

**THE RETAIL SECTOR IN
GREATER MANCHESTER
OVERVIEW OF SKILLS ISSUES**

**new
economy**

1. INTRODUCTION

This briefing summarises the findings of primary and secondary research in respect of the skills and training priorities for Greater Manchester's retail sector.

The intention is for the information and data in each sector summary to be used by employers and skills and training providers to inform the development of new strategies and approaches to skills and training.

2. INSIGHTS

- The retail sector accounts for 10% of Greater Manchester's economy - 11,500 businesses and 115,000 employees;
- Some 25% of the sector workforce are aged under 25 but it is amongst the over 60s that retail employment has been increasingly most quickly; 60% of employees work part-time; and 20% are in managerial occupations;
- The sector's ability to address skills issues is hampered by its below average spend per capita on training compared to other UK industries;
- Each year there are approximately 7,000 Greater Manchester residents studying on retail sector-related, publicly funded courses - of which 1,000 are on apprenticeships;
- The sector faces specific skills challenges in relation to improving the skills of its managers and developing workforces which can provide a competitive edge against online retail.

Despite the Greater Manchester retail sector's overall size, it appears relatively un-influential in the training and skills landscape. High levels of part-time work within the sector, coupled with low pay and high staff turnover rates, have led to the sector having a demand for high volume, low skill training but less need for mandatory, higher-level and career progression focused training. Many retail companies meet their staff training needs through in-house training provision. Where companies do use external providers satisfaction rates are high but there is also a desire for links with providers include support around recruitment and employee career progression.

Technological developments and in particular the rise of online shopping are forecast to have a major impact on the retail sector's future skills needs. Employees will increasingly be expected by customers to have knowledge of a product beyond that which a customer could get from the Internet and to be able to source that product quickly and cost effectively. The sector's traditional approaches of in-house training and part-time labour supply may not be completely suited to this new environment.

3. PROFILE OF THE RETAIL SECTOR IN GREATER MANCHESTER

- The retail sector accounts for 10% of Greater Manchester's economy - 11,500 businesses and 115,000 employees;
- Some 20% of Greater Manchester's retail workers are employed in Manchester;
- Retail businesses in Greater Manchester are generally small, with two thirds employing fewer than ten people;
- The sector is characterised by part-time employment, with 57% of employees in the Greater Manchester retail sector working part-time, compared to only 28% of employees in Greater Manchester as a whole;
- A total of 25% of the sector's workforce are under 25 but it is amongst the over 60s that retail employment has been increasingly most quickly;
- Approximately 60% of the sector's workforce is female;
- Some 20% of sector workers are employed as managers - this high figure is due to the large number of outlets operated by the sector.

Table 1 - Number of retail employees by local authority

	Number of employees	%	% of local workforce
Bolton	12,800	11.1%	12.6%
Bury	7,700	6.7%	12.2%
Manchester	24,200	21.1%	7.8%
Oldham	8,700	7.6%	11.7%
Rochdale	6,600	5.8%	9.6%
Salford	7,300	6.4%	6.3%
Stockport	12,300	10.8%	10.2%
Tameside	7,800	6.8%	11.9%
Trafford	15,300	13.4%	11.8%
Wigan	11,900	10.4%	12.4%
Greater Manchester	114,500	100.0%	10.0%
North West	313,400	-	10.5%
England and Wales	2,523,800	-	10.4%

Source: BRES, 2012

Over the past decade, but especially during the years of the economic downturn, the numbers of retail businesses and employees nationwide have been falling steadily. However, the perceived low barriers to entry (i.e. it is seen as easier to set up a retail business than a manufacturing concern) mean that high numbers of new retail businesses are established every year.

4. DEMAND FOR SKILLS AND TRAINING FROM THE SECTOR

- A total of 15% of retail businesses report having a skills gap amongst existing staff, the same percentage report having a hard-to-fill vacancy;
- Some 90% of retail businesses provide in-house training for their staff and 70% say that they engage with external training providers;
- A total of 18% of retail sector respondents to the survey said that their sector faced specific skills shortages within Greater Manchester which were not seen elsewhere in the UK –this is lower than the all-sectors figure of 26%, suggesting that Greater Manchester’s retail sector does not face specific skills gaps;
- Our survey found that only 1 in every 8 Greater Manchester retail businesses has a budget dedicated to staff training, which is less than half the rate seen across the whole economy;
- The retail industry’s ability to address skills issues is hampered by its below average spend per capita on training compared to other UK industries;
- The sector struggles to recruit more highly skilled workers;
- Management skills – a far lower percentage of retail managers have Level 4 qualifications than in other sectors, due in part to large number of managers within the sector overall;
- The sector’s attitude towards recruitment and training has been summarised as “Recruiting for attitude, training for skills”.

Research has found that the absence of mandatory training within the retail sector means that many employers are more focused on a potential recruit's attitude than the qualifications or skills they hold.

This Skillsmart Retail UK Sector Skills Assessment offered a number of further insights into those skills which are especially lacking in candidates for jobs within the sector:

- Technical and practical skills, customer handling and management;
- Sales, although there are fewer gaps here than in other UK industries; and
- Entrepreneurial skills, commercial acumen/awareness and leadership skills/vision.

The other key area where skills gaps are an issue is with owner-operators in SMEs, where the owner frequently undertakes a large variety of tasks in the business. With a high level of competition in this area, cultivation of high quality management skills, as well as a wide range of core retail skills has become essential for successful business owners.

When training is delivered, Greater Manchester retail sector companies say that the training they value most for their staff includes:

- First aid, health and safety;
- Basic mathematics and English;
- Food hygiene; and
- Specific licences, such as those to sell alcohol; Some 65% of retail sector respondents said that they felt that training providers gave enough support to help their company grow and expand, primarily by offering quality qualifications, screening jobs candidates, (which is seen as useful and time-saving by smaller businesses), and offering expertise and support for businesses who wish to develop and grow. The all-sectors figure was higher at 70%.

A clear majority of retail businesses view apprenticeships and work placement opportunities as important ways of helping new recruits to develop skills and helping the company to grow.

“We have found apprenticeships essential in helping our business grow and teach our skills to others”

However, Greater Manchester apprenticeship starts on retail frameworks are few in absolute terms and apprenticeships are positively viewed by a higher percentage of employers in many other sectors. There does appear to be a concern amongst a minority of retail businesses as to whether they could offer an apprentice enough hours of work/training and/or senior supervision.

5. SUPPLY OF SKILLS AND TRAINING TO THE SECTOR

- Each year there are approximately 7,000 Greater Manchester residents studying on retail sector related, publicly funded courses - of which 1,000 are on apprenticeships;
- The growth in the number of Greater Manchester residents studying retail related courses has been much greater than the growth in student numbers in other sectors/subject areas;
- Just over three-quarters of publicly funded training starts within the sector are at Levels 1 and 2, with very little Level 3 activity;
- Some 70% of the retail sector companies surveyed said that they felt engaged with training and learning providers. This compares to 79% across all nine sectors covered by the survey; and
- A total of 77% of the retail companies we surveyed felt that the current supply and quantity of recruits met their business needs.

Despite being 10% of the Greater Manchester economy, the retail sector accounts for a relatively small percentage (1-4% depending on funding stream, level etc) of training course starts within Greater Manchester each year. One explanation for this is that many retail companies do not require their staff to possess specialist qualifications but instead need them to have good basic skills (literacy, numeracy, customer service etc).

Where Greater Manchester's retail businesses do engage with external training providers, benefits include:

“Quality training [and increases the] confidence of the individuals who enter training [and] progression of young people”

¹UKCES, Retail and Wholesale Sector Skills Assessment (2012)

²Sector Skills Council, Skillsmart Retail UK Sector Skills Assessment (2012)

“Continuous up-to-date knowledge of the changes that occur in the retail environment”

Reasons given for not engaging with training providers include:

“Some schemes [are] not very effective but [are] time consuming. We are very short on time so schemes involving a lot of paperwork and box ticking are not appealing... Staff time is extremely precious to the business so training schemes need to be very easy in terms of paperwork and very effective in a short space of time”

Key providers of retail sector related training within Greater Manchester residents include Manchester, Wigan and Leigh, Bolton and Trafford Further Education Colleges, Elmfield Training, Tesco Stores, First4Skills and City & Guilds.

Some 83% of retail sector companies surveyed said that training providers were able to respond to their business skills needs. In terms of making this responsiveness better, the companies suggested that training providers should:

- Offer a wider range of apprenticeships, including to older individuals;
- Better filtering of individuals for quality purposes;
- More support in terms of both the individual progressing to the next level of their qualification and for the business in terms of monitoring and apprentices; and
- Better engagement and communication between providers and businesses.

6. OPPORTUNITIES AND CHALLENGES

Retail is a very important sector to the Greater Manchester economy – in effect, a tenth of the economy is in retail. Yet the sector is forecast to supply relatively modest numbers of new jobs (18,000 to 2022). In part, this is because the sector is undergoing major challenges with the move towards online retailing and increasing technological change in supply chain management. In addition, as a generally highly competitive and consumer-sensitive sector, it has been greatly affected by the experience of the recession. Instead, the retail sector's skills challenge lies in replacing some 70,000 workers who decide to leave the sector, move or retire, as well as in up-skilling the existing workforce.

Relative to its economic size, retail-related learning is at modest levels (1-4% of all learning starts), even though it is one of the most popular apprenticeships. One of the key drivers for this is that the sector is only lightly regulated with few of the licence-to-practice requirements that drive learning in other sectors. It tends to recruit on 'attitude' – arguably a highly subjective characteristic – before 'skill'. This means that qualifications are not necessarily fundamental to recruitment and progression decisions within the sector. Retail's skill-formation systems are generally related to experience in the job to a degree that is more pronounced than many other sectors.

It is predicted that future skills needs for the retail sector will be based around:

- o Technical skills which support innovation and technical led change, especially in increasingly complex supply lines;
- o ICT, financial, and marketing skills to help increase cost savings internally, and increase profitability in a very competitive sector; and
- o High quality customer service skills, including use of product knowledge and advisory skills, as a result of raised competition and consumer expectations;