)).

### Key takeaways:

The three conditions that most directly undermine employee happiness in U.S. retail—schedule unpredictability, low pay, and absence of basic leave—are not market failures. They are the direct result of a regulatory vacuum that European labor law fills by default. A U.S. retail worker can be called in with 72 hours' notice, paid \$7.25/h, and have no guaranteed vacation or sick day. In Europe, that combination is illegal in every member state.

Source: Self Determination Theory, Deci & Ryan (1985, 2000); Banks corporate communication and annual reports; Darwin X analysis

# Costco: When the exception proves the rule

**Costco operates in the same regulatory vacuum as every other U.S. retailer.** No federal mandate forced it to raise wages above the industry floor, guarantee minimum hours, or build a systematic promotion ladder. Yet, Costco chose to do exactly that—and in doing so, it directly addressed each of the satisfaction drivers that the rest of the industry leaves unmanaged.

EH driver	U.S. retail (standards)	Costco
Average wage	~\$17/h	<b>\$26/h (+53% vs US)</b>
Work schedule	Variable/unpredictable	<b>25h min (PT)/40h (FT) guaranteed</b>
Career development	Not systematic	<b>87% of GMs internally promoted</b>

## 1. Security and stability

Costco guarantees a minimum of 25 hours per week for part-time employees and 40 hours for full-time—removing the income uncertainty that defines the rest of the U.S. retail industry. Schedules are posted in advance, and the company's Teamsters collective bargaining agreement requires executive-level review before terminating an employee with 5+ years of service (Costco Careers Teamsters CBA 2022–2025).

## 2. Fair rewards

Costco pays an average of \$26/hour—53% above the U.S. retail industry average of ~\$17/h—with no regulatory obligation to do so. It offers comprehensive health insurance to both full-time and part-time employees, including those working as few as 24 hours per week (FRED/St. Louis Fed · Costco Careers).

## 3. Enabling conditions

Costco's 87% internal promotion rate for General Managers sends a clear signal to every entry-level employee: retail here can be a career. The result is a ~8% annual turnover rate against the industry's ~60% average—meaning Costco's workforce is stable, experienced, and not in a permanent replacement cycle (HBS Good Jobs Strategy, The Economist, February 2024).

Costco's decision to voluntarily address all three EH drivers has not come at the cost of performance: **it has driven it.**

- ➔ **Revenue per employee:** Costco generated \$807,000 in revenue per employee in fiscal year 2025—up 48% from \$544,000 in 2016 ([Bullfincher, 2025](#)). No U.S. retailer at a comparable scale matches this figure.
- ➔ **Stock performance:** Costco's 20-year total return is ~2,991%, consistently in the top 25% of its sector across every major time horizon ([FinanceCharts](#)). Wall Street called the model wrong in 2004; the stock has proven it wrong.
- ➔ **Turnover:** ~8% annual turnover vs ~60% for the U.S. retail industry—a gap that translates directly into lower hiring costs, more experienced staff, and higher customer satisfaction.
- ➔ **Competitors are following:** In September 2024, Sam's Club raised its starting wage to \$16/h, pushed its average above \$19/h—up 30% in five years—and introduced block scheduling, explicitly citing retail's 60% turnover problem as the reason ([Sam's Club/Walmart](#)). 75% of Sam's Club management is now promoted from hourly positions ([RocketReach](#))—closing the gap with Costco's 87%, though not yet there.

Source: Self Determination Theory, Deci & Ryan (1985, 2000); Banks corporate communication and annual reports; Darwin X analysis

# Europe dominates the employee happiness ranking, with 18 of the top 25 performers globally

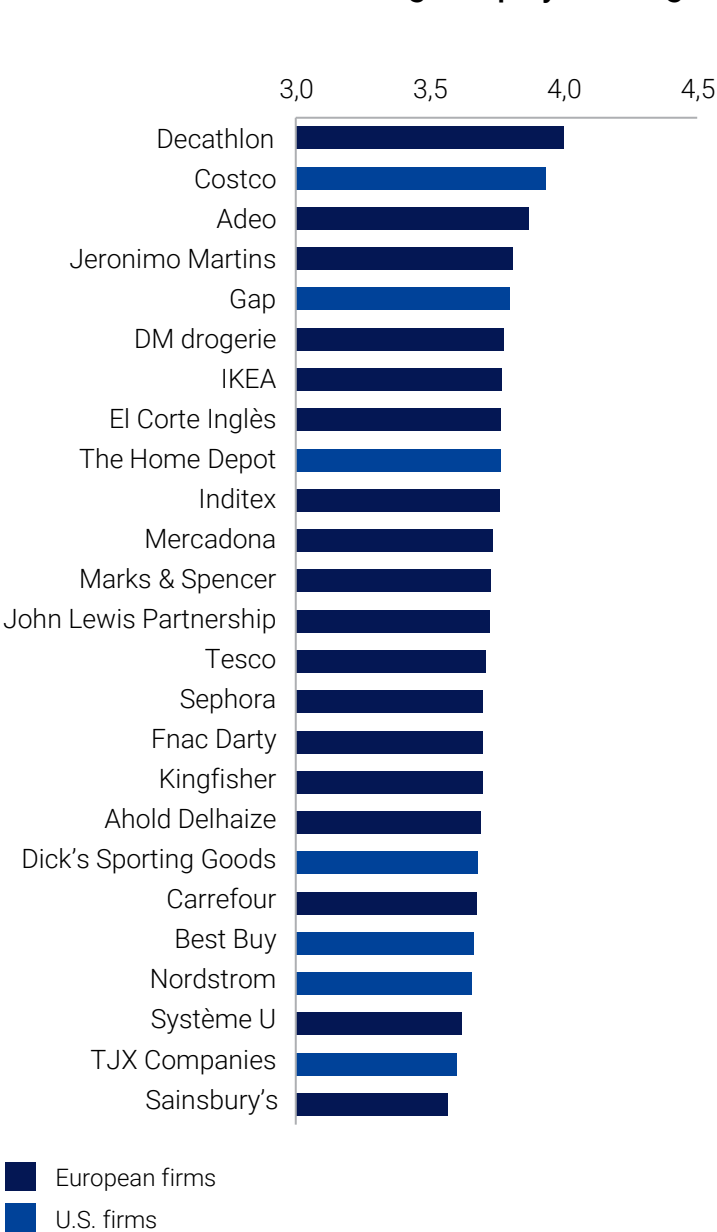
Across the top 50 largest global retailers we studied, employee happiness scores range from 3.02 to 4.00—a nearly one-point spread that reveals deep structural differences between markets.

**European firms dominate the top 25**, holding 18 positions compared to 7 by U.S. firms. Non-food retailers also lead the ranking, securing the top spots.

The U.S. picture is polarized. Costco (3.93) stands out at #2, as the only U.S. retailer to voluntarily provide employment conditions comparable to those mandated by EU labour law.

The ranking shows a consistent divide: European firms lead the way; U.S. firms lag behind.

**Figure 4: Top 25 retailers for employee happiness**  
Measured on a 1-to-5 average employee rating scale



### Methodology: The science of employee ratings

Our Employee Happiness research is based on crowdsourced employer ratings on Glassdoor and Indeed, which are among the most scientifically validated, large-scale measures of employee sentiment available today. Our methodology combines both sources into an average employee happiness measure, rated on a scale of 1 to 5.

A growing body of peer-reviewed research<sup>1,2,3,4</sup> confirms that these platforms capture meaningful, reliable signals of workforce happiness—not noise or disgruntled outliers.

1. Landers, R. N., Brusso, R. C., & Auer, E. M. (2019). Examining the construct validity of Glassdoor.com ratings. *Personnel Assessment and Decisions*
2. Gimpl, N. (2025). The wisdom of electronic employee crowds
3. Bryson, A., Forth, J., & Stokes, L. (2024). Workplace wellbeing and firm performance
4. Indeed & University of Oxford Wellbeing Research Centre. (2024–2025)

Source: Glassdoor and Indeed Q3 2025; Darwin X analysis

# Decathlon and Adeo, ranked as the happiest retailers to work for (Glassdoor), go beyond offering jobs – fostering ownership, purpose, and growth

Unlike most retailers, Adeo and Decathlon do not rely solely on providing acceptable working conditions. They create unusually strong intrinsic motivation at scale: a clear sense of purpose, local autonomy, internal mobility, and concrete value-sharing. This is what makes their employee happiness structurally higher.

**Decathlon combines a strong identity with real ownership:** 89% of employees say they are proud to work for the company, and 53% of teammates are shareholders. Its culture explicitly encourages initiative, experimentation, and role mobility across the company.

**Adeo applies the same model to home improvement,** promoting work-life balance by involving 100% of employees in the shift scheduling process. Through dedicated programs like *Clarence* and the *Solidarity Fund*, the company also provides employee support beyond the workplace. Additionally, the group champions employee shareholding, further expanding this in 2025 with the launch of ALL ADEO, a program designed to make 100% of employees shareholders over time.



## The three drivers of Adeo and Decathlon over-performance

### 1. Belonging and purpose

Both companies give frontline work a stronger identity than traditional retail: sport at Decathlon, positive home at Adeo. Employees are not just selling products; they contribute to a mission they can identify with.

### 2. Autonomy and initiative

Decathlon openly values initiative and embraces the right to fail, while Adeo emphasizes employees' autonomy, decision-making, and accountability for their impact. This approach is exemplified by employees' active participation in shaping Leroy Merlin's *Vision 2035* – a rarity in large-scale retail.

### 3. Growth and shared value

Internal mobility, continuous learning, and employee ownership transform retail jobs into long-term career paths. Both companies strongly prioritize internal promotions for managerial positions. At Decathlon, mobility and shareholding foster deeper commitment, while at Adeo, training and broad-based share ownership make collective success a tangible reality.

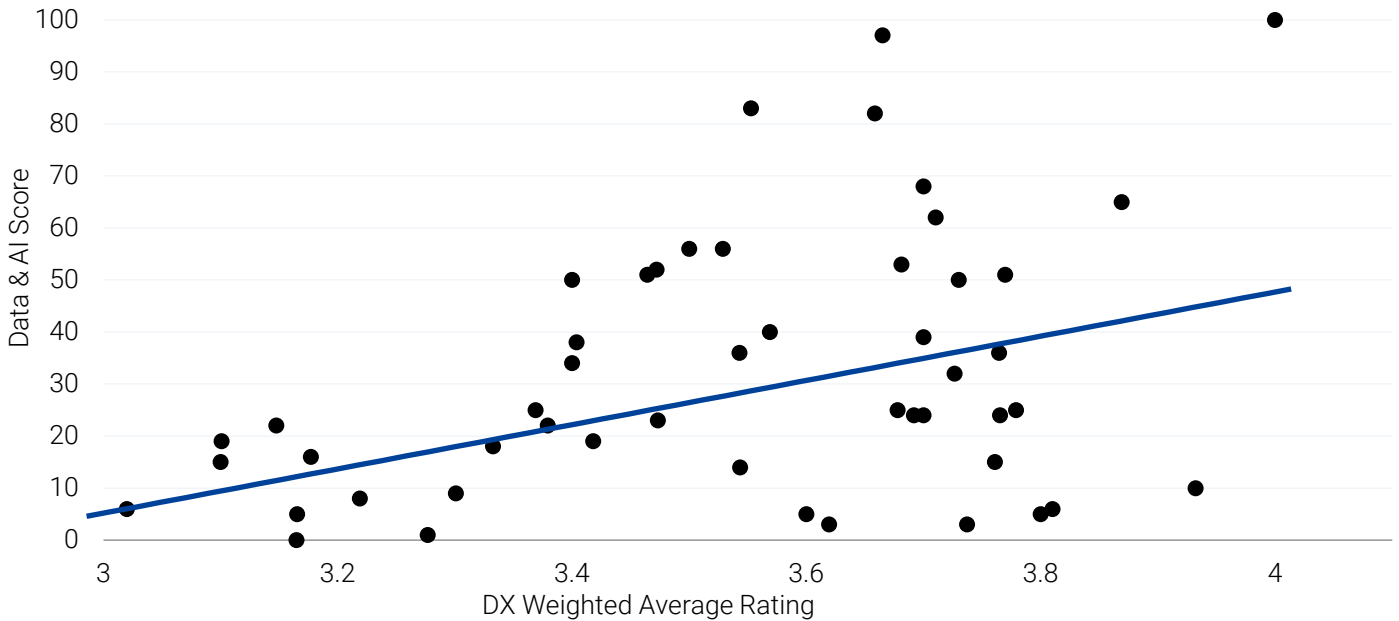
**The lesson is not that Adeo and Decathlon make retail easier.  
It is that they make retail meaningful.**

# Happy retail, stronger AI

We analyzed the relationship between employee happiness (EH) and Data & AI Human Capital among the top 50 largest global retailers. EH is measured on a 1-to-5 scale, while the DX Index evaluates the strength of Data & AI talent pools on a 0-to-100 scale.

Figure 5: DX Weighted Avg rating vs Data/AI score (retail, minimum 500 reviews)

EH measured as a 1-to-5 rating; DX index measures Data & AI talent pools strengths on a 0-100 scale



**Culture attracts AI talent, which strengthens culture further.** The correlation is statistically significant. ( $r = 0.39$ ,  $p = 0.00483$ ). Pearson  $r = 0.392$ ,  $p = 0.00483$  Spearman  $\rho = 0.31$ ,  $p = 0.0283$   $n = 50$

Source: Glassdoor; Indeed; Banks annual reports; Darwin X proprietary index; Darwin X analysis

Across the top 50 retailers we studied, employee happiness and Data & AI talent strength move together in a statistically significant way. The correlation is meaningful ( $r = 0.39$ ,  $p = 0.005$ ): a 0.1-point EH improvement is associated with ~5 additional points on the DX AI talent index.

Culture precedes AI investment: retailers with stronger EH signal trust and psychological safety to the external AI talent market. Closing the employee happiness gap is not only a people priority, but also a prerequisite for building AI capabilities at scale.

# Darwin X methodology

This report draws on two proprietary Darwin X measures applied to the top 40–50 companies across five industries: Banking, Insurance, Retail, CPG, and Pharma. All data was collected during Q3 2025.

➔ **Employee Happiness Rating:** A compound score (1–5) consolidating 3.2 million individual ratings from Glassdoor and Indeed into a single cross-platform benchmark. For each company, we compute an average rating weighted by platform coverage and validate cross-platform consistency. Companies with fewer than 500 reviews were excluded from the analysis. The average number of reviews per company is around 36.6k. For corporate groups (e.g., Adeo), we developed a weighted rating that reflects the contribution of each major subsidiary (e.g., Leroy Merlin, M: La Marque Pro, and Weldom) based on their share of total group revenue and employees.

Glassdoor and Indeed were selected because a growing body of peer-reviewed research confirms that these platforms capture meaningful, reliable signals of workforce satisfaction—not noise or disgruntled outliers (Landers et al., 2019; Gimpl, 2025; Bryson et al., 2024; Indeed & Oxford Wellbeing Research Centre, 2024–2025). Our retail sample covers the 50 largest global institutions, with a sector mean of 3.54 ( $\sigma = 0.26$ ).

➔ **Data & AI Human Capital Index:** A standardized score (0–100) combining 30+ criteria across four talent pools: Data Analysts, Data Engineers, Data Scientists, and AI Specialists. Sourced from LinkedIn talent data and corporate disclosures, the index captures the depth and maturity of a company's Data & AI workforce relative to peers. The full methodology is available in the Darwin X Data & AI Human Capital Report—Retail Edition 2024.

➔ **Statistical approach:** Relationships between variables are reported with correlation coefficients and significance levels (e.g.,  $r = 0.37$ ,  $p = 0.021$ ). Industry comparisons use distributional analysis across the full sample.



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## About Darwin X

We are an innovative consulting and research firm. We help our clients solve complex problems, bridging Business and Technology. We are a team with a unique blend of business, tech & data specialists. We measure transformation impacts with proprietary indexes developed on our data platform. Our co-founders, Dominique Mary and Stéphane Dautel, have an extensive track record in digital transformation in the banking industry.

Before creating Darwin X, Dominique was a Senior Executive at BCG, leading large company-wide transformations. He also co-founded D-Rating, an innovative rating agency of digital performance, and was a leader of the Digital practice at McKinsey & Company. Stéphane founded several start-ups in consulting and technology for the banking sector and led the Banking & Finance division of the French IT services firm Onepoint. Prior to that, he was the Chief Operating Officer of BNP Paribas Global Equities.

## About AlixPartners

For more than forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges—circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line—a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA—so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

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