



UK COMMISSION FOR
EMPLOYMENT AND SKILLS

Wholesale and Retail: Sector Skills Assessment 2012

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Wholesale and Retail Sector Skills Assessment 2012

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Views expressed in this Evidence Report are not necessarily those of the UK Commission for Employment and Skills.



Foreword

The UK Commission for Employment and Skills is a social partnership, led by Commissioners from large and small employers, trade unions and the voluntary sector. Our ambition is to transform the UK's approach to investing in the skills of people as an intrinsic part of securing jobs and growth. Our strategic objectives are to:

- Maximise the impact of employment and skills policies and employer behaviour to support jobs and growth and secure an internationally competitive skills base;
- Work with businesses to develop the best market solutions which leverage greater investment in skills;
- Provide outstanding labour market intelligence which helps businesses and people make the best choices for them.

The third objective, relating to intelligence, reflects an increasing outward focus to the UK Commission's research activities, as it seeks to facilitate a better informed labour market, in which decisions about careers and skills are based on sound and accessible evidence. Relatedly, impartial research evidence is used to underpin compelling messages that promote a call to action to increase employers' investment in the skills of their people.

Intelligence is also integral to the two other strategic objectives. In seeking to lever greater investment in skills, the intelligence function serves to identify opportunities where our investments can bring the greatest leverage and economic return. The UK Commission's third strategic objective, to maximise the impact of policy and employer behaviour to achieve an internationally competitive skills base, is supported by the development of an evidence base on best practice: "what works?" in a policy context.

Our research programme provides a robust evidence base for our insights and actions, drawing on good practice and the most innovative thinking. The research programme is underpinned by a number of core principles including the importance of: ensuring 'relevance' to our most pressing strategic priorities; 'salience' and effectively translating and sharing the key insights we find; international benchmarking and drawing insights from good practice abroad; high quality analysis which is leading edge, robust and action orientated; being responsive to immediate needs as well as taking a longer term perspective. We also work closely with key partners to ensure a co-ordinated approach to research.

Sharing the findings of our research and engaging with our audience is important to further develop the evidence on which we base our work. Evidence Reports are our chief means of reporting our detailed analytical work. Each Evidence Report is accompanied by an executive summary. All of our outputs can be accessed on the UK Commission's website at www.ukces.org.uk

But these outputs are only the beginning of the process and we are engaged in other mechanisms to share our findings, debate the issues they raise and extend their reach and impact. These mechanisms include our *Changing Behaviour in Skills Investment* seminar series and the use of a range of online media to communicate key research results.

We hope you find this report useful and informative. If you would like to provide any feedback or comments, or have any queries please e-mail info@ukces.org.uk, quoting the report title or series number.

Lesley Giles

Deputy Director

UK Commission for Employment and Skills

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Executive Summary

The UK wholesale and retail sector is large and relatively homogeneous. There is minimal disparity either in its geographical concentration or in the type of skills required for delivery across the whole of the footprint; including wholesale, retail, rental trade, automotive sales and servicing.

Current performance of sector

- In total the wholesale and retail sector generated UK sales turnover of £1,211 billion in 2010 and contributes 12 per cent of total UK gross value added (GVA), giving it a ranking of third out of 15 sectors. With regard to productivity retail performs well against the majority of other countries' sectors.
- The sector has 4.1 million employees (14 per cent of all UK employment) working in just over 509,000 outlets (20 per cent of all UK establishments). Over two-thirds of employment is in the retail sector and 84 per cent of sector employment is in England.
- There has been a five per cent decrease, between 2002 and 2010, in the level of employment in the sector (a decrease of 228,000 people). This reduction can be attributed in part to the current challenging economic conditions and the natural ebb and flow of openings and closures in the sector. Other contributory factors to change across the sector include increasing productivity, technological changes and innovation affecting how and where retail occurs, and competition at home and from abroad.

The workforce

- Just over a third (1.6 million workers) of all employment in the sector is in one occupational group - sales and customer service roles. This group is the largest four-digit Standard Occupational Code unit group in the UK economy (accounting for four per cent of total employment). The second largest occupational group, a fifth of all employment in the sector, is managers and senior officials (828,000 employees).
- The majority of employment in the sector is full-time (62 per cent) which is lower than the all economy average (73 per cent). The majority of employment (90 per cent) consists of employees (rather than the self-employed) working in permanent roles (96 per cent); both figures being slightly higher than the all economy average. A quarter of employees within the sector are aged under 25, significantly higher than the average for the UK economy (13 per cent). Just over half (54 per cent) of workers are male.

- Around two-thirds of the sector's workforce has a Level 2 or higher qualification (lower than the all economy average of 78 per cent) and nearly two-thirds of sector managers do not have a Level 4 qualification (similar to the all economy average of 64 per cent).
- A characteristic of the sector, and the retail sub-sector in-particular, is that it experiences higher than the UK average labour turnover (churn) rates.

Demand for, use of and value of skills

- The greatest number of roles within the sector require an intermediate skills level (Levels 2/3). Others require intermediate / higher skills levels, such as senior official and managerial positions. For the largest single occupation in the sector, the sales and customer service role, there is no mandatory skills requirement for entry into the role.
- According to the Employer Skills Survey 2011, nearly three-fifths of employers in the sector provided training to their employees in the previous year, whilst a half of employees received some form of training. A considerable amount of training in the sector is completed on-the-job, relating to job or role specific training, as opposed to formal away-from-the-workplace qualification based training.

Extent of current skills mis-match

- Approximately 51,000 sector employers indicated that they had at least one vacancy – the largest number of employers with vacancies of any of the 15 sectors. Just over 95,000 vacancies were reported by sector employers – also the largest volume of vacancies of any sector. Over half (55 per cent) of these vacancies were in sales and customer service roles.
- The sector has recruited an estimated 121,000 young people into employment over the past three years, approximately double the amount of any other sector.
- Approximately 72,000 sector establishments (15 per cent of the total) indicated that they had skills gaps with approximately 300,000 of sector employees (six per cent) affected by a lack of proficiency.
- Specific skills identified as being lacking across the sector were: job-specific skills; customer service skills; team working and planning and organisation skills. The sector's skills gaps occur most often in sales and customer service roles. The main reasons for the skills gaps are that employees are new to the role and that training is either on-going or partially completed. The main consequence of employee skills gap is the increased workload it places on other staff.

- The area of technology, especially online expansion, is the main skill area that needs improving on current use and the development of new users across the sector.

Drivers of change and their future skills implications

- The sector is projected to see 1.9 million job openings during the period 2010 to 2020 (167,000 new jobs and 1.8 million replacement jobs).

The main drivers of change affecting the sector are:

- New regulations affecting the need for compliance training and increasing the skills requirement
- The changing UK demography, with an increasing aged population and a reduced number of young people, affecting the pool of people that the sector can draw upon for its core workforce
- Reducing the carbon emission within the sector remains an important issue
- Globalisation, especially of the retail sub-sector, increases pressures on the logistics supply chain whilst in the UK the challenging economic climate means there are very few new large-scale developments in the pipeline
- The impact technology can have on the delivery of products within the sector
- The ability of the sector to match consumer demand for products and services through its ability to deliver customer service excellence to develop loyalty and return business.

Priority Areas for Action

The main priorities for the sector can be seen to be:

- Attracting new entrants with the right skills into the sector in both customer service roles and as the managers/leaders of the future
- Developing and retaining staff
- Improving customer service skills
- Responding to technological advances.

1 Introduction

1.1 Purpose of report

The aim of this report is to provide authoritative labour market intelligence (LMI) for the wholesale and retail sector to inform the strategic decision-making of national governments in the development of employment and skills policy. It is one of 15 UK Sector Skills Assessment (SSA) reports produced by Sector Skills Councils¹ and the UK Commission for Employment and Skills (UKCES).

SSAs combine top-down data from official sources with bottom-up sectoral intelligence to provide a consistent, comparable and rich understanding of the skills priorities within sectors across the four UK nations. The reports have been produced to a common specification (developed by the UKCES in consultation with the four UK governments) and follow a consistent structure.

Reports have been produced for the following sectors of the economy:

- Agriculture, forestry and fishing
- Energy production and utilities
- Manufacturing
- Construction building services, engineering and planning
- Wholesale and retail trade
- Transportation and storage
- Hospitality, tourism and sport
- Information and communication technologies
- Creative media and entertainment
- Financial, insurance and other professional services
- Real estate and facilities management
- Government
- Education
- Health

¹ The Education report was produced by the Learning and Skills Improvement Service (LSIS) which is not a licensed Sector Skills Council

- Care.

The reports contain intelligence on sectors and sub-sectors of particular interest to the four UK governments. As each nation has different 'key sectors' that are defined in different ways, it has not been possible to define the SSA sectors in a way that matches precisely the key sectors identified by each nation government. Therefore, as far as possible, data has been reported so that it can be aggregated to produce an overall picture for key sectors of interest. In some cases this will involve gathering information from more than one SSA report.

The reports are designed to provide sectoral intelligence at a relatively broad level for strategic decision-making purposes. Whilst they do contain some sub-sectoral and occupational intelligence, further intelligence at a more granular level may be available from individual Sector Skills Councils.

In addition to the main UK report, executive summaries have been produced for Scotland, Wales and Northern Ireland. The UK reports contain information on key regional variations between the four UK nations and within England where appropriate (for example if sectoral employment is focused in a particular geographic area). However, the reports are not designed to provide a comprehensive assessment of sectoral skills issues beyond the national level.

1.2 Defining the sector

The UK wholesale and retail sector is large and relatively homogeneous. There is minimal disparity in either in its geographical concentration or in the type of skills required for delivery across the whole of the footprint. This includes both generic and specific skill sets required in the sub-sectors of wholesale, retail, automotive sales and servicing and rental trade.

The three areas of this collaborative report are specified below:

The **retail** part of the footprint constitutes the whole of Skillsmart Retail's footprint and is defined by SIC 2007 codes 47.1 – 47.9 (excluding 47.3 retail sales of automotive fuel in specialised stores) as follows:

- Retail sales in non-specialised stores (e.g. supermarkets and department stores)
- Retail sales in specialised stores (e.g. butchers, greengrocers, fishmongers and tobacconists)
- Retail sales of pharmaceutical goods (e.g. chemists and pharmacies)

- Retail sales of new goods in specialised stores (e.g. stores selling textiles, clothing, books, electrical household appliances, furniture and lighting)
- Retail sales of secondhand goods (e.g. charity shops)
- Retail sales not in store (e.g. catalogue and mail order sales, online and via stalls and markets).

The function of retail within the UK economy can be described “as providing a vital link between production and consumption” (Burt and Sparkes 2002).

The **wholesaling** section of the footprint is part of Skills for Logistics footprint². This section is defined by SIC 2007 codes 46.1 – 46.9 as follows:

- Wholesale on a fee or contract basis
- Wholesale of agricultural raw materials and live animals (e.g. grain, animal feed, flowers, plants, animals, skins and leather)
- Wholesale of food, beverages and tobacco
- Wholesale of household goods (e.g. textiles, clothing, footwear, electrical household appliances, china, glassware, furniture, carpets, lightening equipment, perfume and cosmetics)
- Wholesale of information and communication equipment (e.g. computers and software, electronic and telecommunications equipment and parts)
- Wholesale of other machinery, equipment and supplies (e.g. agriculture machinery, machine tools, mining, construction and civil engineering machinery, office furniture and machinery)
- Other specialised wholesale (e.g. solid, liquid and gaseous fuels, metals, wood, chemical products, waste and scraps)
- Non-specialised wholesale trade

Wholesaling activities involve selling either to retailers, or to industrial, commercial, institutional and professional users. Two types of wholesalers can be differentiated: wholesalers acting on a fee or contract basis (SIC 46.1), who charge only for their services as intermediaries and own-account wholesalers, who buy and resell products (Pi Soler 2004). Wholesalers may also retain design and manufacture functions.

² Skillset, the industry body which supports skills and training for people and businesses to ensure the UK creative industries maintain their world class position, is responsible for the Fashion and Textile wholesale footprint and fed in comment.

The Institute of the Motor Industry covers the **automotive sales and services** section of the footprint as defined by SIC 2007 codes 45.1 – 45.4 and 77.1 as follows:

- Retail sales of motor vehicles
- Maintenance and repair of motor vehicles
- Wholesale and retail sales of motor vehicle parts and accessories
- Retail sale, maintenance and repair of motorcycles and related parts and accessories
- The renting and leasing of motor vehicles and trucks

The function of automotive retail sales is all of the activities of automotive businesses downstream from the manufactured products of the motor industry, i.e. all activities related to the selling, maintenance and rental/leasing of all UK vehicles. This includes all vehicle types and their parts, including not only cars, but also motorcycles, commercial vehicles (e.g. vans and trucks) and passenger service vehicles (buses and coaches).

1.3 Sector Skills Councils

The three Sector Skills Councils (SSC) who represent the employers highlighted within this report are:

1.3.1 Skillsmart Retail

Skillsmart Retail is the Sector Skills Council for Retail (www.skillsmartretail.com). Part-funded by Government and led by retailers, we aim to be the recognised authority on retailers' skills needs and priorities. Our mission is to drive excellence in retail skills by:

- To act as a catalyst for increasing investment in skills to improve productivity and profitability of retail
- To set industry-wide standards for retail skills and career paths to enhance the reputation of retail careers
- To deliver products and services which are fit for purpose and accessible to all
- To operate a sustainable business that promotes continuous professional development in retail

1.3.2 Skills for Logistics (SfL)

Skills for Logistics (SfL) is the Sector Skills Council for the UK's freight logistics and wholesaling sector (www.skillsforlogistics.org). SfL works alongside companies in the UK that are involved in moving, handling and storing and the wholesaling of goods.

SfL's ambition is to "open doors so that logistics skills potential can be unleashed enabling people and organisations to do amazing things". This drives our vision "to deliver the best skilled logistics workforce in the world".

1.3.3 The Institute of the Motor Industry (IMI)

As the professional body, the IMI represents individuals working either in the automotive industry or allied sectors (www.motor.org.uk). The IMI recognises people's professionalism by providing an industry benchmark. Membership is awarded on the basis of an individual's qualifications, skills and experience.

As the Sector Skills Council, it represents over 80,000 businesses, employing over 500,000 individuals working in the automotive retail sector, developing and maintaining National Occupational Standards, Apprenticeships and qualifications. The IMI is also the governing body of the Automotive Technician Accreditation (ATA) and Automotive Management Accreditation (AMA) schemes.

1.4 Summary of methodology

This report combines top-down data with bottom-up intelligence to provide a rich assessment of sectoral skills priorities that is consistent and comparable with assessments produced for other sectors of the economy.

Three main types of information have been drawn on in the preparation of this report:

- Economy-wide quantitative data from core labour market information sources (such as the Labour Force Survey and the UK Commissions' Employer Skills Survey)
- Sectoral, sub-sectoral and occupational specific quantitative data generated by SSCs / sector bodies and others (including Government departments and agencies, academics and professional associations)
- Qualitative information collected by SSCs / sector bodies and other organisations.

To ensure consistency and comparability across all 15 SSA reports, data from core labour market information sources was centrally collected, processed and formatted. It was then distributed by the UKCES on to SSCs / sector bodies for inclusion within the reports. This data was quality assured by contractors, the UK Commission and by SSCs. To meet consistency requirements, sub-sector analysis of data from core sources has primarily been undertaken at a 2-digit Standard Industrial Classification (SIC) code level (or by combining 2-digit SIC codes where appropriate). Data from core sources has been supplemented within the report with data from sector specific sources.

Each of the SSCs within this report supplement the core labour market information by commissioning sector-specific surveys (quantitative and/or qualitative). This is necessary to fill gaps in the information to achieve a representative sub-sector sample (especially within either nation surveys or specific work on occupations).

The report also draws on qualitative research that has been undertaken to explore sectoral skills issues in more detail. Qualitative research with small samples of employers (and others), most commonly through interviews and focus groups, seeks to provide rich and detailed understanding and insight, rather than measurement. Samples tend to be designed to be broadly representative of the wider population, to gather a range of views.

In terms of skills research with employers, size and sector tend to be key drivers of demand and therefore these are usually the main characteristics that are taken into account when designing samples.

The report synthesises and contextualises information from the sources identified above and, by undertaking rigorous analysis, turns the information into intelligence.

Further information

Further methodological information is provided within Chapter 10 Technical Appendix. This includes descriptions of the main quantitative and qualitative sources used within the report.

2 Current performance of sector

Chapter Summary

- In 2008 the sector contributed 12 per cent of total UK GVA. Between 1999 and 2008, there has been approximately a 50 per cent increase in the sector's overall GVA in current price terms. The percentage contribution of the sector to the UK economy over this period has remained comparatively stable at around 12 per cent.
- The sector contributes £33,000 per employee job to the UK economy (2009). This figure is somewhat lower than the all economy average.
- The sector operates out of just over 509,000 outlets, representing 20 per cent of all UK establishments. The majority of other sectors have less than half the number of establishments as wholesale and retail, the only exception being construction.
- 84 per cent of sector establishments are based in England.
- Whilst the number of establishments in the sector has contracted over the past five years there is still a high level of business churn in the sector. Compared with other sectors it had the highest number of business start-ups and second highest number of business closures in 2009.
- Three-quarters of all sector establishments (76 per cent) have fewer than ten employees which is above the all economy average (74 per cent).
- 14 per cent of all UK employment lies within the sector (4.1m employees) and it is the largest of all 15 SSA sectors by over one million employees.

The following section looks at the dynamics of the wholesale and retail sector in terms of economic performance, establishment and employment numbers.

2.1 Economic performance

The wholesale and retail sector is a vitally important part of the UK economy. The Office for National Statistics (ONS 2010) highlighted that in the 2010 provisional data, the annual turnover of the three sub-sectors within the UK economy was £1,211 billion as shown in Table 2.1.

Table 2.1: Annual sales turnover in wholesale and retail sub-sectors 2010

	Sales turnover (£ bn)	%
Retail	332	27
Wholesale	746	62
Automotive retail	133	11
Total	1,211	100

Source: Office of National Statistics, 2010

2.1.1 Productivity

A key variable in the assessment of the economic performance of a sector is productivity. A variety of measures and sources can be used to develop our understanding in this area.

2.1.1.1 Retail productivity

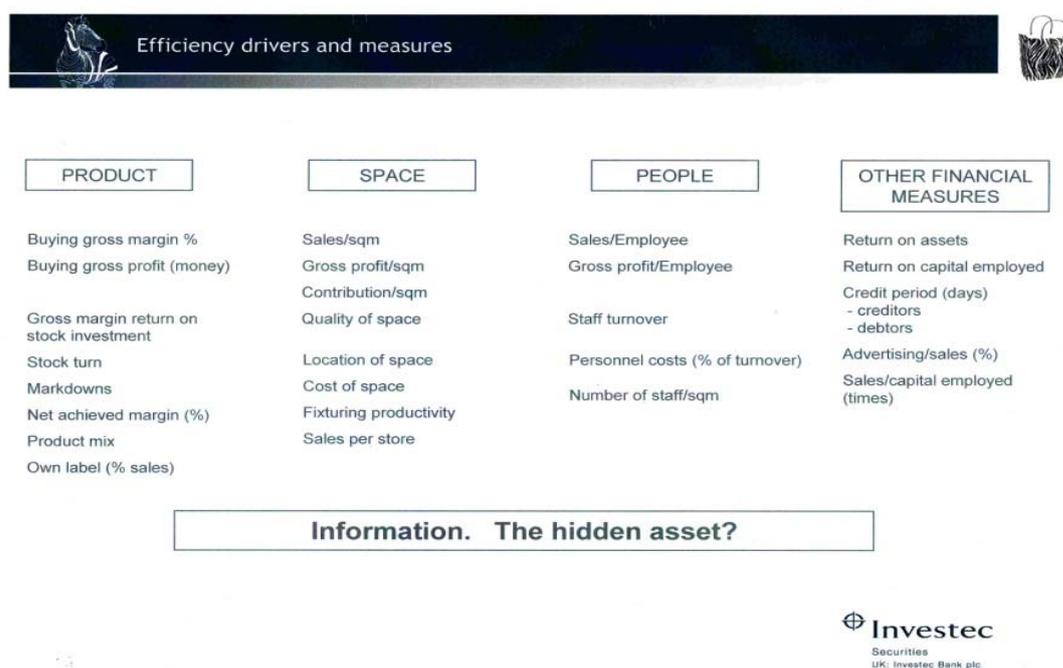
Research commissioned by Skillsmart Retail (Productivity and Skills in Retailing, Oxford Institute of Retail Management, 2010) shows that the link between productivity and economic growth within the sector at the macro-level can broadly be attributed to one of two approaches adopted by retailers:

- A 'low road' approach involving a mix of intensive production practices - a low skilled, low wage workforce, poor working and employment conditions, cost-cutting and poor or absent labour relations and social support
- A 'high road' approach involving the reinforcement of high quality service, good employment conditions and wages, good social support and high skill levels.

The retailer's core offer will affect/influence which 'road' will be chosen. However, many retailers either fall between the two roads model or show that the 'low road' can be most effective. Therefore, across the UK retail sector no one model fits all.

Retailers break these macro-level productivity issues into three 'pillars of productivity' – product, place and people. Within these, some retailers, but not all, identify key efficiency measures and drivers for the business. The 2010 productivity indicators are shown in Figure 2.1 overleaf.

Figure 2.1: Productivity KPIs commonly identified at industry level 2010



Source: Investec, 2010

The ‘three pillars’ of productivity have their associated metrics, alongside a small number of other financial measures. The Oxford Institute of Retail Management’s research with retailers evidenced that many new measures of labour productivity had been introduced and that the use of metrics was more widespread:

Five years ago, we only measured store/labour cost ratios... Now, mainly in terms of the big cost heads – store labour, occupancy costs (because these are space related we usually measure this in terms of sales), distribution and picking costs, stockturn. More recently we have started to think about overall HO costs as a proportion of sales. (UK clothing retailer)

Many UK retailers are now take a much more rigorous and systematic approach to thinking about productivity improvements. This could signal the start of a much more pervasive ‘productivity mindset’ and an increasing professionalism within the sector.

It’s more of a philosophy. You’re always trying to have a look and see where you can do things more efficiently. (UK multichannel retailer)

Some of retail’s largest businesses have already had productivity as a key mantra, with the development of formal productivity models:

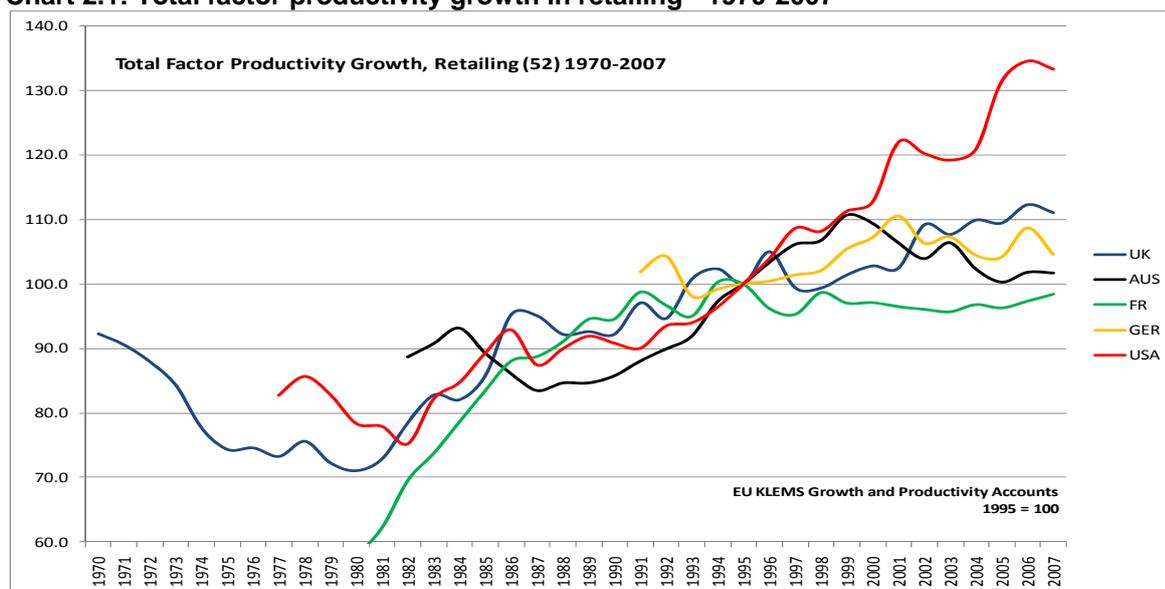
[Our] Step-change productivity programme ... is now in its 14th year. Step-change is constantly identifying projects to improve the way we do things – in our stores, distribution centres and offices. The aim is to make everything we do 'better for customers, simpler for staff and cheaper for Tesco' and in some cases, projects are known as far as five years ahead of expected completion. This year we are on track to complete a global programme that will deliver savings of £800m – including savings of some £550m in the UK – investing most of these savings back into our offer for customers. (Tesco plc, Interim Results, 5th October 2010).

In models of this kind, there is often a 'ratchet' effect anticipated through the setting of productivity targets in which firms have an expectation of consistent gains to be made on an annual basis:

We have a productivity improvement goal each year that is a fairly arbitrary, top-down fixed percentage of our cost base, which we aim to reduce each year. (UK food retailer)

Further areas of growth within the productivity metrics, as evidenced in the research, are the growing focus on 'softer' customer service and customer satisfaction skills.

One of the ways to gauge productivity is through Gross Value Added (GVA) measures – see 2.1.2, while another way is by factor productivity growth, commonly known as Total Factor Productivity (TFP). This measure accounts for the portion of output not explained by the amount of inputs used in production. As such, its level is determined by how efficiently and intensely the inputs are utilised in production (Comin 2006) – a combination of capital and technical change as well as labour. TFP can be used to illustrate economic fluctuations and economic growth within sectors. However, neither of these measures allows for a 'perfect' picture to be displayed of productivity, but assessing the two measures allows for an understanding of productivity to be established.

Chart 2.1: Total factor productivity growth in retailing - 1970-2007

Source: EU KLEMS Growth & Productivity Accounts, 2008

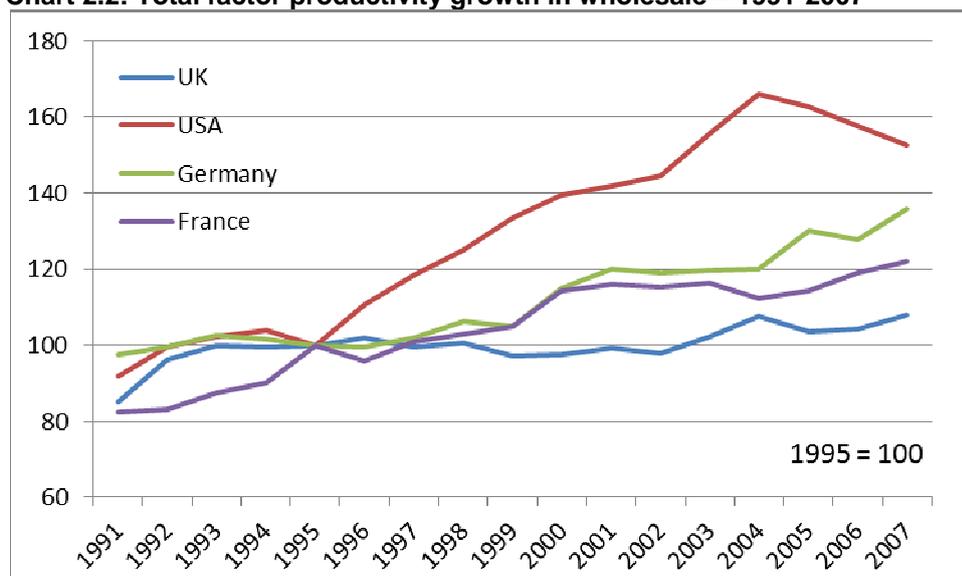
Chart 2.1 indicates that the UK retail sector lies second, in terms of factor productivity, behind the USA retail sub-sector. A number of factors could account for this difference. These include the challenge of changing labour intensive activities into technologically advanced activities, e.g. self-service checkouts, and the result of regulation and institutional intervention. This can be evidenced from a quote by the McKinsey Global Institute (2002).

A regulatory environment that allows the expansion of more productive modern supermarkets and convenience stores raises productivity because larger chains can profit from scale benefits in purchasing, merchandising and store operations. Yet many countries have chosen to protect small-scale stores through barriers to foreign direct investment, zoning laws, or restrictions on the size of stores. (McKinsey Global Institute 2010)

It is also interesting to note that when comparing GVA per worker across the international sub-sector, the USA remains the leading performer (Skillsmart Retail and the Oxford Institute of Retail Management 2010). However, the UK is still closer to its output scores than other European countries.

2.1.1.2 Wholesale productivity

Chart 2.2 indicates that the UK wholesale sub-sector lags behind the USA, Germany and France, in terms of total factor productivity (TFP), with the USA sector experiencing significant acceleration in productivity growth from 1995. This acceleration in growth is potentially the result of the delayed impact of organisational changes companies had made that accompanied technological spending (McGuckin 2005).

Chart 2.2: Total factor productivity growth in wholesale – 1991-2007

Source: EU KLEMS Growth & Productivity Accounts: November 2009 Release <http://www.euklems.net/>

TFP for the UK wholesaling sub-sector has been on an upward trend since 2000 and its current level of 108 is greater than the UK all-economy TFP of 105. Gains in TFP are not the result of any physical investment but are rather associated with broad-based technical change and business process reorganisation (McGuckin 2005).

It has been suggested that the UK and Europe's growth in wholesale has not accelerated as much as the USA because the pace of organisational and technological adoption has been much slower. This lag is the result of a number of factors, including Europe's regulatory environment which can inhibit smooth cross-border operations in trade and the associated gains from scale and the fact that the USA had a 'head-start' in successfully using new technologies.

2.1.1.3 Automotive retail productivity

Return on Investment (RoI) research conducted by IMI (IMI 2009) highlighted the productivity effects of the pioneering steps taken through the Automotive Technician Accreditation (ATA). Such companies as Autoglass (IMI 2009) evidenced that through internal (but externally assessed) technical standards in autoglazing, integrated with transparent and effective cost management business processes, that for every one pound invested saved Autoglass two pounds in productivity.

Additional benefits of ATA were evidenced as a lowering technician attrition rates by over a third and that Autoglass staff were seen to have been given an additional sense of worth and engagement.

2.1.2 Gross Value Added (GVA)

Latest economic performance data for the wholesale and retail sector can be additionally described through the use of GVA data³. Table 2.2 highlights the UK sectoral GVA for 2008 (latest available data).

Table 2.2: GVA by nation (£m in current basic prices) 2008 – whole economy by sector

	UK	%	England	Scotland	Wales	Northern Ireland
	£m		£m	£m	£m	£m
Agriculture, hunting, forestry and fishing	9,715	1	7,982	1,180	145	407
Mining and quarrying of energy producing materials	2,661	0	1,298	1,277	60	27
Other mining and quarrying	2,365	0	1,777	282	134	173
Manufacturing	150,298	12	124,860	13,555	7,734	4,149
Electricity, gas and water supply	21,342	2	17,414	2,653	729	545
Construction	80,756	6	68,247	7,328	2,924	2,256
Wholesale and retail trade (including motor trade)	147,158	12	127,900	10,441	5,166	3,651
Hotels and restaurants	36,428	3	30,938	3,297	1,424	770
Transport, storage and communication	91,347	7	80,262	7,065	2,529	1,491
Financial intermediation	116,801	9	104,574	8,501	2,305	1,422
Real estate, renting and business activities	303,179	24	268,770	20,829	8,380	5,200
Public administration and defence	63,281	5	51,275	6,148	3,275	2,583
Education	76,493	6	64,478	6,322	3,502	2,191
Health and social work	93,775	7	76,336	9,851	4,788	2,800
Other services	65,563	5	57,177	4,804	2,420	1,162
All sectors	1,261,162	100	1,083,288	103,533	45,515	28,827

Source: *Regional Accounts, ONS, 2010*

In 2008, the wholesale and retail trade accounted for 12 per cent of the UK's GVA – the third largest contribution of the highlighted sectors behind real estate and manufacturing. In England wholesale and retail accounts for 12 per cent of the English total GVA figure, ten per cent in Scotland, 11 per cent in Wales and 13 per cent in Northern Ireland

Within the total UK wholesale and retail sector GVA figures, England accounted for almost 87 per cent, Scotland seven per cent, Wales four per cent and Northern Ireland three per cent

In terms of the £127,900m contribution wholesale and retail in England makes to the total UK GVA figure, over a third is generated by the South East (19 per cent) and London (17 per cent) regions when combined together. The North East region generates the smallest level of wholesale and retail GVA (approximately three per cent). Table 2.3 details these English regional figures.

³ GVA is a productivity metric that measures the difference between output and intermediate consumption. GVA provides a monetary value for the amount of goods and services that have been produced, less the cost of all inputs and raw materials that are directly attributable to that production

Table 2.3: GVA by English region (£m in current basic prices) 2008 – whole economy by sector

	Average sector region %	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West
		£m	£m	£m	£m	£m	£m	£m	£m	£m
Agriculture, hunting, forestry and fishing	1	303	777	966	996	915	1,387	86	1,168	1,383
Mining and quarrying of energy producing materials	0	81	90	140	130	82	164	280	270	61
Other mining and quarrying	0	178	142	156	379	84	132	60	202	442
Manufacturing	12	6,706	19,336	14,332	13,299	13,974	13,518	13,651	18,084	11,961
Electricity, gas and water supply	2	979	1,622	1,511	1,952	1,920	1,948	1,823	3,061	2,598
Construction	6	2,990	8,236	6,266	5,835	6,588	8,946	10,262	12,482	6,643
Wholesale and retail trade (including motor trade)	12	4,424	14,906	11,348	10,850	12,313	15,933	22,016	24,588	11,522
Hotels and restaurants	3	1,123	3,527	2,383	2,012	2,905	3,041	7,717	5,063	3,166
Transport, storage and communication	7	2,668	8,846	6,518	5,866	6,596	9,871	17,509	16,218	6,170
Financial intermediation	10	2,195	8,356	6,641	3,702	5,260	9,352	48,190	13,828	7,050
Real estate, renting and business activities	25	7,842	26,072	17,146	16,325	20,405	29,769	74,039	55,440	21,733
Public administration and defence	5	2,623	5,843	4,753	3,919	4,376	5,634	7,642	10,218	6,267
Education	6	3,156	8,008	6,302	4,877	6,541	6,725	11,972	10,861	6,036
Health and social work	7	4,004	10,080	7,552	5,894	7,215	8,201	13,719	11,975	7,696
Other services	5	1,715	5,174	3,459	3,314	4,583	5,577	18,190	10,551	4,615
All sectors		40,987	121,015	89,473	79,350	93,757	120,198	247,156	194,009	97,343

Source: *Regional Accounts, ONS, 2010*

Wholesale and retail contributes on average approximately 12 per cent of each English region's GVA. The wholesale and retail GVA within the East Midlands region contributes the highest sectoral percentage across the nine regions. The lowest regional proportion is found in London, even though it has the highest total GVA of any region (£22bn). However, due to the value of other sectors within London, especially the financial sector, wholesale and retail's GVA proportional value is the lowest of any region at just below nine per cent.

Table 2.4 shows how the wholesale and retail trade GVA figures have developed since 1999.

Table 2.4: UK GVA by sector (£m in current basic prices) 1999-2008 – whole economy

	Change 1999-2008	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	%	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Agriculture, hunting, forestry and fishing	8	9,022	8,532	8,333	9,007	9,807	10,670	7,530	7,792	8,632	9,715
Mining and quarrying of energy producing materials	29	2,059	1,998	1,874	1,661	1,456	1,643	2,055	2,297	1,861	2,661
Other mining and quarrying	39	1,700	1,784	1,750	1,469	1,519	1,848	2,115	2,145	2,291	2,365
Manufacturing	-	151,157	150,009	149,223	146,308	144,845	145,689	148,110	151,455	154,726	150,298
Electricity, gas and water supply	36	15,703	15,798	15,660	16,052	16,405	16,106	16,685	20,279	21,884	21,342
Construction	91	42,236	45,626	50,526	54,684	59,522	66,029	69,868	74,619	80,675	80,756
Wholesale and retail trade (including motor trade)	48	99,509	103,410	110,249	113,777	120,520	127,367	129,810	135,366	141,735	147,158
Hotels and restaurants	51	24,146	25,605	26,928	28,639	30,120	31,870	32,902	34,594	35,962	36,428
Transport, storage and communication	41	64,961	69,201	70,502	73,064	76,587	79,020	80,889	83,655	88,280	91,347
Financial intermediation	141	48,545	44,989	48,202	63,367	71,530	75,117	79,553	90,807	103,731	116,801
Real estate, renting and business activities	75	173,329	188,361	204,041	214,849	232,204	248,677	260,116	276,108	296,955	303,179
Public administration and defence	59	39,891	41,645	43,855	46,212	49,768	53,779	58,229	60,385	61,503	63,281
Education	70	44,914	48,111	51,675	55,099	58,328	61,934	65,739	68,926	72,766	76,493
Health and social work	82	51,577	55,282	59,549	64,492	70,593	75,154	79,965	85,965	89,381	93,775
Other services	65	39,821	42,085	44,560	48,311	51,804	54,947	57,961	60,166	62,824	65,563
All sectors	56	808,570	842,436	886,927	936,991	995,008	1,049,850	1,091,527	1,154,559	1,223,206	1,261,162

Source: *Regional Accounts, ONS, 2010*

During this ten year period there has been an increase of just under 50 per cent in GVA levels which equates to an average growth rate of approximately five per cent per year. This ranks this sector as just below the average for all sectors of about six per cent and ranks wholesale and retail as the eighth fastest growing sector in the UK.

The following table highlight the productivity levels per employee job in the sector. The calculation of these figures reflects both the growing level of productivity and the number of employees in the wholesale and retail sector.

Table 2.5: Estimated workplace gross value added per employee job at current basic prices, 2009

SSA Sector	UK	England	Wales	Scotland	Northern Ireland
	£000s	£000s	£000s	£000s	£000s
Agriculture, forestry and fishing	35	41	11	21	25
Energy production and utilities	131	134	118	127	107
Manufacturing	52	51	49	61	53
Construction, building services, engineering and planning	65	66	54	60	56
Wholesale and retail trade	33	33	27	29	27
Transportation and storage	50	51	44	50	41
Hospitality, tourism and sport	23	23	21	22	20
Information and communication technologies	83	84	72	77	63
Creative media and entertainment	45	49	30	12	38
Financial, insurance & other professional services	86	89	57	69	63
Real estate and facilities management	85	86	103	67	98
Government services	39	40	33	35	40
Education	33	33	32	36	33
Health	27	27	26	25	23
Care	30	30	28	31	26
Not within scope	32	33	27	35	30
All sectors	46	47	38	43	38

Source: UK Commission estimates based on Regional Accounts; Annual Business Survey; Business Register and Employment Survey (BRES). See technical appendix for basis for estimates.

Notes: Figures for Real estate and facilities management sector include contribution from owner-occupier imputed rental. All figures exclude Extra-Regio element. Estimates will tend to overstate the level of GVA per job in those sectors with high levels of self-employment.

Table 2.5 highlights that GVA productivity for this sector is somewhat below the all-economy average for both the UK and all of the four nations.

The *Working Futures* model (Wilson and Homenidou, 2011) provides historic estimates of productivity (output per job) by sector on a constant price (chained volume measure) basis. This analysis indicates an average rate of productivity growth for the UK retail sector for the first half of the last decade (2000-2005) of 3.2 per cent per annum, moderating to 1.6 per cent in the second half of the decade. This is much higher than the average rates for the two periods for the wider UK economy of 1.4 per cent and 0.7 per cent respectively. According to *Working Futures* the sector's strong productivity performance can be linked to technological changes, linked especially to information and communication technologies, in combination with economies of scale and radical restructuring of the sector.

Table 2.6 highlights the difference in GVA per employee job levels across the wholesale and retail sub-sectors⁴:

Table 2.6: GVA per employee in UK wholesale and retail sub-sectors 2010

	GVA per employee (£)	%
Retail	24,000	11
Wholesale	63,000	29
Automotive retail	42,000	19
Rental trade	90,000	41
Total	219,000	100

Source: Annual Business Inquiry (ABI) / Business Register and Employment Survey (BRES) and Annual Business Survey, ONS

Table 2.6 highlights that of the four sub-sectors, retail has the lowest GVA per employee. One possible reason for this is the actual size of the retail sub-sector compared to the other sub-sector – an employment level of 2.8 million. Compared with the other sub-sectors, the level of retail employment dominates the sector and therefore reduces the GVA contribution per employee that retail makes in relation to the other sub-sectors.

2.1.3 Establishment numbers

Table 2.7 shows that the wholesale and retail sector has the highest number of establishments in the UK, with just over 509,000 outlets representing 20 per cent of the total. This number of establishments is over 40 per cent higher than the second largest sector – construction, building services, engineering and planning.

⁴ These sub-sector figures are calculated using the Annual Business Survey and Business Register and Employment Survey (both 2009) and unlike Table 2.5 are not constrained to the Regional Accounts totals.

Table 2.7: Number of establishments by sector and nation 2010 – whole economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Agriculture, forestry and fishing	144,895	6	96,770	4	17,625	9.00	14,210	13	16,290	19
Energy production and utilities	13,290	1	10,365	0	1,495	1.00	865	1	565	1
Manufacturing	144,115	6	124,235	6	9,395	5.00	6,040	5	4,445	5
Construction, building services, engineering and planning	358,455	14	303,300	14	27,845	14.00	14,280	13	13,030	15
Wholesale and retail trade	509,215	20	431,330	20	38,165	20.00	23,000	20	16,720	20
Transportation and storage	83,825	3	70,685	3	6,370	3.00	3,925	3	2,845	3
Hospitality, tourism and sport	223,370	9	185,390	8	20,515	11.00	11,580	10	5,885	7
Information and communication technologies	131,065	5	120,095	5	6,610	3.00	3,130	3	1,230	1
Creative media and entertainment	134,115	5	121,900	6	6,830	4.00	3,640	3	1,745	2
Financial, insurance and other professional services	255,000	10	228,725	10	14,770	8.00	7,160	6	4,345	5
Real estate and facilities management	149,325	6	129,340	6	10,610	5.00	5,730	5	3,645	4
Government services	52,210	2	40,870	2	5,625	3.00	2,985	3	2,730	3
Education	67,125	3	55,020	3	5,535	3.00	3,250	3	3,320	4
Health	55,135	2	46,925	2	3,895	2.00	2,515	2	1,800	2
Care	85,935	3	70,460	3	7,810	4.00	4,710	4	2,955	4
All economy	2,574,230	100	2,183,845	100	193,305	100.00	112,810	100	84,270	100

Source: Inter-departmental Business Register (IDBR), ONS

Across the UK, 85 per cent of wholesale and retail establishments are based in England; eight per cent in Scotland; five per cent in Wales and three per cent in Northern Ireland. In all of the four countries, wholesale and retail establishments account for one-fifth of the nation total.

Table 2.8 details the number of retail wholesale and retail establishments across the nine English regions.

Table 2.8: Number of establishments by sector and English region 2010 – whole economy

	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West
Energy production and utilities	475	1,460	1,155	1,025	1,065	1,320	950	1,605	1,310
Manufacturing	4,650	15,950	13,100	12,915	15,930	15,235	13,350	20,025	13,080
Construction, building services, engineering and planning	10,845	35,520	26,035	24,975	28,750	41,485	42,520	58,785	34,385
Wholesale and retail trade	16,630	55,955	41,975	36,895	45,695	48,635	67,620	71,850	46,075
Transportation and storage	2,610	8,775	7,270	6,830	7,930	9,305	9,190	11,570	7,205
Hospitality, tourism and sport	8,395	23,095	17,600	14,030	16,700	19,290	32,470	31,885	21,925
Information and communication technologies	2,325	10,885	6,685	6,900	9,260	14,735	29,655	28,805	10,845
Creative media and entertainment	2,660	10,035	6,735	6,215	7,425	12,210	43,255	22,760	10,605
Financial, insurance and other professional services	5,440	23,475	14,900	14,950	18,300	23,850	61,915	45,495	20,400
Real estate and facilities management	4,185	14,800	10,225	9,390	11,925	15,045	27,475	22,980	13,315
Government services	1,815	4,810	4,260	4,270	4,040	4,215	6,495	6,340	4,625
Education	2,495	6,890	4,965	4,810	5,465	6,330	8,215	9,925	5,925
Health	2,010	6,255	4,265	3,830	4,570	4,850	8,045	8,280	4,820
Care	3,575	9,340	6,950	6,110	6,940	7,210	10,725	11,700	7,910
All economy	75,975	255,705	187,810	174,700	210,065	253,120	392,540	394,505	239,425

Source: Inter-departmental Business Register (IDBR), ONS

Wholesale and retail establishments on average account for just over 20 per cent of the total establishments across all of the regions. The South East region has the highest number of establishments across the regions, but due to the density of other sectoral establishments in this region, it has one of the lower wholesale and retail percentage levels – 18 per cent.

Within the sub-sectors of wholesale and retail the following divisions can be seen in the establishment numbers. Table 2.9 shows that retail accounts for nearly six in ten establishments in the sub-sector.

Table 2.9: Number of establishments in wholesale and retail sub-sectors 2010

	Number of establishments	%
Retail	286,680	56
Wholesale	125,300	25
Automotive retail	76,410	15
Rental trade	20,825	4
Total	509,215	100

Source: Inter-departmental Business Register (IDBR), ONS

Table 2.10 highlights the numbers of wholesale and retail establishments since 2006.

Table 2.10: Number of establishments by sector 2006-2010 – all economy

	2006	2007	2008	2009	2010	% Change 2006-2010
Agriculture, forestry and fishing	146,485	158,080	163,715	146,620	144,895	-1
Energy production and utilities	18,170	18,260	11,435	12,980	13,290	-27
Manufacturing	165,675	163,525	167,335	151,165	144,115	-13
Construction, building services, engineering and planning	230,610	240,535	258,055	374,320	358,455	55
Wholesale and retail trade	533,105	532,905	532,060	520,070	509,215	-4
Transportation and storage	70,425	70,750	71,665	86,680	83,825	19
Hospitality, tourism and sport	219,770	222,920	227,430	229,690	223,370	2
Information and communication technologies	136,395	140,505	144,080	134,805	131,065	-4
Creative media and entertainment	125,100	130,185	131,180	132,225	134,115	7
Financial, insurance & other professional services	271,310	283,920	287,015	256,915	255,000	-6
Real estate and facilities management	180,305	191,195	201,915	155,855	149,325	-17
Government services	159,395	164,690	54,875	52,060	52,210	-67
Education	28,935	28,880	66,055	66,725	67,125	132
Health	25,860	25,810	53,300	53,900	55,135	113
Care	40,150	40,075	82,755	83,675	85,935	114
All economy	2,533,855	2,600,065	2,643,215	2,634,790	2,574,230	2

Source: Inter-departmental Business Register (IDBR), ONS

Note: Data for 2006-2008 is based on SIC 2003 whereas data beyond this is based on SIC 2007. Some of the data for 2006-2008 is based on estimates.

Note: Table 2.10 shows establishment data, i.e. the total number of retail shops/market stalls, wholesale stores, car sales and servicing garages and rental shops across the UK. A number of these establishments throughout the sector will be part of one large organisation, e.g. Tesco, Booker, Ford UK and Blockbusters.

Although the sector still has almost double the amount of establishments compared with other sectors, the effect of the 2008 recession can be seen in the four per cent decline in establishment numbers. This reflects the demise of such high street names as MFI, Woolworths, Focus DIY and automotive retailers such as Pendragon, in this period. The decline in wholesale and retail establishments has also not been uniform across the UK four nations however – a four per cent decline in England; a seven per cent decline in Scotland; a five per cent decline in Wales and a two per cent decrease in establishment numbers in Northern Ireland.

Table 2.11 shows the size of wholesale and retail establishments by employee size (excluding sole traders).

Table 2.11: Size of establishment by sector 2010 – all economy

	Number of employees						All Number
	2-4 %	5-9 %	10-24 %	25-49 %	50-250 %	251+ %	
Agriculture, forestry and fishing	80	14	5	1	0	0	97,910
Energy production and utilities	36	22	20	10	10	2	10,265
Manufacturing	43	22	18	8	8	1	108,050
Construction	67	18	10	3	2	0	211,710
Wholesale and retail trade	49	27	16	4	3	1	385,760
Transportation and storage	48	20	16	7	8	1	52,620
Hospitality, tourism and sport	42	30	19	6	3	0	198,630
Information and communication technologies	68	15	10	4	3	1	56,710
Creative media and entertainment	66	17	10	4	3	0	62,305
Financial, insurance and other professional services	57	21	14	4	3	1	134,900
Real estate and facilities management	62	21	11	3	3	1	95,270
Government services	34	21	20	10	12	4	41,505
Education	20	14	20	23	21	2	56,740
Health	31	24	25	10	7	2	47,570
Care	26	24	28	13	8	0	75,725
All economy	52	22	15	6	4	1	1,742,370

Source: Inter-departmental Business Register (IDBR), ONS

Note: the data shown in Table 2.11 excludes the number of sole traders (in the UK there are 831,860 sole traders). Therefore, the totals in Tables 2.11 and 2.12 are not the same.

The data in Table 2.11 confirms that wholesale and retail sector employees work in just under a quarter of all UK establishments. The profile of the sector is as follows:

- Over three-quarters of the sector's employees work in establishments of under ten employees which is just above the all-economy average
- A fifth of employees work in establishments employing 10-49 employees
- Three per cent of employees work in small/medium enterprises which employ more than 50, but fewer than 250 employees
- One per cent of establishments employ over 251 employees
- The difference between the totals within the wholesale and retail sector in Tables 2.11 and 2.12 indicate that there are approximately 123,000 sole traders working in the sector – smaller one person business as specialist retail suppliers / market stall holders, specialist wholesalers or specialist mechanics

As shown in Table 2.12, there is a skills implication arising from the large number of micro-businesses in the sub-sector.

Table 2.12: Number of establishments with between 2-9 employees in wholesale and retail sub-sectors 2010

	Number of establishments with two-nine employees	% of sector establishments
Retail	176,515	77
Wholesale	63,765	73
Automotive retail	43,460	80
Rental trade	10,860	78
Total	294,600	76

Source: Inter-departmental Business Register (IDBR), ONS

This data can be broken down for both the UK and the four nations. Table 2.13 details this breakdown for the UK economy.

Table 2.13: Size of establishments by nation 2010 – all economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
2-4	908,825	52	767,415	52	66,560	48	44,675	54	30,175	52
5-9	388,990	22	323,815	22	33,775	24	18,005	22	13,395	23
10-24	259,470	15	215,295	15	23,090	17	11,910	14	9,175	16
25-49	97,820	6	82,055	6	8,330	6	4,170	5	3,265	6
50-99	49,505	3	41,835	3	4,140	3	2,055	2	1,475	3
100-199	21,905	1	18,505	1	1,905	1	925	1	570	1
200-250	4,135	0	3,525	0	360	0	150	0	100	0
251-499	7,605	0	6,440	0	655	0	330	0	180	0
500+	4,115	0	3,475	0	375	0	175	0	90	0
Total	1,742,370		1,462,360	84	139,190	8	82,395	5	58,425	3

Source: Inter-departmental Business Register (IDBR), ONS

Proportionally in the whole UK economy, approximately three-quarters of establishments employ fewer than ten staff and nearly 84 per cent of establishments are based in England.

Table 2.14 highlights the data for the wholesale and retail sector.

Table 2.14: Size of establishments by nation 2010 – wholesale and retail sector

	England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%
2-4	160,890	50	13,740	45	9,045	50	6,125	47
5-9	86,785	27	9,295	30	5,075	28	3,645	28
10-24	51,075	16	5,250	17	2,775	15	2,270	17
25-49	14,475	4	1,330	4	730	4	675	5
50-250	9,035	3	875	3	410	2	325	2
251+	1,665	1	155	1	80	0	35	0
Total	323,925	100	30,645	100	18,115	100	13,075	100

Source: Inter-departmental Business Register (IDBR), ONS

Due to the dominance, in numerical terms, of wholesale and retail establishments in the UK, the distribution of establishments by size of workplace shows a similar pattern across the four nations. Approximately three-quarters of wholesale and retail establishments employ fewer than ten employees.

There are only a few large players across the sub-sectors focusing predominantly in the non-specialised retail outlets (supermarkets) and general grocery wholesalers. However, Wales has a slightly higher percentage of micro-businesses (78 per cent), but this is offset by the fact that there are only a small number of large (over 250 employees) establishments in Wales (80) and in Northern Ireland (35).

2.1.4 Business start-ups and closures

Table 2.15 highlights the numbers of businesses that opened and closed in 2009 (latest available data).

Table 2.15: Business (enterprise) start-ups and closures by sector 2009 – all economy

	Start-ups	Closures	Difference
	Number	Number	Number
Agriculture, forestry and fishing (SIC 75 only)	285	190	95
Energy production and utilities	1,270	408	862
Manufacturing	10,570	15,445	- 4,875
Construction, building services, engineering and planning	35,835	51,040	- 15,205
Wholesale and retail trade	38,760	47,090	- 8,330
Transportation and storage	6,980	10,805	- 3,825
Hospitality, tourism and sport	23,345	28,030	- 4,685
Information and communication technologies	16,120	19,935	- 3,815
Creative media and entertainment	24,290	20,805	3,485
Financial, insurance and other professional services	25,640	25,765	- 125
Real estate and facilities management	12,805	16,275	- 3,470
Government services (SIC 94 only)	1,010	1,260	- 250
Education	3,485	3,160	325
Health	4,135	3,110	1,025
Care	2,745	2,165	580
Other sectors	28,750	32,135	- 3,385
All economy	236,025	277,618	- 41,593

Source: *Business Demography – Enterprise Births, Deaths and Survivals 2009 (ONS)*

The overview of business start-ups and closures within wholesale and retail, represented in the table above, is fairly reflective of a typical year in the sector. Traditionally there is a high level of business churn of start-ups and closures, as shown in the 2009 data. The wholesale and retail sector has the highest number of start-ups and the second largest number of closures when compared with the other sectors. The first major impacts of the recession were seen in 2009 and these are still affecting the sector today. As a result of these challenging economic conditions Table 2.15 shows that over 8,000 businesses failed in 2009. This figure is high compared with other sectors, apart from the construction industry.

Across the sub-sectors of wholesale and retail the following business start-up/closure rate in 2009 is highlighted in Table 2.16.

Table 2.16: Business (enterprise) start-ups and closures 2009 – wholesale and retail sub-sectors

	Number of business opening	% of openings	Number of business closures	% of closures	Openings - closures	%
Retail	21,205	55	25,555	54	-4,350	52
Wholesale	9,670	25	12,605	27	-2,935	35
Automotive retail	6,005	15	6,955	15	-950	12
Rental	1,880	5	1,975	4	-95	1
Total	38,760	100	47,090	100	-8,330	100

Source: Business Demography – Enterprise Births, Deaths and Survivals 2009 (ONS)

In reality, this data is reflective of a fairly 'normal' start-up and closure pattern. Retail accounted for over half of business openings in the sector.

2.2 Employment

Table 2.17 highlights numbers in employment by sector across the UK.

Table 2.17: Total employment by sector and nation 2010 – whole economy

	UK		England		Scotland		Wales		Northern Ireland	
	000s	%	000s	%	000s	%	000s	%	000s	%
Agriculture, forestry and fishing	406	100	296	73	51	13	31	8	27	7
Energy production and utilities	473	100	346	73	88	19	25	5	14	3
Manufacturing	2,970	100	2,542	86	199	7	138	5	91	3
Construction, building services, engineering and planning	2,697	100	2,270	84	244	9	113	4	71	3
Wholesale and retail trade	4,140	100	3,471	84	353	9	205	5	112	3
Transportation and storage	1,448	100	1,252	86	117	8	46	3	33	2
Hospitality, tourism and sport	2,046	100	1,704	83	198	10	100	5	44	2
Information and communication technologies	761	100	675	89	56	7	18	2	13	2
Creative media and entertainment	987	100	876	89	65	7	32	3	14	1
Financial, insurance and other professional services	2,001	100	1,768	88	138	7	53	3	41	2
Real estate and facilities management	978	100	848	87	75	8	38	4	18	2
Government services	2,209	100	1,835	83	173	8	111	5	89	4
Education	3,088	100	2,625	85	235	8	154	5	75	2
Health	2,087	100	1,713	82	199	10	111	5	64	3
Care	1,729	100	1,409	81	183	11	97	6	40	2
Whole Economy	28,855	100	24,331	84	2,446	8	1,312	5	766	3
<i>Unweighted bases</i>	<i>194.448</i>	<i>100</i>	<i>161.501</i>	<i>83</i>	<i>17.022</i>	<i>9</i>	<i>8.693</i>	<i>4</i>	<i>7.232</i>	<i>4</i>

Source: Labour Force Survey 2010, ONS

There are approximately 29 million employees within the UK, of which wholesale and retail employment accounts for 14 per cent, or 4.1m employees.

The sector employment is split as following between the UK nations: England 84 per cent (3.4m employees); Scotland nine per cent (353,000 employees); Wales five per cent (205,000 employees) and Northern Ireland three per cent (112,000 employees).

Table 2.18 shows the differing shares of employment by sub-sector:

Table 2.18: Sector employment by sub-sector 2010

	Employees (000s)	%
Retail	2,815	68
Wholesale	734	18
Automotive retail	480	11
Rental trade	111	3
Total	4,140	100

Source: Labour Force Survey 2010, ONS

The majority of employment lies in the retail part of the sector – 68 per cent. The wholesale sub-sector accounts for just under a fifth of sector employment.

Table 2.19 highlights the English wholesale and retail percentage employment levels by the nine regions.

Table 2.19: Total employment by sector within region 2010 – whole economy

	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	London	East of England	South East	South West
Agriculture, forestry and fishing	1	1	1	2	2	*	1	1	3
Energy production and utilities	2	2	1	2	2	1	1	2	2
Manufacturing	11	12	12	15	14	4	11	9	11
Construction, building services, engineering and planning	9	9	9	9	9	9	10	10	9
Wholesale and retail trade	15	16	16	16	14	12	14	14	14
Transportation and storage	4	5	5	6	5	5	5	5	4
Hospitality, tourism and sport	7	7	7	7	7	8	6	7	7
Information and communication technologies	2	2	2	2	2	3	3	4	3
Creative media and entertainment	2	2	2	2	2	8	3	4	3
Financial, insurance and other professional services	4	6	6	5	6	13	8	8	6
Real estate and facilities management	3	4	3	3	3	5	3	4	4
Government services	9	8	8	7	7	8	7	8	7
Education	11	10	11	11	11	10	11	11	11
Health	8	8	8	7	7	6	6	7	7
Care	8	6	6	5	6	5	5	5	6
Whole Economy	100	100	100	100	100	100	100	100	100
<i>Weighted base</i>	1,145	3,126	2,382	2,099	2,413	3,726	2,779	4,147	2,515
<i>Unweighted bases</i>	8.486	22.418	17.467	15.044	16.534	18.925	18.998	26.614	17.015

Source: Labour Force Survey 2010, ONS

* Sample size too small for reliable estimate

In seven of the nine regions, the wholesale and retail sector contributes the largest proportion of employees of all the industry sectors. Only in London, where the percentage of employees working in financial institutions is higher, and in the West Midlands, where there is an equal percentage figure with the manufacturing sector, does the pattern differ.

Table 2.20 highlights the timeline for employment levels across the UK.

Table 2.20: Total employment by sector 2002-2010 – whole economy

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	000s								
Agriculture, forestry and fishing	394	389	396	421	417	422	448	364	406
Energy production and utilities	434	389	407	422	436	479	486	483	473
Manufacturing	4,153	3,870	3,687	3,615	3,562	3,575	3,368	2,915	2,970
Construction, building services, engineering and planning	2,223	2,333	2,434	2,500	2,560	2,615	2,639	2,875	2,697
Wholesale and retail trade	4,368	4,545	4,536	4,489	4,404	4,349	4,446	4,143	4,140
Transportation and storage	1,486	1,485	1,461	1,511	1,501	1,490	1,517	1,489	1,448
Hospitality, tourism and sport	1,718	1,720	1,730	1,714	1,773	1,807	1,799	1,991	2,046
Information and communication technologies	813	813	839	832	835	851	871	784	761
Creative media and entertainment	1,102	1,139	1,108	1,111	1,138	1,142	1,156	975	987
Financial, insurance and other professional services	1,671	1,662	1,623	1,677	1,696	1,744	1,736	2,038	2,001
Real estate and facilities management	898	869	924	946	984	1,036	1,028	948	978
Government services	2,115	2,166	2,194	2,251	2,282	2,285	2,323	2,265	2,209
Education	2,295	2,414	2,543	2,580	2,642	2,636	2,664	2,939	3,088
Health	1,811	1,881	1,980	2,048	2,079	2,033	2,118	2,038	2,087
Care	1,288	1,338	1,408	1,456	1,479	1,446	1,506	1,721	1,729
Whole Economy	27,908	28,172	28,456	28,740	28,987	29,164	29,382	28,811	28,855
<i>Unweighted base</i>	<i>247.273</i>	<i>238.005</i>	<i>230.951</i>	<i>227.794</i>	<i>222.196</i>	<i>221.046</i>	<i>217.000</i>	<i>203.221</i>	<i>194.448</i>

Source: Labour Force Survey 2010, ONS

In terms of employee numbers, the wholesale and retail sector reflects the cyclical nature of the economy. Employment levels peaked in 2004/2005 when the economy was growing, whereas the 2009/2010 data reflects the impact of the recession and falling consumer demand.

Over the time period 2002-2010 the greatest number of people employed within the wholesale and retail sector was in 2003, when approximately 4.6m people worked in the sector.

Since 2002, the number of those employed in the wholesale and retail workforce has declined by approximately five per cent (-228,000 employees). This is below the whole-economy average which shows a three per cent increase. Health and care sectors showed particularly strong increases in employment numbers. The largest percentage fall in employee number across this time period was in the manufacturing industry.

As highlighted, in recent years the sector has experienced a slight decline in employee numbers. However, the number of UK wholesale and retail workers is the second largest across similar sectors in Europe behind the number working in Germany as shown in Table 2.21 (2008 latest available data).

Table 2.21: Employment by sector by European nation 2008

SSA sector	1	2	3	4	5	6	7	8	9	10	11	12	13	14 & 15	
	Agriculture, forestry and fishing	Energy production and utilities	Manufacturing	Construction	Wholesale and retail trade	Transportation and storage	Accommodation, food and tourism activities (1)	Information and communication	Creative media and entertainment (2)	Financial, insurance & other professional services (3)	Real estate and facilities management	Government	Education	Health and Care	Not in scope (4)
European Union	10,025	4,038	33,699	16,390	29,953	10,844	9,381	6,087	3,342	16,796	1,607	15,636	15,721	21,875	17,047
Germany (including former GDR from 1991)	580	652	7,674	2,543	5,152	1,790	1,452	1,211	533	3,174	250	2,828	2,347	4,620	3,266
United Kingdom	297	467	2,780	2,162	3,882	1,401	1,388	992	718	2,926	264	1,911	2,993	3,698	2,231
France	735	427	3,369	1,895	3,343	1,335	961	737	336	2,124	300	2,591	1,750	3,354	2,322
Italy	815	362	4,221	1,923	3,270	1,065	1,171	527	261	2,040	134	1,414	1,522	1,636	2,136
Turkey	4,932	278	4,193	1,424	3,285	1,004	1,077	204	101	693	59	1,293	1,016	587	1,858
Spain	777	240	2,361	1,645	2,886	904	1,362	506	324	1,300	81	1,394	1,171	1,350	2,003
Poland	1,948	565	2,946	1,277	2,358	882	349	314	196	846	170	1,044	1,235	918	673
Romania	2,371	297	1,646	704	1,132	444	180	126	50	291	19	471	384	402	306
Netherlands	213	78	793	453	1,084	379	336	290	160	681	60	538	564	1,350	1,240
Czech Republic	148	154	1,227	460	588	326	188	135	79	305	39	326	287	334	215
Portugal	326	67	816	477	709	173	280	105	35	240	25	311	364	341	391
Belgium	58	74	650	321	582	266	140	152	65	351	22	448	413	604	306
Sweden	82	51	541	299	548	235	151	178	106	437	59	264	486	685	311
Greece	512	73	466	319	784	208	300	85	48	327	6	370	320	242	248
Austria	190	55	620	338	616	196	249	109	70	358	36	286	259	390	252
Hungary	166	96	783	276	543	258	158	95	60	226	20	304	316	253	197
Bulgaria	201	108	632	266	525	175	158	70	38	136	10	224	181	156	128
Denmark	62	29	338	157	389	122	84	115	60	225	26	159	225	508	156
Norway	59	75	232	176	337	136	68	90	50	181	22	146	202	519	136
Finland	100	33	359	170	295	154	82	94	53	195	20	116	172	376	191
Slovakia	75	72	529	257	305	145	103	56	26	122	14	188	163	156	95
Ireland	71	30	208	117	263	90	118	72	41	188	8	105	146	230	113
Croatia	187	52	251	115	202	94	88	39	26	86	5	95	90	99	57
Lithuania	117	26	207	93	241	90	33	24	21	70	13	82	142	89	67
Slovenia	66	21	233	58	116	51	46	32	18	68	3	59	76	55	39
Latvia	78	30	128	66	148	81	29	29	20	44	17	62	93	45	48
Estonia	23	16	107	47	78	43	19	12	14	29	9	40	54	32	28
Cyprus	11	4	31	43	71	15	27	8	7	40	2	31	27	16	39
Luxembourg	2	0	12	14	18	9	6	9	2	42	1	38	18	21	26
Malta	2	4	24	12	26	10	13	5	3	12		14	14	13	8
Iceland	9	1	17	10	20	8	8	7	5	17		8	20	20	

Source: Structural Business Statistics, Eurostat, 2011

In percentage terms, the number of UK sector employees is in line with the European average. Other countries such as Spain, Malta, Moldova, Cyprus and Bulgaria, have a larger percentage of employees working within the wholesale and retail sector. However, these economies are smaller and less diverse compared with the UK.

3 The workforce

Chapter Summary

- In 2010, 37 per cent of employment in the sector fell within sales and customer roles. This is the largest occupational group in the UK economy.
- 20 per cent of sector employment is accounted for by managerial and senior official positions – which is five percentage points above the all economy average. The sector has the highest number of outlets of any sector so the high proportion of managers reflects that.
- 62 per cent of roles within the sector are full-time - 11 percentage points below the all economy average level.
- However, 90 per cent of the workforce are classed as employees (ten per cent are self-employed) and 96 per cent of employees within the sector are permanent workers, both slightly higher than the economy average (86 per cent and 94 per cent respectively).
- The sector provides an important entry point to the world of work. A quarter of employees within the sector are aged under 25 – significantly higher than the UK economy figure.
- 53 per cent of the workforce are male and 47 per cent female employees but this varies greatly across the different industries within the sector. Female employees make-up 58 per cent of the retail workforce and 30 per cent of the wholesale workforce.
- Ten per cent of employees are classed as Black and Asian Minority Ethnic (BAME).

The following section details the occupational structure of the UK wholesale and retail sector by illustrating occupation and workforce characteristics.

3.1 The jobs people do

3.1.1 Sector occupations

The occupation structure of the UK and the four nations is shown in Table 3.1.

Table 3.1: Employment by occupation by nation 2010 – whole economy

	UK		England		Scotland		Wales		Northern Ireland	
	000s	%	000s	%	000s	%	000s	%	000s	%
Managers and Senior Officials	4,455	15	3,866	16	331	14	173	13	85	11
Professional Occupations	4,028	14	3,454	14	299	12	176	13	100	13
Associate Professional and Technical	4,265	15	3,638	15	353	14	186	14	88	12
Administrative and Secretarial	3,181	11	2,670	11	270	11	135	10	106	14
Skilled Trades Occupations	3,061	11	2,502	10	285	12	149	11	125	16
Personal Service Occupations	2,544	9	2,123	9	226	9	131	10	64	8
Sales and Customer Service Occupations	2,146	7	1,772	7	209	9	111	8	54	7
Process, Plant and Machine Operatives	1,907	7	1,570	6	174	7	99	8	63	8
Elementary Occupations	3,257	11	2,724	11	300	12	153	12	81	11
All occupations	28,842	100	24,319	100	2,446	100	1,311	100	765	100
<i>Unweighted base</i>	<i>194.372</i>		<i>161.438</i>		<i>17.020</i>		<i>8.690</i>		<i>7.224</i>	

Source: Labour Force Survey 2010, ONS

In the UK economy there is a similar spread in numbers across the nine highlighted occupations. Three occupations – managers, directors and senior officials; professional occupations and associate professional and technical – make up over two-fifths of the total occupations in the UK economy. Little difference can be seen from this analysis in England and Scotland. However, in both Wales and Northern Ireland skilled trade occupations, (and in Northern Ireland administrative and secretarial occupations) are higher than the UK average.

Using four-digit Standard Occupation Codes (SOC) allows for a greater understanding to be made of the occupation impact within the UK economy. The following two tables, Table 3.2 and 3.3, detail occupations by the whole-economy and by the wholesale and retail sector.

Table 3.2: Largest occupational groups 2010 – whole economy

Rank	Occupation	000s	% workforce
1	7111 Sales and retail assistants	1,233	4
2	6115 Care assistants and home carers	741	3
3	4150 General office assistants or clerks	656	2
4	9233 Cleaners, domestics	588	2
5	1132 Marketing and sales managers	532	2
6	4122 Accnts wages clerk, bookkeeper	523	2
7	6124 Educational assistants	513	2
8	3211 Nurses	509	2
9	2314 Secondary eductn teaching prfnsnals	445	2
10	2315 Prim & nurs eductn teaching profs	432	1
11	1121 Prod. works & maintenance managers	414	1
12	9223 Kitchen and catering assistants	411	1
13	1163 Retail and wholesale managers	394	1
14	9149 Oth good hndlng & storage occup nec	382	1
15	2132 Software professionals	327	1
	Other occupations	20742	72
	Total workforce	28,842	100
	<i>Unweighted base (000s)</i>	<i>194.372</i>	

Source: Labour Force Survey 2010, ONS

Given the large number of four digit occupations within the whole-economy, no one occupation dominates. Nonetheless, code 7111, sales and retail assistants, at four per cent leads all occupation levels. This is particularly relevant to the wholesale and retail sector as this is the main occupation within it (see Table 3.3).

Table 3.3: Employment by occupation 2010 – wholesale and retail sector

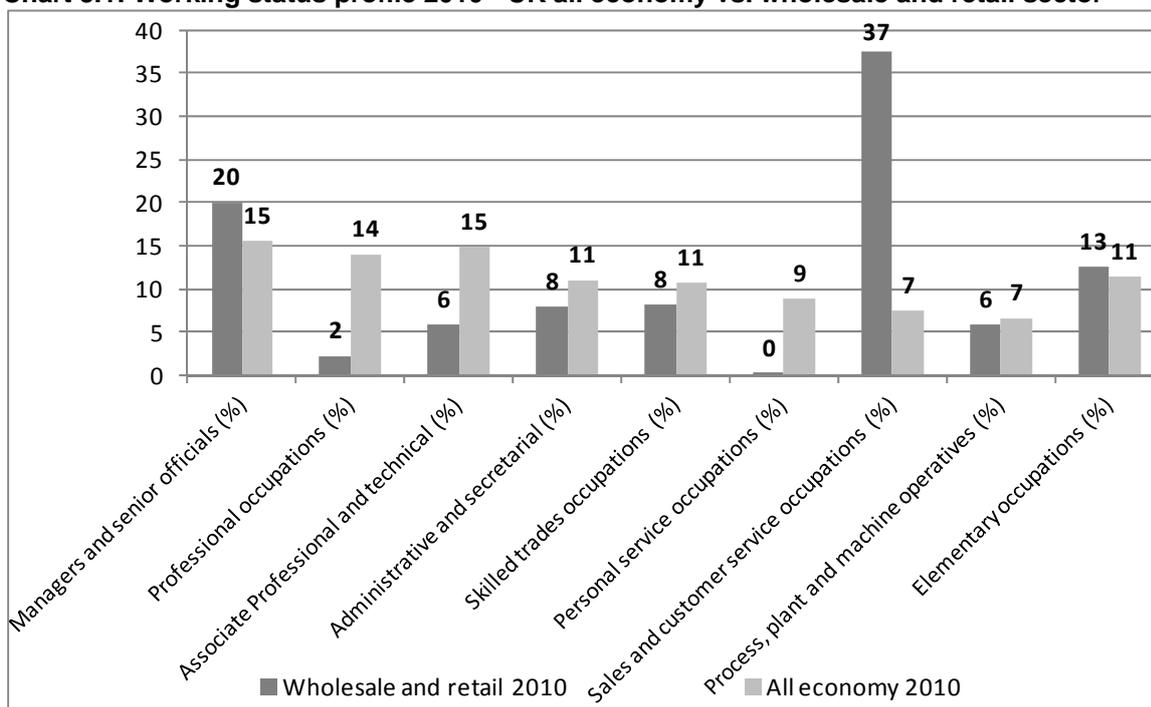
	Wholesale and retail		All economy	
	000s	%	000s	%
Managers and Senior Officials	828	20	4,455	15
Professional Occupations	92	2	4,028	14
Associate Professional and Technical	240	6	4,265	15
Administrative and Secretarial	328	8	3,181	11
Skilled Trades Occupations	334	8	3,061	11
Personal Service Occupations	7	0	2,544	9
Sales and Customer Service Occupations	1,551	37	2,146	7
Process, Plant and Machine Operatives	241	6	1,907	7
Elementary Occupations	519	13	3,257	11
All occupations	4,139	100	28,842	100
<i>Unweighted base</i>	<i>27.574</i>		<i>194.372</i>	

Source: Labour Force Survey 2010, ONS

The scale of the main occupation within the sector is illustrated by the fact that nearly three-quarters (72 per cent) of the whole-economy sales and customer service roles sit within the wholesale and retail sector.

Chart 3.1 details the all-economy and sector profile data.

Chart 3.1: Working status profile 2010 - UK all economy vs. wholesale and retail sector



Source: Labour Force Survey 2010, ONS

More than a third of all occupations in the sector are in sales and customer service. The sector percentage level of this occupation is over five times larger than the all-economy proportion and reflects the primary purpose of the sector – selling products to consumers.

Additionally, there is a higher proportion of managers and senior officials working in the wholesale and retail sector when compared to the all-economy average. This relates to the need for there to be at least one manager in each establishment and, as already highlighted, the sector has the third largest number of establishments in the UK. In the larger establishments, however, a number of managers and senior officials will be required to run the highly complex businesses.

Further analysis of the sub-sectors within the wholesale and retail sector is shown in Table 3.4 highlighting the differences in occupational structure.

Table 3.4: Employment by sub-sector occupation 2010

	% Managers and Senior Officials	% Professional Occupations	% Associate Professional and Technical	% Administrative and Secretarial	% Skilled Trades Occupations	% Personal Service Occupations	% Sales and Customer Service Occupations	% Process, Plant and Machine Operatives	% Elementary Occupations
Retail	18	*	5	6	4	*	50	3	13
Wholesale	29	3	11	13	5	*	10	15	15
Automotive retail	18	1	4	12	39	*	10	8	9
Rental trade	30	*	8	15	11	*	12	16	6
Total	20	2	6	8	8	*	37	6	13

Source: Labour Force Survey 2010, ONS

* Sample size too small for reliable estimate

As already highlighted, the dominance of sales and retail assistants and retail and wholesale managers is enhanced by looking at the four digit SOC within wholesale and retail. The two groups combined account for 35 per cent of the workforce (see Table 3.5).

Table 3.5: Largest occupational groups 2010 – wholesale and retail sector

Rank	Occupation	000s	% workforce
1	7111 Sales and retail assistants	1,106	27
2	1163 Retail and wholesale managers	336	8
3	7112 Ret cashiers and check-out operator	228	6
4	9149 Oth good hndlng & storage occup nec	157	4
5	5231 Motor mechanics, auto engineers	146	4
6	1132 Marketing and sales managers	120	3
7	9251 Shelf fillers	120	3
8	1234 Shopkprs, wholesale & retail dealrs	112	3
9	4150 General office assistants or clerks	103	2
10	7212 Customer care occupations	99	2
11	3542 Sales representatives	80	2
12	4122 Accnts wages clerk, bookkeeper	74	2
13	8212 Van drivers	72	2
14	9259 Elementary sales occupations nec.	69	2
15	4133 Stock control clerks	55	1
	Other occupations	1,261	30
	Total workforce	4,139	100
	<i>Unweighted base (000s)</i>	<i>27.574</i>	

Source: Labour Force Survey 2010, ONS

The wholesale and retail sector is primarily focused on the customer-facing side but as supply chains develop, the operations of businesses have evolved to ensure efficiency behind the scenes. For example, for some of the larger businesses this has meant that they have their own transportation and storage divisions. This is reflected by the number employed in goods handling and storage occupations – a top four occupation in the sector. In addition the move to delivery of goods, particularly groceries, to individuals' homes, has ensured that van drivers are now the 13th largest occupation in the sector ahead of stock control clerks.

More detail on the skills needs of the behind the scenes operations can be found in the transportation and storage SSA.

3.2 Working patterns

The following section investigates the working patterns of the employees within the wholesale and retail sector.

3.2.1 Working hours

Data from the Labour Force Survey and the Annual Survey of Hours and Earnings (ASHE) allows for sectoral and sub-sector analysis to be completed on the number of full and part-time hours employees complete.

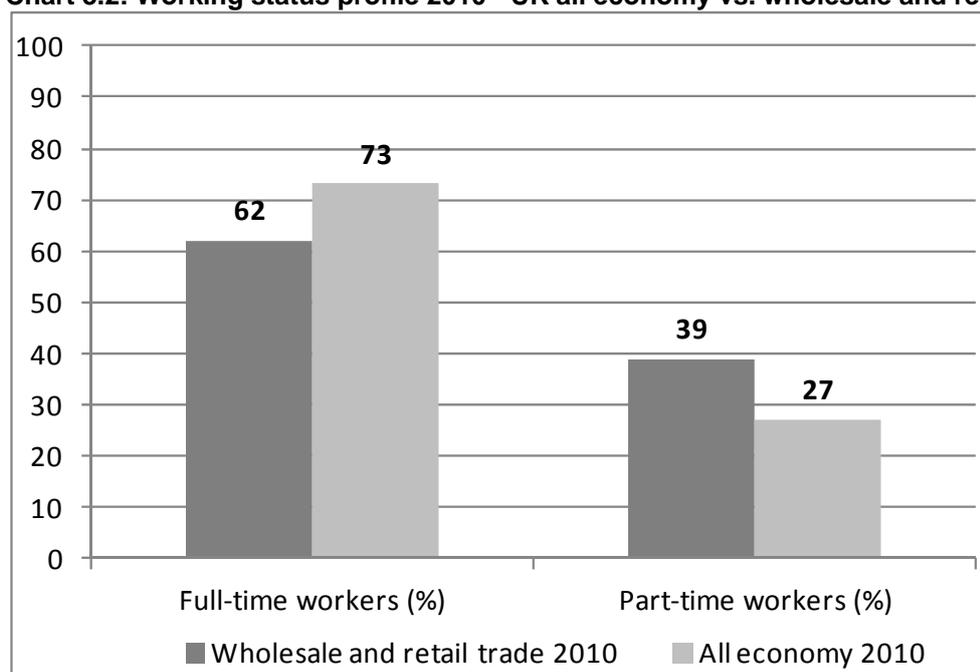
Table 3.6 highlights the working status of employees across the UK sectors.

Table 3.6: Working hours by sector 2010 – all economy

	Full-time	Part-time	Full-time	Part-time	Weighted base	Unweighted base
	000s	000s	%	%	000s	000s
Agriculture, forestry and fishing	326	79	80	19	406	2.976
Energy production and utilities	435	38	92	8	473	3.244
Manufacturing	2,688	281	91	9	2,969	20.400
Construction, building services, engineering and planning	2,435	260	90	11	2,695	17.917
Wholesale and retail trade	2,549	1,590	62	39	4,139	27.571
Transportation and storage	1,218	229	84	16	1,447	9.729
Hospitality, tourism and sport	1,127	920	55	44	2,046	13.183
Information and communication technologies	682	79	90	10	761	4.875
Creative media and entertainment	737	249	75	25	986	6.186
Financial, insurance and other professional services	1,623	377	81	18	2,001	12.804
Real estate and facilities management	643	334	66	35	977	6.561
Government services	1,800	408	82	19	2,208	15.098
Education	1,872	1,215	61	40	3,087	21.537
Health	1,344	742	64	34	2,086	14.742
Care	1,056	672	61	37	1,728	12.001
All economy	21,083	7,760	73	27	28,843	194.363

Source: Labour Force Survey 2010, ONS

The sector, in terms of full-time and part-time working, can be highlighted as being different from the all-economy average (See Chart 3.2).

Chart 3.2: Working status profile 2010 - UK all economy vs. wholesale and retail sector

Source: Labour Force Survey 2010, ONS

Although just over three-fifths of sector employees work full-time, this is 11 percentage points below the all-economy average. This deviation from the all-economy average comes primarily from the breakdown of the retail workforce.

Within retail, the flexibility of working hours has been seen over the years to be a main factor in attracting employees into the workplace. This flexible working hours approach has a two-fold advantage for the retail sub-sector. Firstly, the flexibility of working patterns allows for the peaks and troughs of consumer demand to be met by the workforce. Secondly, the flexibility of the work enables certain target employee groups – young adults, students and people returning to work – the opportunity to gain employment to fit in or around their other commitments. This unique feature of retailing is highlighted in Table 29, which shows that half of employees work part-time. The attraction of flexible working with the retail dramatically affects this profile of the sub-sector;

- Nearly a third of the workforce are young adults (a high number of this group will be students working flexible hours during their studies)
- Nearly 60 per cent of employees are female within the retail sub-sector (returning mothers to work find the flexible patterns ideal to work around school hours and holiday periods)

The wholesale sub-sector has, to a lesser degree, the same flexible working patterns as the retail sub-sector which meet the peaks and troughs of demand. However, automotive retail trade can be seen to be significantly different to the retail sub-sector working patterns, with employees working on average 37-40 hour weeks during the majority of core business hours.

One of the intangible by-products of the flexible nature of the employment within the sector, especially within the retail sub-sector, is the level of labour turnover this can create. Flexibility of working around other commitments is ideal but if changes occur then the work patterns have either to be re-negotiated or changed to suit the new requirement. Additionally, the fact that the retail sub-sector is employing nearly a third of the workforce under the age of 25, means different options and opportunities in work and life balances will be occurring. Therefore, retail has traditionally had a comparatively high churn (labour turnover) rate.

In 2008, the CIPD highlighted churn levels in retail were at 31 per cent - well above the national average turnover rate of 16 per cent (CIPD 2008). However, recent figures highlight that retail churn, although still just above the national average, is at approximately 15 per cent (CIPD 2010). This lowering of employee turnover within the sector may be due to the on-going economic conditions meaning that employees are less likely to leave the sector.

Across the wholesale and retail sub-sectors, apart from in retail, full-time working dominates, as shown in Table 3.7:

Table 3.7: Hours worked by sub-sector 2010

	% of employees working full-time	Average full-time hours worked	% of employees working part-time	Average part-time hours worked
Retail	50	39	50	18
Wholesale	87	40	13	20
Automotive retail	88	40	12	19
Rental trade	81	40	19	21
Total	62	40	38	19

Source: Labour Force Survey 2010, ONS and ASHE 2011

Table 3.8 details the employee working patterns across the four nations.

Table 3.8: Working hours by sector 2010 – all economy by sector

	England				Scotland				Wales				Northern Ireland			
	Full-time	Part-time	Weighted base	Unweighted base	Full-time	Part-time	Weighted base	Unweighted base	Full-time	Part-time	Weighted base	Unweighted base	Full-time	Part-time	Weighted base	Unweighted base
	%	%	000s	000s	%	%	000s	000s	%	%	000s	000s	%	%	000s	000s
Agriculture, forestry and fishing	79	21	296	2.112	83	17	51	0.385	85	*	31	0.198	88	*	27	0.281
Energy production and utilities	92	8	346	2.336	91	9	88	0.620	96	*	25	0.157	92	*	14	0.131
Manufacturing	90	10	2,541	17.233	92	8	199	1.431	93	7	138	0.905	93	*	91	0.831
Construction, building services, engineering and planning	90	10	2,268	14.834	93	7	244	1.702	93	7	112	0.717	93	*	71	0.664
Wholesale and retail trade	62	38	3,469	22.822	58	42	352	2.369	57	42	205	1.325	63	37	112	1.055
Transportation and storage	84	16	1,251	8.292	83	17	117	0.822	80	23	46	0.308	87	*	33	0.307
Hospitality, tourism and sport	55	45	1,704	10.849	52	48	198	1.295	51	49	100	0.636	62	38	44	0.403
Information and communication technologies	90	10	675	4.269	89	11	56	0.377	88	*	18	0.114	88	*	13	0.115
Creative media and entertainment	75	25	875	5.406	68	32	64	0.436	70	23	32	0.214	72	*	14	0.130
Financial, insurance and other professional services	82	18	1,768	11.123	78	22	138	0.948	77	22	53	0.358	81	19	41	0.375
Real estate and facilities management	65	35	847	5.623	73	27	75	0.519	63	35	38	0.254	74	*	18	0.165
Government services	81	19	1,835	12.302	84	16	173	1.210	81	23	111	0.744	84	16	89	0.842
Education	60	40	2,624	18.075	64	36	234	1.677	66	32	154	1.059	67	33	75	0.726
Health	64	36	1,712	11.931	65	35	198	1.409	67	31	111	0.771	71	29	64	0.631
Care	61	39	1,409	9.629	60	40	183	1.308	61	40	97	0.665	62	38	40	0.399
All economy	73	27	24,321	161.435	73	27	2,444	17.008	72	27	1,311	8.689	77	23	766	7.231

Source: Labour Force Survey 2010, ONS

* Sample size too small for reliable estimate

A small variation occurs in the ratio of full and part-time workers across the four nations within the sector. However, the sector's total still remains **below** the all-economy average for full-time workers and **above** the part-time all-economy average. This indicates, particularly in the retail sub-sector, the dominance of flexible part-time working patterns.

3.2.2 Employment status

Table 3.9 shows the levels of employment status (employee and self-employed) across the UK.

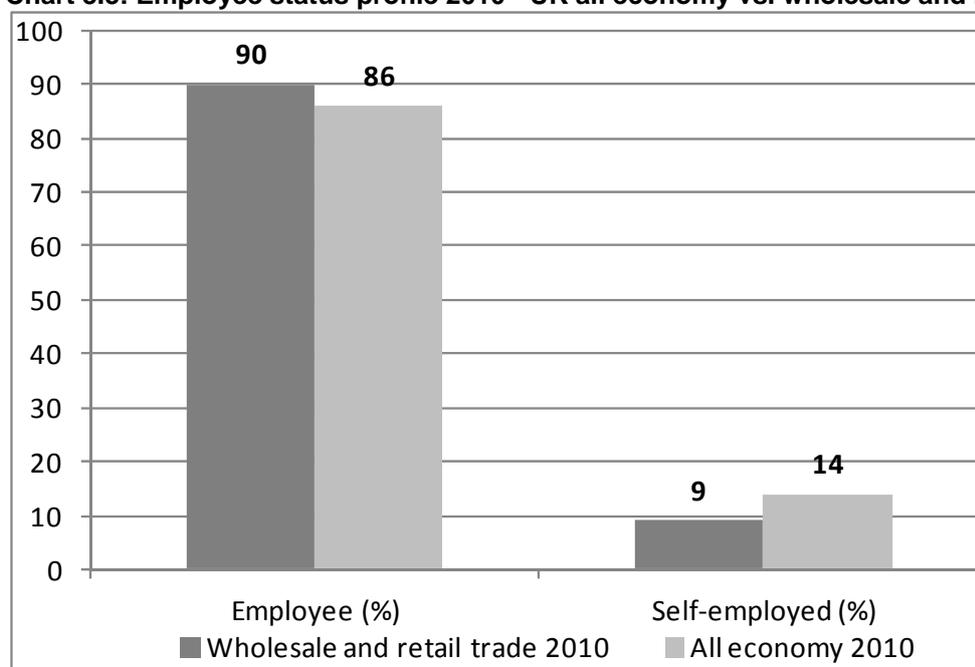
Table 3.9: Employment status by sector 2010 – all economy

	Employee	Self-employed	Employee	Self-employed	Weighted base	Unweighted base
	000s	000s	%	%	000s	000s
Agriculture, forestry and fishing	189	202	47	50	405	2.973
Energy production and utilities	446	25	95	5	472	3.240
Manufacturing	2,776	184	94	6	2,968	20.397
Construction, building services, engineering and planning	1,716	964	64	36	2,692	17.897
Wholesale and retail trade	3,731	390	90	9	4,133	27.534
Transportation and storage	1,194	250	83	17	1,447	9.729
Hospitality, tourism and sport	1,817	219	89	11	2,044	13.168
Information and communication technologies	635	124	84	16	761	4.871
Creative media and entertainment	672	310	68	31	987	6.191
Financial, insurance and other professional services	1,706	291	85	15	2,001	12.804
Real estate and facilities management	744	229	76	23	977	6.561
Government services	2,145	58	97	3	2,207	15.091
Education	2,891	188	94	6	3,082	21.507
Health	1,928	155	92	7	2,085	14.740
Care	1,577	140	92	8	1,723	11.971
All economy	24,774	3,952	86	14	28,817	194.200

Source: Labour Force Survey 2010, ONS

The vast majority (90 per cent) of the sector are employees of businesses, whilst nine per cent of employees classify themselves as self-employed. The levels of employee workers within the sector are above the all economy figure whilst the numbers of self-employed are below the all economy average, as detailed in Chart 3.3.

Chart 3.3: Employee status profile 2010 - UK all economy vs. wholesale and retail sector



Source: Labour Force Survey 2010, ONS

Table 3.10 shows the divisions in employment status in the sub-sectors of wholesale and retail.

Table 3.10: Employment status by sub-sector 2010

	% employee	% self-employed	% unpaid family member
Retail	92	8	0
Wholesale	90	9	*
Automotive retail	82	17	*
Rental trade	89	10	*
Total	90	9	*

Source: Labour Force Survey 2010, ONS

* Sample size too small for reliable estimate

The data shows that the vast majority of employees in the two largest sub-sectors, retail and wholesale, are employees of a company. However, the number of employees in the dominant retail sub-sector, hides the fact that 17 per cent of workers in the automotive retail trade work for themselves, i.e. sole-traders.

Table 3.11 highlights the employment status of UK employees across the four nations.

Table 3.11: Employment status by nations 2010 – all economy by sector

	England				Scotland				Wales				Northern Ireland			
	Employee %	Self- employed %	Weight ed base 000s	Unweigh ted base 000s	Employee %	Self- employed %	Weight ed base 000s	Unweigh ted base 000s	Employee %	Self- employed %	Weight ed base 000s	Unweigh ted base 000s	Employee %	Self- employed %	Weight ed base 000s	Unweigh ted base 000s
Agriculture, forestry and fishing	50	46	295	2.110	49	50	51	0.385	33	62	31	0.197	*	75	27	0.281
Energy production and utilities	94	6	346	2.334	95	*	87	0.619	99	*	25	0.157	95	*	14	0.130
Manufacturing	93	6	2,540	17.229	95	5	199	1.432	94	6	138	0.905	93	7	91	0.831
Construction, building services, engineering and planning	63	37	2,266	14.822	77	23	244	1.701	65	35	112	0.717	55	45	70	0.657
Wholesale and retail trade	91	9	3,466	22.800	91	9	351	2.359	86	14	204	1.323	84	16	112	1.052
Transportation and storage	83	17	1,252	8.294	85	15	117	0.820	76	23	46	0.308	77	23	33	0.307
Hospitality, tourism and sport	89	10	1,702	10.836	89	11	198	1.295	87	12	100	0.634	82	17	44	0.403
Information and communication technologies	84	16	674	4.266	82	18	56	0.377	77	*	18	0.113	87	*	13	0.115
Creative media and entertainment	68	32	875	5.409	76	24	65	0.438	60	39	32	0.214	75	*	14	0.130
Financial, insurance and other professional services	85	15	1,768	11.122	90	10	138	0.948	81	19	53	0.359	92	*	41	0.375
Real estate and facilities management	75	24	847	5.624	85	15	75	0.520	78	21	37	0.252	67	*	18	0.165
Government services	97	3	1,834	12.298	97	3	173	1.209	97	*	111	0.742	99	*	89	0.842
Education	94	6	2,619	18.049	95	5	234	1.676	96	4	153	1.056	95	*	75	0.726
Health	92	8	1,712	11.930	94	6	199	1.410	92	8	111	0.769	95	*	64	0.631
Care	91	9	1,404	9.601	93	6	183	1.306	95	*	97	0.665	90	*	40	0.399
All economy	86	14	24,301	161.314	89	11	2,442	16.995	85	14	1,309	8.674	84	16	765	7.217

Source: Labour Force Survey 2010, ONS

* Sample size too small for reliable estimate

Weighted & unweighted bases also include unpaid family workers

The pattern of working in the sector in England and Scotland is dominated by employees rather than the self-employed. However, in Wales and Northern Ireland the proportion of self-employed increases to the all-economy average of 14 per cent and 16 per cent respectively. Such nation characteristics of employment type, as highlighted here, may be indicative of the smaller and/or specialist self-employed businesses that have had to be set up to satisfy the consumer demands in these nations.

3.2.3 Permanent or temporary worker status

Across the four nations, the proportion of permanent employees is above the all-economy average. Table 3.12 details the employee working status across the UK.

Table 3.12: Permanent and temporary employees by sector 2010 – all economy

	Permanent	Temporary	Permanent	Temporary	Weighted base	Unweighted base
	000s	000s	%	%	000s	000s
Agriculture, forestry and fishing	181	8	96	4	189	1.306
Energy production and utilities	430	16	96	4	446	3.060
Manufacturing	2,652	123	96	4	2,775	18.984
Construction, building services, engineering and planning	1,648	66	96	4	1,714	11.317
Wholesale and retail trade	3,573	156	96	4	3,728	24.614
Transportation and storage	1,132	62	95	5	1,194	7.970
Hospitality, tourism and sport	1,631	183	90	10	1,814	11.563
Information and communication technologies	612	22	97	3	635	4.048
Creative media and entertainment	615	56	92	8	671	4.181
Financial, insurance and other professional services	1,651	55	97	3	1,706	10.835
Real estate and facilities management	704	39	95	5	743	4.957
Government services	2,028	117	95	5	2,145	14.642
Education	2,563	327	89	11	2,890	20.195
Health	1,825	103	95	5	1,928	13.639
Care	1,474	103	93	7	1,576	10.953
All economy	23,247	1,513	94	6	24,760	166.200

Source: Labour Force Survey 2010, ONS

The wholesale and retail sector level of permanent workers (96 per cent) is just above the all-economy average of 94 per cent.

Within the sub-sectors of wholesale and retail the following divisions can be seen in working status shown in Table 3.13:

Table 3.13: Permanent and temporary employees by sub-sector, 2010

	% permanent workers	% temporary workers
Retail	95	5
Wholesale	97	3
Automotive retail	98	2
Rental trade	95	*
Total	96	4

Source: Labour Force Survey 2010, ONS

* Sample size too small for reliable estimate Permanent worker status dominates the sector. However, this data does not include any specific rises in temporary employment associated with the Christmas and New Year sales periods in either the wholesale or retail sub-sectors. For example in the retail sub-sector approximately 81,000 staff were temporarily employed by 11 retailers alone over the 2009 festive period. In the 2011 Christmas period, 40,000 temporary staff were employed by five retailers.

3.3 Workforce characteristics

The following analysis compares the UK workforce characteristics of gender, age and ethnicity to those of the wholesale and retail sector.

3.3.1 Gender of workforce

Table 3.14 highlights the UK workforce characteristics by gender.

Table 3.14: Employment by gender and nation 2010 – all economy

	Male	Female	Total	Male	Female	Total	Unweighted base
	000s	000s	000s	%	%	%	000s
England	13,081	11,250	24,331	54	46	100	161.501
Scotland	1,257	1,189	2,446	51	49	100	17.022
Wales	692	620	1,312	53	47	100	8.693
Northern Ireland	409	358	766	53	47	100	7.232
UK	15,439	13,416	28,855	54	46	100	194.448

Source: Labour Force Survey 2010, ONS

There is very little variation across the UK between the proportion of males to females working – 54:46 male to female.

Table 3.15 details the male:female working characteristics within the wholesale and retail sector.

Table 3.15: Employment by gender and nation 2010 – wholesale and retail sector

	Male	Female	Total	Male	Female	Total	Unweighted base
	000s	000s	000s	%	%	%	000s
England	1,853	1,618	3,471	53	47	100	22.832
Scotland	174	178	353	49	51	100	2.37
Wales	110	95	205	54	46	100	1.325
Northern Ireland	62	51	112	55	45	100	1.055
UK	2,198	1,942	4,140	53	47	100	27.582

Source: Labour Force Survey 2010, ONS

The sector is relatively similar to the UK pattern with a male to female ratio of 53:47. However, there is some deviation from the UK figure across the nations. In Scotland there are more females than males working in the wholesale and retail sector – 49:51. However, in Northern Ireland and Wales there are more males than females working in the sector.

Breaking the data down into the relevant sub-sectors reveals further gender characteristics as shown in Table 3.16.

Table 3.16: Employment by gender by sub-sector, 2010

	% male employees	% female employees
Retail	42	58
Wholesale	70	30
Automotive retail	86	14
Rental trade	72	28
Total	53	47

Source: Labour Force Survey 2010, ONS

The above data shows a wide discrepancy in the male:female ratio across the sub-sectors. The retail sector's workforce is traditionally female-dominated, primarily due to the flexible working patterns that it offers. In contrast the wholesale and the automotive retail sub-sectors are dominated by male workers. However, given that almost a third of the employees within the wholesale and retail footprint are retail employees (2.8m), the influence of retail on the sector profile cannot be underestimated.

Further analysis of the roles/occupations undertaken within the sector is shown in Table 3.17.

Table 3.17: Gender profile by broad occupational group 2010 – all occupations vs. wholesale and retail sector

	Wholesale and retail trade			All economy		
	Male	Female	Total	Male	Female	Total
	%	%	000s	%	%	000s
Managers and Senior Officials	66	34	828	65	35	4,455
Professional occupations	66	34	92	56	44	4,028
Associate Professional and Technical	50	50	240	50	50	4,265
Administrative and Secretarial	29	71	328	22	78	3,181
Skilled Trades Occupations	90	10	334	92	8	3,061
Personal Service Occupations	*	*	7	17	83	2,544
Sales and Customer Service Occupations	34	66	1,551	35	65	2,146
Process, Plant and Machine Operatives	87	13	241	88	12	1,907
Elementary Occupations	64	36	519	55	45	3,257
All occupations	53	47	4,139	54	46	28,842

Source: Labour Force Survey 2010 (ONS)

* Sample size too small for reliable estimate

The differences in the four sub-sectors of the wholesale and retail sector can be clearly highlighted in the gender profile of the occupations when they are compared with the whole-economy. The main occupation in the sector – sales and customer service – is mainly undertaken by females. Skilled trades and process plant operatives are around 90 per cent dominated by male employees – this is especially highlighted in the automotive retail sub-sector. However, only two per cent of the automotive retail sub-sector is made up of skilled trades, with the majority of roles being sales and customer service (mostly undertaken by males) and administration roles (mostly undertaken by females).

3.3.2 Age of workforce

The age profile of the working UK economy is highlighted in Table 3.18

Table 3.18: Age profile of workforce by nation 2010 – all economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
16-18	673	2	569	2	58	2	35	3	10	1
19-24	3,037	11	2,541	10	274	11	136	10	85	11
25-34	6,324	22	5,365	22	500	20	267	20	192	25
35-44	7,029	24	5,932	24	589	24	311	24	197	26
45-59	9,331	32	7,826	32	834	34	434	33	236	31
60-64	1,631	6	1,394	6	129	5	79	6	30	4
65+	831	3	702	3	62	3	49	4	17	2
Total	28,855	100	24,331	100	2,446	100	1,312	100	766	100
<i>Unweighted base</i>	<i>194.448</i>		<i>161.501</i>		<i>17.022</i>		<i>8.693</i>		<i>7.232</i>	

Source: Labour Force Survey 2010, ONS

The age profile of the UK employees is reflected in a similar manner across the four nations. The largest working age group is 45-59 years old and approximately four-fifths of current workers are aged 25-59. Approximately ten per cent of the working population is grouped in each of the under-24 and over-60 years old categories.

The age profile timeline for the past ten years is highlighted in Table 3.19.

Table 3.19: Age profile of workforce 2002-2010 – all economy

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	000s								
Under 18	1,078	1,076	1,077	1,028	976	938	925	765	673
19-24	2,948	2,973	3,072	3,097	3,179	3,224	3,221	3,048	3,037
25-34	6,505	6,361	6,279	6,289	6,250	6,242	6,279	6,186	6,324
35-44	7,317	7,416	7,490	7,525	7,533	7,528	7,442	7,241	7,029
45-59	8,474	8,638	8,748	8,915	9,017	9,046	9,171	9,182	9,331
60-64	1,107	1,186	1,252	1,306	1,405	1,545	1,652	1,650	1,631
65+	479	522	538	580	625	641	693	739	831
Total	27,908	28,172	28,456	28,740	28,987	29,164	29,382	28,811	28,855
<i>Unweighted base</i>	<i>247.273</i>	<i>238.005</i>	<i>230.951</i>	<i>227.794</i>	<i>222.196</i>	<i>221.046</i>	<i>217.000</i>	<i>203.221</i>	<i>194.448</i>

Source: Labour Force Survey 2010, ONS

Since 2002, the UK working population has grown by approximately three per cent. However, certain age categories have shown significant shifts in numbers over the ten year period. The ageing UK working population is highlighted in the growing numbers of over-45s that are continuing to work. This is particularly evident in the number of over-60s which has grown by 55 per cent since 2002. At the same time the number of 18 year olds employed in the sector has reduced, which could be linked to the growth in higher education entries, but the 19-24 year age group has grown by three per cent.

The age profile of the wholesale and retail sector is highlighted in Table 3.20.

Table 3.20: Age profile of workforce by nation 2010 – wholesale and retail sector

	UK		England		Scotland		Wales		Northern Ireland	
	000s	%	000s	%	000s	%	000s	%	000s	%
Under 25	1,036	25	862	25	102	29	45	22	26	24
25-34	851	21	720	21	63	18	39	19	28	25
35-44	841	20	703	20	72	20	45	22	21	19
45-59	1,074	26	902	26	87	25	56	27	29	26
60+	339	8	284	8	28	8	19	9	8	7
Total	4,140	100	3,471	100	353	100	205	100	112	100
<i>Unweighted base (000s)</i>	27.582		22.832		2.370		1.325		1.055	

Source: Labour Force Survey 2010, ONS

The age profile of the wholesale and retail sector is unique within the UK. A quarter of employees are aged under-25, compared with only 13 per cent across the whole-economy. An explanation of this 'young' profile of the sector is due to the flexibility of work within the retail sub-sector. The sub-sector encourages this flexible working to accommodate the needs of potential employees such as students and women returners. Hence as a result, the sector, as seen in Table 3.7, has a 50:50 split between permanent and part-time workers.

A comparatively high proportion of over-60s work in the sector. Older employees who have the lengthy work experience and life skills to meet customer needs are attractive to employers such as B&Q and Asda in particular.

There is a fair degree of uniformity in the national sectoral age profiles apart from the percentage of under-25s working in the sector. Scotland has the highest percentage of this age group (29 per cent), whilst in Wales only 22 per cent of employees are aged under-25.

Table 3.21 highlights the age profile timeline for the wholesale and retail sector.

Table 3.21: Age profile of workforce 2002-2010 – wholesale and retail sector

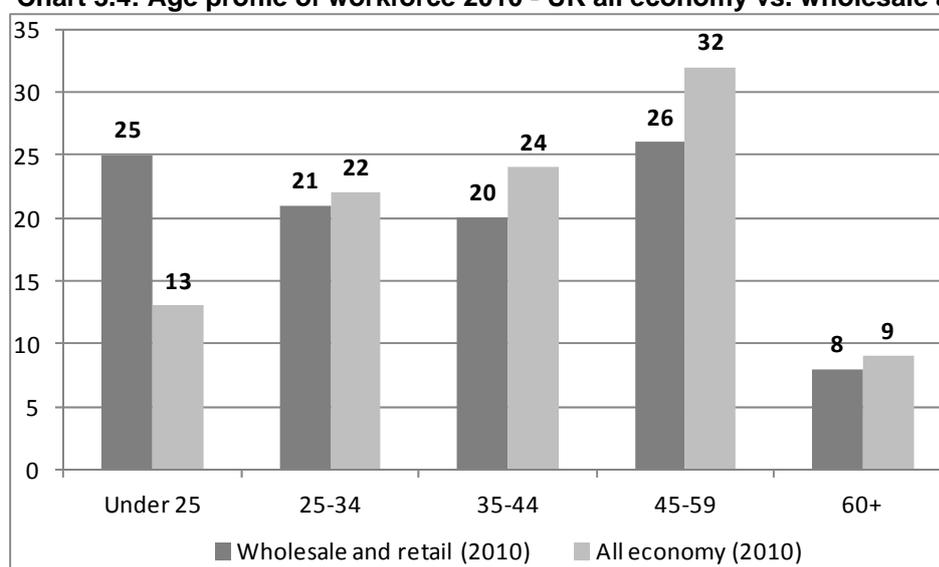
	2002	2003	2004	2005	2006	2007	2008	2009	2010
	000s								
Under 25	1,076	1,151	1,186	1,169	1,148	1,126	1,157	1,048	1,036
25-34	941	915	893	896	862	831	835	769	851
35-44	979	1,039	1,001	972	955	937	954	879	841
45-59	1,127	1,176	1,177	1,133	1,125	1,120	1,139	1,103	1,074
60+	244	263	280	319	314	334	361	344	339
Total	4,368	4,545	4,536	4,489	4,404	4,349	4,446	4,143	4,140
<i>Unweighted base (000s)</i>	38.722	38.334	36.631	35.404	33.554	32.888	32.754	28.995	27.582

Source: Labour Force Survey 2010, ONS

Between 2002 and 2010 the number of employees within the wholesale and retail sector has declined by approximately five per cent. This decline in numbers has affected all age categories particularly the under-25 age group. The decline in this age group has been less noticeable than in the whole economy - the whole economy has seen a decline of eight per cent in the number of employees under-25, compared with only a four per cent drop in the wholesale and retail sector. At the same time, the over-60 category has seen a 39 per cent increase. This is primarily due to the opportunities for this age group to maximise their life skills in a customer facing environment and supplement retirement income (Skillsmart Retail 2010).

The age profiles of the UK workforce and employees in the sector are shown in Chart 3.4.

Chart 3.4: Age profile of workforce 2010 - UK all economy vs. wholesale and retail sector



Source: Labour Force Survey 2010, ONS

Traditionally, the wholesale and retail sector has a large number of young (under-25) workers employed in the sector. As previously reported, a quarter of the wholesale and retail workforce are aged under-25 years. Within this, the retail sub-sector accounts for just under a third of all under-25 year olds employed in the UK (Skillsmart Retail 2010).

Breaking the data down into the relevant sub-sectors reveals further age characteristics as shown in Table 3.22.

Table 3.22: Employment by age profile by sub-sector 2010

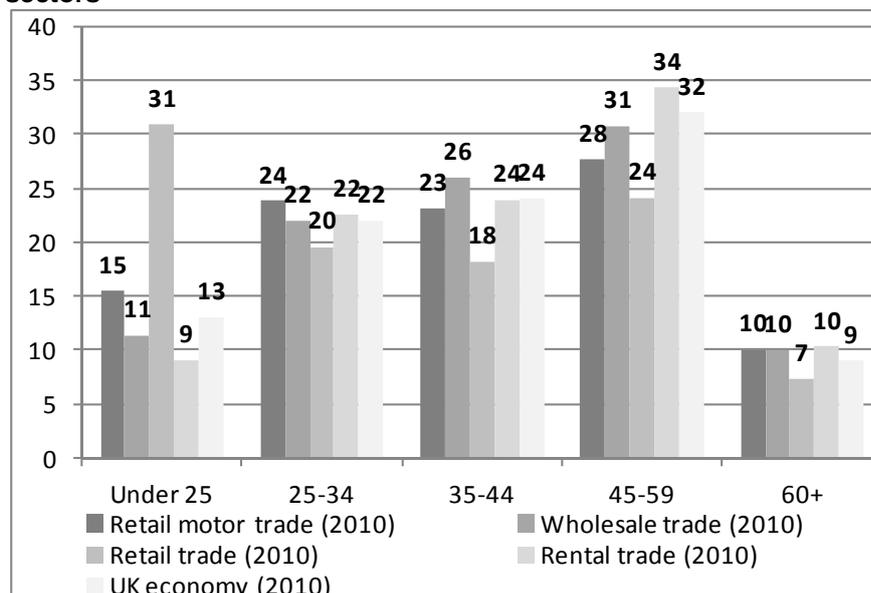
	% under 25 years old	% 25-34 years old	% 35-44 years old	% 45-59 years old	% 60+ years old
Retail	31	20	18	24	7
Wholesale	11	22	26	31	10
Automotive retail	16	24	23	28	10
Rental trade	9	22	24	34	*
Total	25	21	20	26	8

Source: Labour Force Survey 2010, ONS

* Sample size too small for reliable estimate

Chart 3.5 details the age profile of the sub-sectors.

Chart 3.5: Age profile of workforce 2010 – UK whole economy vs. wholesale and retail sub-sectors



Source: Labour Force Survey 2010, ONS

Across all of the sub-sectors, the most common age group for employees to be working is the 45-59 age group. However, the largest single age group, under-25 year olds, accounts for 30 per cent of retail sector employees. This highlights the young nature of the retail workforce. Approximately ten per cent of the wholesale and retail sector workforce is aged 60 and above.

3.3.3 Ethnicity of workforce

Table 3.23 details the ethnic profile of the UK workforce.

Table 3.23: Ethnicity of workforce by nations 2010 – all economy

	White	BAME	Total	White	BAME	Total	Unweighted base
	000s	000s	000s	%	%	%	000s
England	21,755	2,558	24,313	89	11	100	161.395
Scotland	2,370	76	2,445	97	3	100	17.019
Wales	1,272	40	1,312	97	3	100	8.691
Northern Ireland	754	12	766	98	2	100	7.231
UK	26,151	2,686	28,837	91	9	100	194.336

Source: Labour Force Survey 2010, ONS

Across the UK, nine per cent of the workforce are from Black, Asian and Minority Ethnic (BAME) backgrounds. This differs from 11 per cent in the English workforce to three per cent in Scotland and Wales and two per cent in Northern Ireland.

Table 3.24 highlights the ethnic profile of the UK sector workforce.

Table 3.24: Ethnicity of workforce within sectors 2010 – all economy

	White	BAME	Total	White	BAME	Total
	'000	'000	'000	%	%	%
Agriculture, forestry and fishing	402	*	402	100	*	100
Energy production and utilities	453	20	472	96	4	100
Manufacturing	2,769	199	2,968	93	7	100
Construction, building services, engineering and planning	2,567	130	2,697	95	5	100
Wholesale and retail trade	3,722	416	4,139	90	10	100
Transportation and storage	1,266	180	1,445	88	12	100
Hospitality, tourism and sport	1,766	280	2,045	86	14	100
Information and communication technologies	660	100	760	87	13	100
Creative media and entertainment	913	73	986	93	7	100
Financial, insurance and other professional services	1,776	224	2,000	89	11	100
Real estate and facilities management	852	125	977	87	13	100
Government services	2,037	171	2,208	92	8	100
Education	2,875	210	3,085	93	7	100
Health	1,814	272	2,086	87	13	100
Care	1,526	200	1,726	88	12	100
All economy	26,151	2,686	28,837	91	9	100

Source: Labour Force Survey 2010, ONS

* Sample size too small for reliable estimate

Within the 4.1 million employees currently working in the wholesale and retail sector, 10 per cent are classified as BAME. This figure has increased since 2010² (seven per cent BAME proportion of workforce) but has remained stationary at ten per cent since 2008. The 2010 figure is one percentage point above the all-economy average of nine per cent.

Table 3.25 highlights the slow increase in the proportion of BAME employees working within the sector.

Table 3.25: Ethnicity of workforce 2002-2010 – wholesale and retail sector

	White	BAME	Total	<i>Unweighted base</i>
2002	93	7	100	38.715
2003	92	8	100	38.319
2004	92	8	100	36.624
2005	92	8	100	35.394
2006	91	9	100	33.543
2007	91	9	100	32.879
2008	90	10	100	32.747
2009	90	10	100	28.988
2010	90	10	100	27.576

Source: Labour Force Survey 2010, ONS

The data highlights that approximately 100,000 more BAME employees working within the sector. Breaking the data down into the relevant sub-sectors reveals further ethnic workforce characteristics as shown in Table 3.26.

Table 3.26: Employment by ethnic profile by sub-sector 2010

	% white employee	% BAME employee
Retail	88	12
Wholesale	92	8
Automotive retail	96	4
Rental trade	96	4
Total	90	10

Source: Labour Force Survey 2010, ONS

In the wholesale and retail sub-sectors, white employees, on average account for 90 per cent of the workforce.

3.3.4 Employee country of origin

Table 3.27 highlights that across the nations, Scotland, Wales and Northern Ireland have over 90 per cent of their workers originating from the UK.

Table 3.27: Employment by country of birth and nation 2010 – all economy

	UK		England		Scotland		Wales		Northern Ireland	
	000s	%	000s	%	000s	%	000s	%	000s	%
UK	25,054	87	20,856	86	2,264	93	1,228	94	706	92
Rest of Europe (EU 27)	1,340	5	1,176	5	85	3	37	3	42	5
Rest of world	2,457	9	2,295	9	96	4	47	4	18	2
Total	28,851	100	24,327	100	2,446	100	1,312	100	766	100
<i>Unweighted base</i>	194.426		161.480		17.022		8.693		7.231	

Source: Labour Force Survey 2010, ONS

Proportionately the level of people working in the sector from Europe is relatively similar across the four nations. However, in England there is a disproportionate level of 'Rest of World' employees working in the sector. This is especially true in the sub-sectors of wholesale and retail where approximately 239,000 retail and 58,000 wholesale employees come from non-European countries. This may be reflective of the fact that wholesaling and retailing are global industries. The specific skills picked up in the sub-sectors of other countries can be quickly adapted to the UK sub-sectors.

The retail and wholesale sub-sectors are not only attractive places to work for UK and European workers, but also for 'Rest of the World' individuals. Approximately eight per cent of UK employees come from countries other than the UK and Europe.

Table 3.28 outlines from which countries wholesale and retail sector workers were born in prior to coming to the UK.

Table 3.28: Employment by country of birth and sector 2010 – all economy

	UK	Rest of Europe (EU 27)	Rest of world	Total	UK	Rest of Europe (EU 27)	Rest of world	Total
	'000	'000	'000	'000	%	%	%	%
Agriculture, forestry and fishing	377	21	8	406	93	5	2	100
Energy production and utilities	431	15	26	472	91	3	6	100
Manufacturing	2,567	210	193	2,969	86	7	6	100
Construction, building services, engineering and planning	2,446	124	126	2,696	91	5	5	100
Wholesale and retail trade	3,644	177	318	4,140	88	4	8	100
Transportation and storage	1,213	77	158	1,448	84	5	11	100
Hospitality, tourism and sport	1,630	156	260	2,046	80	8	13	100
Information and communication technologies	640	33	88	761	84	4	12	100
Creative media and entertainment	850	51	87	987	86	5	9	100
Financial, insurance and other professional services	1,719	79	202	2,001	86	4	10	100
Real estate and facilities management	808	55	114	978	83	6	12	100
Government services	2,011	46	152	2,208	91	2	7	100
Education	2,769	106	213	3,088	90	3	7	100
Health	1,737	83	266	2,086	83	4	13	100
Care	1,490	65	174	1,729	86	4	10	100
Other sectors	722	43	71	836	86	5	9	100
All economy	25,054	1,340	2,457	28,851	87	5	9	100

Source: Labour Force Survey 2010, ONS

In the UK, a higher proportion of wholesale and retail sector workers are born in the 'Rest of the World' (eight per cent) compared with the 'Rest of Europe' (four per cent). Both figures are approximately the same as the all-economy levels.

Further details of employment by birth characteristics for the relevant sub-sectors are shown in Table 3.29.

Table 3.29: Employment by origin of birth by sub-sector 2010

	% employees from UK	% employees from the rest of Europe	% employees from the rest of the world
Retail	88	4	8
Wholesale	85	7	8
Automotive retail	93	4	3
Rental trade	93	3	5
Total	88	4	8

Source: Labour Force Survey 2010, ONS

4 Demand for, and value of, skills

Chapter Summary

- The qualification profile of the sector is similar across all of the four nations. Over two-thirds of the sector's workforce has either a Level 2 or higher qualification compared with over three-quarters across all sectors.
- In contrast to other sectors there are no mandatory skills requirements although Level 2 is preferred for sales and customer service occupations. This in part explains why the sector provides a vital entry or re-entry point to work.
- 64 per cent of sector managers do not have a Level 4 qualification compared with the all economy average of 39 per cent. Attitude, personality and experience are valued in the sector. The sector is above average at identifying 'high potential' employees.
- 56 per cent of sector employers provide some sort of training, which matches the all economy average but is likely to vary by firm size. There are indications that larger businesses are more likely to offer formal training. 50 per cent of sector employees receive training which is three percentage points below the all economy average.
- When experience of training is explored for shorter time periods the sector does not compare well. Just under one in ten sector employees had received some training in the past four weeks compared with the all economy average of 13 per cent. Whilst only 16 per cent of sector employees have received some training in the past 13 weeks compared with the all economy average of 25 per cent.
- 84 per cent of employers provide job-specific training, matching the average for all sectors. Induction training and management training is more prevalent in the sector than across the economy as a whole; this reflects the high level of starters and managers in the sector.

The following sections details the skills levels within the wholesale and retail sector and the demand / value of such skills have for the sector.

4.1 Nature of skills used

Table 4.1, below, summarises the nature of skills used in main occupations that predominate in the sector. The purpose of this table is to summarise the nature of skills used within the sector in a comparable way across all reports. More detailed explanation is included in the following analysis.

Table 4.1: Summary of the nature of skills by occupation within the wholesale and retail sector

Broad occupational group	Sector occupations	Predominant level of skill required	Predominant type of skill required	Minimum qualification level typically required
Managers and Senior Officials	Owner-managers, store managers, area manager, board director, chief executives, head office roles	Higher skills	Transferable managerial skills	Level 3 and Level 4
Sales and customer service	Working on the shop floor dealing with customers	Basic skills and intermediate skills, employability skills	Job-specific skills	Level 2/3
Skilled trades	Technicians maintaining, repairing and inspecting vehicles Online/website	Higher skills, Intermediate skills, employability skills	Job-specific technical skills	Level 2/3/4
Process, plant and machine operatives	Drivers (van, LGV), Forklift truck	Intermediate skills Basic skills Employability skills	Job-specific technical skills Customer service	Level 2/3
Elementary	Warehouse operatives, shelf stackers	Basic skills Employability skills	Job-specific technical skills Customer service	Level 1/2

Source: Skillsmart Retail, Skills for Logistics and the Institute of the Motor Industry

A way of measuring skills levels within a sector can be undertaken by quantifying the qualification levels within the current workforce. Table 4.2 highlights the qualification profiles of employees across the UK.

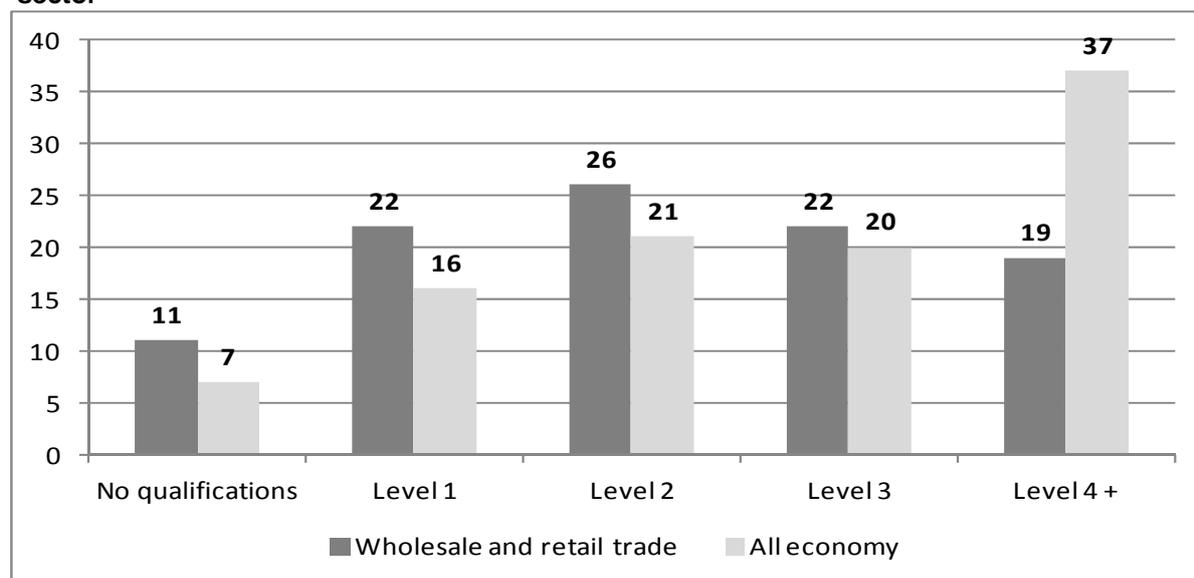
Table 4.2: Qualification profile of workforces by sector 2010 – all economy

	No qualifications	Level 1	Level 2	Level 3	Level 4 +	Total	Unweighted base
	%	%	%	%	%	'000s	'000s
Agriculture, forestry and fishing	18	21	22	15	24	406	2,978
Energy production and utilities	6	16	22	22	33	473	3,244
Manufacturing	9	19	21	22	29	2,969	20,404
Construction, building services, engineering and planning	7	16	23	28	27	2,697	17,927
Wholesale and retail trade	11	22	26	22	19	4,140	27,582
Transportation and storage	11	26	29	19	16	1,447	9,732
Hospitality, tourism and sport	10	20	27	22	20	2,046	13,183
Information and communication technologies	2	10	15	18	55	761	4,874
Creative media and entertainment	3	10	14	14	59	987	6,193
Financial, insurance and other professional services	2	12	18	17	52	2,001	12,805
Real estate and facilities management	14	23	22	17	23	978	6,565
Government services	2	12	19	20	46	2,209	15,100
Education	3	9	12	13	63	3,088	21,544
Health	3	10	14	12	61	2,087	14,749
Care	5	12	23	24	36	1,729	12,006
All economy	7	16	21	20	37	28,854	194,437

Source: Labour Force Survey 2010 (ONS)

Chart 4.1 highlights a more specific breakdown of the wholesale and retail sector qualification profile compared with the UK economy's profile.

Chart 4.1: Qualification profile of workforce 2010 - UK all economy vs. wholesale and retail sector



Source: Labour Force Survey 2010 (ONS)

Over two-thirds of the sector employees (67 per cent) have either a Level 2 or higher qualification. Nearly one-third of the sector's employees (33 per cent) have below a Level 2 qualification. This is significantly greater than the all-economy average of 44 per cent.

It is important at this point to state a number of important factors that directly affect the skill levels of the sector:

- In-comparison to other sectors, there are no mandatory required skills levels for the majority of the roles - the preferred level for a sales and customer service employee is a Level 2, but this is not as specific as some roles that require specific qualifications prior to applying for a position. The sector, and particularly the retail sub-sector, has been described 'as recruiting for attitude and training for skills' (Skillsmart Retail 2011)
- The sector's qualification base and entry level requirements are relatively unique within the economy, with a large number of roles in the sector at Level 2 – such as sales and customer service assistants
- In relation to the profile of the sector, there are only a limited number of positions that require a Level 4 qualification compared with the majority of roles in the sales and customer positions
- There are only a relatively small number of sector specific Level 4 vocational qualifications. Thus the majority of people obtaining a Level 4 qualification will be in either a specialist subject used within the sector, i.e. accountancy, or will require additional job-specific training to achieve the required attributes and skills
- There is a perception that the sector is low paid and does not attract Level 4 candidates. Retail graduate schemes, and the level of responsibility that can be achieved through career progression, allow for significant pay levels to be achieved. An example of this is the Aldi retail graduate scheme which offers a starting salary of £40,000 and a car (Mail Online 2009). However, such schemes are not representative of the pay levels of the majority of sector employees
- The entrepreneurial nature of the sector means that anyone with a good business idea or the appropriate skill to sell products to consumers, whether they have an appropriate qualification or not, can work in the sector
- The comparative ageing profile of employees, especially for those who have worked all of their lives within the sector, means that there is little tangible benefit from getting a higher qualification – this is especially true in automotive retail.

The qualification profile for the whole-economy sector is expanded in Table 4.3.

Table 4.3: Qualification levels by nation 2010 – all economy

	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Level 4 +	37	37	40	37	35
Level 3	20	20	22	19	19
Level 2	21	21	18	22	20
Level 1 and below	23	23	20	22	25
Total	100	100	100	100	100
<i>Weighted base</i>	1,729	1,409	183	97	40
<i>Unweighted base</i>	194.437	161.490	17.022	8.693	7.232

Source: Labour Force Survey 2010 (ONS)

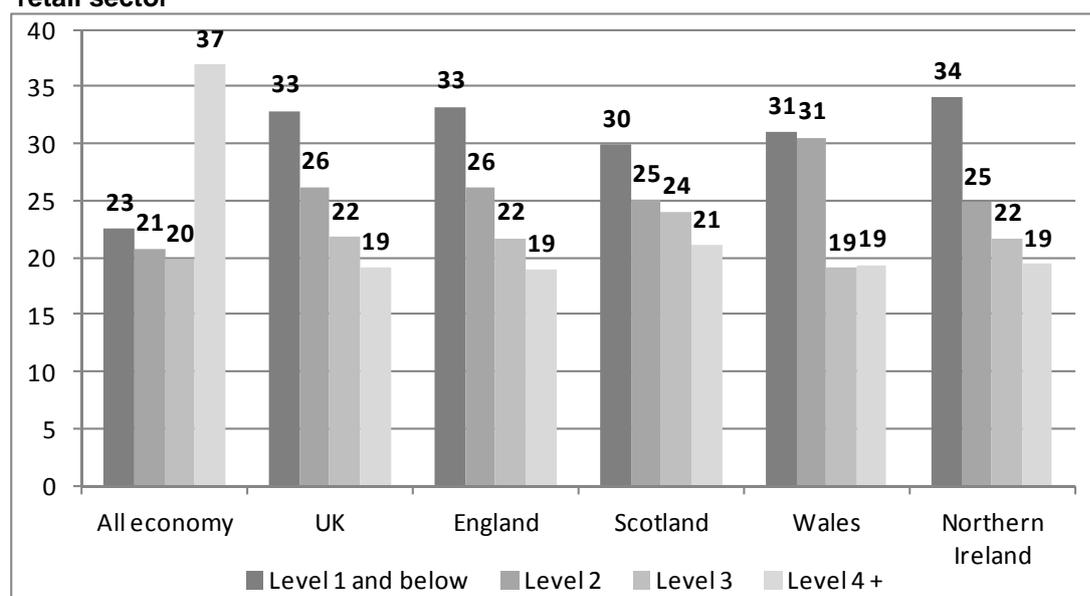
The qualification profile for the sub-sector is shown in Table 4.4.

Table 4.4: Qualification levels by nation 2010 – wholesale and retail sector

	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Level 4 +	19	19	21	19	19
Level 3	22	22	24	19	22
Level 2	26	26	25	31	25
Level 1 and below	33	33	30	31	34
Total	100	100	100	100	100
<i>Weighted base (000s)</i>	4,140	3,471	353	205	112
<i>Unweighted base (000s)</i>	27.582	22.832	2.370	1.325	1.055

Source: Labour Force Survey 2010 (ONS)

Across the four nations, there is a fairly similar qualifications profile. Chart 4.2 details the specific breakdown of the wholesale and retail sector qualification profile compared with the UK economy's profile.

Chart 4.2: Qualification profile of workforce by nation 2010 - UK all economy vs. wholesale and retail sector

Source: Labour Force Survey 2010 (ONS)

The above chart highlights the fairly uniform qualifications profile for the sector across the four nations. However, at the same time Chart 4.2 details the reliance of the sector on employees with qualifications at or below Level 2, compared with the all-economy average. The data shows that just over a half of employees in the sector are at a Level 2 or below qualification point, compared with just over two-fifths of all-economy employees. One-fifth of sector employees has a Level 4 or above qualification, compared with nearly two-fifths in the whole economy.

Table 4.5 details the UK qualification between 2002 and 2010.

Table 4.5: Qualification levels 2002-2010 – all economy

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Level 4 +	28	29	30	31	32	33	33	35	37
Level 3	20	20	20	20	19	19	20	19	20
Level 2	22	22	21	20	22	22	21	21	21
Level 1 and below	30	29	29	29	27	27	26	24	23
Total	100								
<i>Weighted base</i>	27,905	28,165	28,455	28,741	28,986	29,163	29,380	28,810	28,854
<i>Unweighted base</i>	247,232	237,919	172,402	210,643	222,190	221,039	216,986	203,217	194,437

Source: Labour Force Survey 2010 (ONS)

Table 4.6 details the sector qualification levels between 2002 and 2010.

Table 4.6: Qualification levels 2002-2010 – wholesale and retail sector

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Level 4+	12	13	14	14	15	15	15	17	19
Level 3	21	21	21	21	21	22	22	21	22
Level 2	26	26	27	25	27	27	27	26	26
Level 1 and below	40	40	39	41	37	36	36	36	33
Total	100								
<i>Weighted base (000s)</i>	4,368	4,543	4,535	4,490	4,404	4,348	4,446	4,143	4,140
<i>Unweighted base (000s)</i>	38.716	38.315	27.367	32.598	33.552	32.886	32.753	28.994	27.582

Source: Labour Force Survey 2010 (ONS)

There has been very little change in percentage terms over the period across the Level 2 and 3 qualification levels. However, the proportion of Level 1 and below qualified employees has decreased by seven percentage points, whilst Level 4 qualified employees have increased by a similar level. It is important to note that within the sector this increase in Level 4 and decrease in below Level 1 is far greater in the sector than within the whole economy over this time period. This may be due to a number of reasons/factors. The current state of the economy, with limited employment for Level 4 qualification holders, may mean that the experience gained in a position within the sector may be more beneficial than not working. Additionally, the increase in funding for training post the Leitch Report (HM Treasury 2006) may have led to greater numbers of employees within the sector. They may have entered having obtained at least a Level 2 qualification, thus reducing the percentage levels of employees with no qualifications.

Breaking the data down into the relevant sub-sectors reveals further qualification characteristics, as shown in Table 4.7.

Table 4.7: Qualification profile 2010 – wholesale and retail sub-sector

	Whole sector	Retail trade	Wholesale trade	Retail motor trade	Rental trade
	%	%	%	%	%
Level 4+	19	19	23	11	25
Level 3	22	21	18	33	18
Level 2	26	27	25	25	27
Level 1 and below	33	33	35	30	30

Source: Labour Force Survey 2010, ONS

There is some variation in qualification profiles between the four sub-sectors. Both the retail and wholesale sub-sectors have three-fifths of employees with a Level 2 or lower qualification. In all sub-sectors a quarter of all employees have a Level 2 qualification, but on average just below one-fifth of employees have a Level 4 or higher qualification. This ranges from 11 per cent in the automotive retail sub-sector, to 23 per cent in the wholesale sub-sector.

All the sub-sectors of the wholesale and retail sector show below average numbers of employees with Level 4 qualifications. This is most pronounced in the automotive retail sub-sector. A potential reason for this is that automotive retail training is largely vocational, and the take-up of Level 4 vocational qualifications has until recently been relatively low.

The wholesale sub-sector qualification level reflects the occupational profile. Previously we have shown that nearly 30 per cent are managers, which could help explain the relatively high level of Level 4 qualifications held. The fact that 35 per cent are qualified at a Level 1 and below may reflect the lower level occupations of plant, process and machine operatives and elementary workers which together account for 30 per cent of the workforce.

The skills of managers and senior officials are vital to ensure the competitive edge of the business. Table 4.8 highlights the percentage for the UK and the four nations of managers and professionals within the sector that do not have a Level 4 qualification.

Table 4.8: Managers and professionals without Level 4 or higher qualifications by nation 2010 – all economy by sector

	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Agriculture, forestry and fishing	45	43	*	*	*
Energy production and utilities	49	51	41	*	*
Manufacturing	51	51	51	59	35
Construction	50	51	41	40	*
Wholesale and retail trade	64	64	67	60	50
Transportation and storage	61	59	67	*	*
Hospitality, tourism and sport	66	66	61	70	*
Information and communication technologies	40	40	37	*	*
Creative media and entertainment	38	38	*	*	*
Financial, insurance and other professional services	36	36	38	35	*
Real estate and facilities management	58	59	63	*	*
Government services	31	32	36	29	*
Education	10	11	8	*	*
Health	15	15	*	*	*
Care	30	30	33	*	*
All economy	39	39	37	36	27

Source: Labour Force Survey 2010 (ONS)

* Sample size too small for reliable estimate

The wholesale and retail sector has the second largest percentage of employees without a Level 4 qualification, with only 36 per cent of managers and professionals having a Level 4 qualification. Scotland has a higher percentage of managers with no Level 4 qualification (67 per cent), whilst a half of all senior officials in the sector in Northern Ireland have a Level 4 qualification.

Table 4.9 highlights the all-economy timeline for senior officials without a Level 4 qualification.

Table 4.9: Managers and professionals without Level 4 or higher qualifications 2002-2010 - all economy

		2002	2003	2004	2005	2006	2007	2008	2009	2010
Managers or professionals without L4 or higher qualifications	000s	3,239	3,336	2,554	3,023	3,460	3,471	3,496	3,371	3,283
	%	45	45	33	38	43	42	42	40	39
Weighted base (number of managers and professionals)	000s	7,214	7,481	7,726	7,866	8,123	8,201	8,356	8,406	8,483

Source: Labour Force Survey 2010 (ONS)

Table 4.10 highlights the sector profile for senior officials without a Level 4 qualification.

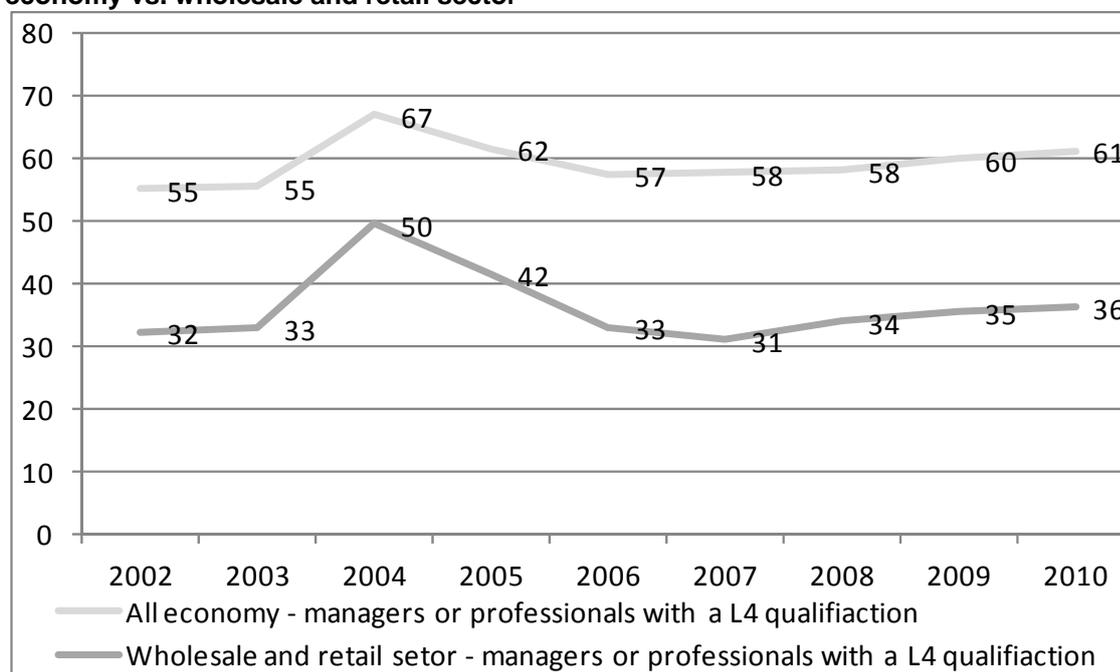
Table 4.10: Managers and professionals without Level 4 or higher qualifications 2002-2010 - wholesale and retail sector

		2002	2003	2004	2005	2006	2007	2008	2009	2010
Managers or professionals without L4 or higher qualifications	000s	644	679	515	569	662	678	665	609	586
	%	68	67	50	58	67	69	66	65	64
Weighted base (number of managers and professionals)	000s	951	1,013	1,020	974	989	985	1,006	944	919

Source: Labour Force Survey 2010 (ONS)

Chart 4.3 shows the data of sector managers who have a Level 4 qualification.

Chart 4.3: Qualification profile of managers and professionals with a Level 4 2002-2010 - UK all economy vs. wholesale and retail sector



Source: Labour Force Survey 2010 (ONS)

The charted data shows that on average there is a 25 percentage point gap between the whole-economy and the proportion of wholesale and retail managers and professionals

with a Level 4 qualification. In 2004, the sector saw a dramatic increase in the number of Level 4 qualifications in senior positions. Apart from a decline in 2005 and 2006, there has been a gradual increase in Level 4 qualifications in the sector.

4.2 Value of skills

The UKCES has demonstrated that there is an “unambiguous link of skills to national competitiveness and the significant economic gains to be achieved by raising skill levels of a nation’s labour force” (Garrett, Campbell and Mason 2010).

There is a wealth of research on the relationship between skills and economic growth. The Leitch Report (HM Treasury 2006) explored the relationship between skills and economic growth and estimated that the increase in skills in the UK workforce over the past ten years increased GDP by between £30 and £50 billion (Garrett, Campbell and Mason 2010).

The *raison d’être* of the wholesale and retail sector is its ability to put employees into positions where their skills can maximise the consumer’s buying potential. This has a two-fold intention:

- Increase the profitability of the business
- Assist the UK economy through the supply of monies through VAT and corporation tax.

4.2.1 High Potential Working

High Performance Working (HPW) is an approach to managing companies that aims to stimulate more effective employee involvement and commitment to achieve high levels of performance (UKCES 2009b). HPW has the potential to offer benefits to both employers and employees, by ensuring that skills are better used in the workplace. Ultimately better utilisation of skills will contribute to the UK’s economic performance.

There are a range of definitions for HPW. Many relate to a model of working that is employee-centric with the aim to increase business performance through investing in staff. HPW is noticeable when an organisation implements one or more bundles of activity described as High Performance Working Practices (HPWP).

Table 4.11 highlights for each sector the likelihood of a formal process to be in place to identify high potential or talented individuals.

Table 4.11: Whether establishment has formal processes in place to identify 'high potential' or talented individuals by sector 2011 – all economy

	Formal process for identifying 'high potential' individuals								Unweighted base	Weighted base
	Yes, formally documented		Yes, informally		No		Don't know			
	Number	%	Number	%	Number	%	Number	%		
Agriculture, forestry and fishing	5,652	5	30,105	27	72,671	64	4,348	4	820	112,776
Energy production and utilities	2,191	17	4,077	31	6,385	49	486	4	866	13,138
Manufacturing	15,955	12	41,908	31	72,179	54	3,456	3	4,001	133,498
Construction	21,136	7	89,742	29	185,426	61	8,056	3	4,570	304,360
Wholesale and retail trade	79,322	17	144,464	31	229,455	49	18,075	4	8,093	471,317
Transportation and storage	12,217	10	30,841	26	73,328	61	4,419	4	2,400	120,805
Accommodation, food and tourism activities	32,190	15	69,719	32	109,728	50	7,234	3	5,819	218,871
Information and communication	5,976	8	23,608	32	42,403	58	1,136	2	1,261	73,123
Creative media and entertainment	11,873	8	48,322	33	83,861	57	3,495	2	1,959	147,551
Financial, insurance and other professional services	31,220	18	56,823	33	80,911	47	3,669	2	2,680	172,623
Real estate and facilities management	20,259	13	48,382	30	83,504	52	9,000	6	1,745	161,145
Government	11,426	21	16,967	31	25,307	46	1,600	3	1,379	55,300
Education	18,653	32	20,236	34	18,789	32	1,231	2	2,780	58,909
Health	10,508	20	15,684	30	24,879	47	1,427	3	1,739	52,498
Care	25,788	28	26,675	29	32,817	36	6,485	7	2,455	91,765
All economy	320,952	14	702,866	31	1,198,876	52	77,227	3	44,691	2,299,921

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments

The sector is above the national average for identifying high potential or talented employees when the formal and informal processes are combined together. This spotting of talented individuals occurs particularly in the larger establishments within the sector. In such large establishments there are clear career progression opportunities and fast track schemes available for skilled individuals.

Table 4.12 highlights the variety that employees have within their work across the UK sectors.

Table 4.12: Extent to which employees have variety in their work by sector 2011 – all economy

	Extent to which employees have variety in their work										Unweighted base	Weighted base
	To a large extent		To some extent		Not much		Not at all		Don't know			
	Number	%	Number	%	Number	%	Number	%	Number	%		
Agriculture, forestry and fishing	76,675	68	24,469	22	7,742	7	2,816	2	1,074	1	820	112,776
Energy production and utilities	5,929	45	4,909	37	1,795	14	406	3	100	1	866	13,138
Manufacturing	67,095	50	48,484	36	12,899	10	3,756	3	1,262	1	4,001	133,498
Construction	179,144	59	88,851	29	24,047	8	9,313	3	3,003	1	4,570	304,360
Wholesale and retail trade	238,562	51	168,884	36	48,318	10	11,692	2	3,861	1	8,093	471,317
Transportation and storage	53,146	44	35,613	29	17,947	15	13,259	11	840	1	2,400	120,805
Accommodation, food and tourism activities	86,140	39	83,543	38	37,117	17	9,289	4	2,782	1	5,819	218,871
Information and communication	46,346	63	21,687	30	3,293	5	417	1	1,381	2	1,261	73,123
Creative media and entertainment	99,587	67	37,290	25	7,267	5	2,237	2	1,170	1	1,959	147,551
Financial, insurance and other professional services	94,803	55	60,363	35	12,493	7	3,148	2	1,816	1	2,680	172,623
Real estate and facilities management	92,156	57	51,012	32	15,579	10	1,561	1	837	1	1,745	161,145
Government	33,925	61	17,273	31	2,855	5	391	1	856	2	1,379	55,300
Education	38,306	65	17,346	29	2,187	4	619	1	452	1	2,780	58,909
Health	26,622	51	19,718	38	5,203	10	694	1	260	**	1,739	52,498
Care	54,001	59	31,224	34	4,410	5	972	1	1,159	1	2,455	91,765
All economy	1,256,316	55	745,134	32	212,192	9	64,300	3	21,979	1	44,691	2,299,921

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments

** denotes a figure greater than 0 per cent but less than 0.5 per cent

The sector, at 87 per cent (combining to a large extent and to some extent), is just below the all-economy average figure.

Table 4.13 highlights employee discretion whilst at work across the UK sectors.

Table 4.13: Extent to which employees have discretion over how they do their work by sector 2011 – all economy

	Extent to which employees have discretion over how they do their work										Unweighted base	Weighted base
	To a large extent		To some extent		Not much		Not at all		Don't know			
	Number	%	Number	%	Number	%	Number	%	Number	%		
Agriculture, forestry and fishing	61,757	55	39,087	35	6,625	6	2,485	2	2,821	3	820	112,776
Energy production and utilities	5,809	44	4,957	38	1,467	11	557	4	348	3	866	13,138
Manufacturing	63,859	48	49,442	37	11,926	9	5,326	4	2,945	2	4,001	133,498
Construction	167,066	55	103,337	34	18,624	6	10,627	3	4,706	2	4,570	304,360
Wholesale and retail trade	222,298	47	182,574	39	44,174	9	13,608	3	8,663	2	8,093	471,317
Transportation and storage	60,073	50	38,390	32	12,736	11	8,160	7	1,446	1	2,400	120,805
Accommodation, food and tourism activities	88,190	40	87,712	40	28,331	13	9,926	5	4,712	2	5,819	218,871
Information and communication	48,851	67	20,130	28	3,082	4	614	1	446	1	1,261	73,123
Creative media and entertainment	94,306	64	39,623	27	5,912	4	3,212	2	4,498	3	1,959	147,551
Financial, insurance and other professional services	88,150	51	62,426	36	15,688	9	5,292	3	1,068	1	2,680	172,623
Real estate and facilities management	95,298	59	48,171	30	11,255	7	4,656	3	1,765	1	1,745	161,145
Government	32,235	58	17,718	32	3,674	7	810	1	863	2	1,379	55,300
Education	27,530	47	26,592	45	3,231	5	660	1	897	2	2,780	58,909
Health	22,195	42	21,678	41	6,472	12	1,544	3	608	1	1,739	52,498
Care	48,843	53	36,123	39	3,779	4	1,532	2	1,488	2	2,455	91,765
All economy	1,188,767	52	814,655	35	185,638	8	71,823	3	39,037	2	44,691	2,299,921

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments

The sector falls just below the all-economy average for the ability for employees to use their own discretion in the workplace.

Table 4.14 highlights the amount of flexibility that employees have in working within the sector. Note that the term 'flexibility' was not defined and was therefore, left to the respondent to determine what this term meant to their business.

Table 4.14: Extent to which employees have access to flexible working by sector 2011 by sector – all economy

	Employees have access to flexible working										Unweighted base	Weighted base
	To a large extent		To some extent		Not much		Not at all		Don't know			
	Number	%	Number	%	Number	%	Number	%	Number	%		
Agriculture, forestry and fishing	48,869	43	41,468	37	12,485	11	8,004	7	1,950	2	820	112,776
Energy production and utilities	4,781	36	4,419	34	2,431	19	1,450	11	58	**	866	13,138
Manufacturing	52,687	39	44,362	33	17,955	13	16,667	12	1,827	1	4,001	133,498
Construction	139,674	46	101,224	33	33,585	11	26,266	9	3,610	1	4,570	304,360
Wholesale and retail trade	176,251	37	168,909	36	64,843	14	56,324	12	4,991	1	8,093	471,317
Transportation and storage	44,233	37	38,327	32	16,329	14	20,683	17	1,233	1	2,400	120,805
Accommodation, food and tourism activities	99,272	45	77,239	35	22,537	10	17,703	8	2,120	1	5,819	218,871
Information and communication	42,992	59	20,273	28	5,342	7	4,226	6	289	**	1,261	73,123
Creative media and entertainment	83,200	56	44,734	30	10,011	7	7,602	5	2,004	1	1,959	147,551
Financial, insurance and other professional services	89,019	52	55,484	32	15,828	9	11,747	7	546	**	2,680	172,623
Real estate and facilities management	77,691	48	52,389	33	16,393	10	13,861	9	811	1	1,745	161,145
Government	34,229	62	15,040	27	3,343	6	1,865	3	823	1	1,379	55,300
Education	14,445	25	21,754	37	12,772	22	9,545	16	393	1	2,780	58,909
Health	14,407	27	23,130	44	9,761	19	5,025	10	174	**	1,739	52,498
Care	38,920	42	35,210	38	9,701	11	6,858	7	1,075	1	2,455	91,765
All economy	1,012,366	44	783,411	34	264,071	11	216,701	9	23,372	1	44,691	2,299,921

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments

** denotes a figure greater than 0 per cent but less than 0.5 per cent

Although the retail sub-sector is seen to be very flexible in terms of accommodating a variety of working patterns (highlighted in detail in 3.2.1) the sector falls just below the all-economy result in terms of access to flexible working. Just under three-quarters of employers in the sector (combining to a large extent and to some extent) reported that they felt their employees had access to flexible working. The data shown here does not necessarily conform to the flexible approach to working that, especially, the retail sub-sector uses to match staff work hours with highest consumer demand.

4.2.2 The extent of training provided and the proportion of the workforce receiving training

This section examines the level of training that is delivered within the sector.

It can be evidenced, that within the sector, larger businesses are more likely to offer formal skills training either through their own in-house training schools or through professional training establishments. Stone (2010) argues that small businesses struggle with providing training on a number of levels. Firstly, assessing the necessary information is often an obstacle. Additionally, the releasing of employees for training, the fear of poaching, difficulty finding tailored training and small economies of scale are all factors contributing to why small businesses tend to train less (Stone 2010). However, sub-sectoral employer surveys (IMI 2010, SfL 2010 and Skillsmart Retail 2008 and 2011) shows that training does occur through informal on-the-job training.

Tables 4.15 and 4.16 highlight the training that employers provide and the level of training that employees within the sector receive.

The level of training provided across the wholesale and retail sector falls just below (by three percentage points) the all-economy average. However, Table 4.15 also indicates a wide range of training is provided within the four nations within the sector – 54 per cent of employers provided training in Wales and 67 per cent in Scotland. Only in England (55 per cent) is the figure above the English national average for providing training within the sector.

The level of training was three percentage points below the all-economy average figure of 53 per cent. Over half (55 per cent) of employees in Scotland and Wales reported receiving training, although this still is just below average for these two nations.

Table 4.17 highlights the level of training provision across European sectors (latest data available).

Table 4.15: Employers providing training by sector 2011 – all economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Agriculture, forestry and fishing	58,869	53	42,577	54	†7,737	†58	3,536	34	5,019	71
Energy production and utilities	8,743	69	6,858	69	1,040	81	554	67	291	54
Manufacturing	73,972	57	61,935	55	6,629	71	3,464	64	1,944	51
Construction	163,641	53	137,473	53	13,506	63	7,193	55	5,469	51
Wholesale and retail trade	261,948	56	218,681	55	23,692	67	11,347	54	8,228	58
Transportation and storage	55,004	45	46,106	43	5,633	70	2,103	50	1,161	52
Accommodation, food and tourism activities	134,314	61	108,618	60	15,665	71	6,570	58	3,461	59
Information and communication	39,090	54	34,418	52	†2,974	†83	1,215	62	483	44
Creative media and entertainment	74,069	52	63,945	51	†5,976	†54	2,690	57	1,457	71
Financial, insurance & other professional services	114,074	67	101,640	66	5,354	64	4,605	80	2,474	73
Real estate and facilities management	95,068	57	85,826	57	†6,652	†55	1,340	44	1,249	67
Government	41,608	76	32,980	74	4,715	85	2,343	87	1,571	77
Education	55,629	86	45,309	85	4,348	97	2,941	92	3,031	92
Health	44,797	86	38,133	85	3,208	99	2,216	79	1,239	84
Care	73,669	84	60,516	84	6,798	81	3,562	81	2,793	86
All economy	1,361,250	59	1,141,560	58	119,847	68	58,171	59	41,668	64
<i>Weighted base</i>	2,299,921		1,960,298		175,115		98,952		65,558	
<i>Unweighted base</i>	87,572		75,053		2,503		6,012		4,004	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012. Base: All establishments.

† Treat figures with caution due to small base size of 50-99 establishments in Scotland

Table 4.16 indicates that in 2011, half of the wholesale and retail sector employees received training.

Table 4.16: Employees receiving training by sector 2011 – all economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Agriculture, forestry and fishing	198,736	43	152,352	43	†25,724	†47	8,993	29	11,667	51
Energy production and utilities	167,507	50	120,687	49	32,976	55	11,072	66	2,772	38
Manufacturing	1,146,654	45	934,516	44	93,562	48	74,719	54	43,857	52
Construction	1,072,552	48	884,923	48	116,140	47	39,666	44	31,826	46
Wholesale and retail trade	2,340,353	50	1,960,109	49	201,879	55	109,603	55	68,761	48
Transportation and storage	538,494	41	448,580	39	49,954	44	22,489	58	17,468	63
Accommodation, food and tourism activities	1,221,736	53	1,017,791	53	124,328	55	48,807	49	30,809	50
Information and communication	233,240	38	205,944	37	†15,377	†51	5,255	28	6,663	65
Creative media and entertainment	524,081	48	451,335	47	†30,017	†43	24,215	69	18,513	69
Financial, insurance & other professional services	1,109,888	54	949,712	52	101,444	73	32,505	60	26,224	69
Real estate and facilities management	560,354	47	492,799	47	†36,284	†49	19,985	60	11,286	50
Government	1,004,866	56	835,514	58	82,550	47	49,901	53	36,901	59
Education	1,598,280	63	1,354,826	63	116,696	62	84,527	72	42,231	58
Health	1,300,684	65	1,032,851	64	187,638	81	58,505	49	21,690	52
Care	969,487	64	780,108	64	89,130	63	52,831	84	47,414	64
All economy	14,476,138	53	12,050,111	52	1,337,833	56	661,045	56	427,137	54
<i>Weighted base</i>	27,547,123		23,198,475		2,381,601		1,182,314		784,732	
<i>Unweighted base</i>	2,816,693		2,345,213		201,868		178,922		90,690	

Source: UK Commission's Employer Skills Survey 2011 (Davies et al, 2012). Base: All employment.

† Treat figures with caution due to small base size of 50-99 establishments in Scotland

NB Column percentages sum to more than 100 since multiple responses allowed

Table 4.17: Employers providing training (per cent) by European nation, 2005

NACE_R1	Mining and quarrying	Manufacturing	Electricity, gas and water supply	Construction	Wholesale and retail trade	Hotels and restaurants	Transport	Post and telecomms	Financial intermediation	Real estate, renting and business activities	Other community, social and personal service activities
European Union (27 countries)	54	54	79	53	60	49	57	63	88	75	70
European Union (25 countries)	55	55	80	53	62	50	58	65	89	76	71
Belgium	72	68	95	46	64	43	62	77	96	76	57
Bulgaria	51	28	67	34	24	22	24	33	67	39	27
Czech Republic	86	73	90	78	69	49	70	80	80	73	85
Denmark	64	79	100	84	93	58	68	71	99	91	100
Germany (incl. former GDR from 1991)	69	71	92	56	70	53	58	60	99	81	78
Estonia	72	68	80	61	64	61	70	66	85	76	61
Ireland	:	70	:	:	62	:	:	:	94	80	60
Greece	25	19	31	17	25	10	16	32	63	36	23
Spain	44	48	59	42	52	32	44	48	79	54	47
France	76	75	99	59	74	66	75	61	92	82	79
Italy	27	28	69	37	32	14	35	43	73	47	36
Cyprus	:	51	:	:	45	:	:	:	85	63	54
Latvia	35	32	58	39	38	20	35	59	63	44	35
Lithuania	62	44	79	55	44	27	40	50	85	56	55
Luxembourg	:	70	:	:	71	:	:	:	92	92	91
Hungary	40	48	83	44	50	30	42	70	88	58	52
Malta	:	44	:	:	42	:	:	:	82	58	49
Netherlands	84	75	100	81	71	57	67	62	89	82	76
Austria	79	82	99	84	85	70	64	90	99	87	82
Poland	49	32	61	29	32	18	36	50	73	45	56
Portugal	42	37	89	38	49	38	55	89	88	68	48
Romania	41	39	66	38	40	34	44	39	51	53	42
Slovenia	88	74	86	58	75	50	69	73	79	78	91
Slovakia	73	61	91	59	60	30	69	78	90	65	67
Finland	44	69	90	68	77	66	72	86	91	98	79
Sweden	75	76	100	74	79	59	78	77	97	90	70
United Kingdom	93	88	89	86	87	89	82	89	96	98	92
Norway	85	85	91	88	91	62	74	98	95	98	73

Source: Continuing Vocation Training Survey, Eurostat 2011

Note: : indicates data missing

Although the data in Tables 4.16 and 4.17 are relatively old, it does give an insight to the positioning of the UK in terms of its European counterparts and potential countries that can be seen as best practice. In 2005 the UK wholesale and retail sector provided training relatively well (67 per cent) compared with the rest of the European sectors. The UK sector provided, in 2005, 87 per cent of training within the sector compared with the Europe average of 60 per cent. Only employers in Denmark (93 per cent) and Norway (91 per cent) provided more training provision than UK retail employers.

Table 4.18, builds on this European perspective for the UK sector by detailing the number of hours of vocational training employees received.

Table 4.18: Hours in continuous vocational training courses per employee by European nation, 2005

Hours in CVT courses per employee (all enterprises), by NACE												
	All NACE activities covered by CVTS	Mining and quarrying	Manufacturing	Electricity, gas and water supply	Construction	Wholesale and retail trade	Hotels and restaurants	Transport	Post and telecomms	Financial intermediation	Real estate, renting and business activities	Other community, social and personal service activities
GEO/TIME	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005
European Union (27 countries)	9	9	9	15	6	6	4	9	13	20	10	9
European Union (25 countries)	9	10	9	16	6	7	4	9	13	21	10	9
Belgium	12	13	14	12	4	9	4	12	32	19	15	8
Bulgaria	4	13	3	4	3	5	3	7	5	9	6	5
Czech Republic	14	13	13	24	13	10	4	13	19	46	16	10
Denmark	10	8	10	26	8	6	12	6	9	11	18	20
Germany (incl. former GDR from 1991)	9	14	10	14	4	5	4	5	11	19	10	8
Estonia	7	7	4	11	4	6	5	6	11	40	12	7
Ireland	12	:	14	:	:	11	:	:	:	14	16	6
Greece	3	7	3	6	1	3	1	5	5	12	5	2
Spain	9	7	8	16	5	11	3	12	17	19	7	5
France	13	9	13	14	8	9	8	17	16	27	12	12
Italy	7	18	5	19	3	6	2	9	15	27	8	4
Cyprus	7	:	4	:	:	5	:	:	:	14	13	4
Latvia	4	2	3	9	3	3	1	4	4	11	5	2
Lithuania	5	7	4	16	4	3	3	5	8	19	7	3
Luxembourg	16	:	22	:	:	9	:	:	:	22	18	19
Hungary	6	4	4	23	3	4	2	8	17	13	5	3
Malta	11	:	18	:	:	6	:	:	:	14	14	3
Netherlands	12	31	13	13	14	8	10	13	9	20	15	9
Austria	9	8	8	20	5	8	2	10	6	32	6	7
Poland	6	7	5	10	3	5	2	7	16	20	5	2
Portugal	7	5	6	17	3	9	6	10	10	16	8	6
Romania	5	4	5	13	4	3	7	4	6	14	8	3
Slovenia	14	8	15	29	4	9	7	18	16	27	17	18
Slovakia	12	11	11	38	6	13	1	11	15	37	6	6
Finland	10	7	10	40	8	7	6	6	10	17	16	6
Sweden	15	3	22	23	8	10	5	9	10	10	18	17
United Kingdom	7	5	5	4	8	4	4	4	5	12	10	11
Norway	9	6	13	19	6	8	2	13	2	25	7	10

Source: Continuing Vocation Training Survey, Eurostat 2011

: Data missing

In 2005, the UK sector at four hours continuous vocational training falls below the European average. Countries such as Slovakia, Ireland and Spain give more than double the number of hours that the UK sector gives to its employees. However, a key component of training throughout the UK sector provided on-the-job and not through specific vocational courses. Therefore, although this can be seen to be an area for development for the sector, there has always been a strong emphasis on job specific training completed under the guidance of a mentor.

Table 4.19 details the percentage of employees that have received training in the past four weeks across the UK's four nations.

Table 4.19: Percentage of employees receiving training in past 4 weeks for all nations by sector 2010 – all economy

	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Agriculture, forestry and fishing	6	7	*	*	*
Energy production and utilities	12	12	13	*	*
Manufacturing	9	9	9	11	8
Construction, building services, engineering and planning	8	8	9	10	*
Wholesale and retail trade	8	8	9	9	6
Transportation and storage	7	7	8	*	*
Hospitality, tourism and sport	11	11	12	15	*
Information and communication technologies	10	10	*	*	*
Creative media and entertainment	8	8	*	*	*
Financial, insurance & other professional services	15	15	17	19	*
Real estate and facilities management	8	8	11	*	*
Government services	17	17	18	16	8
Education	18	19	17	19	*
Health	24	25	21	22	11
Care	20	20	19	26	*
All economy	13	13	13	14	7
Weighted base (000s)	3,642	3,085	317	188	52
Unweighted base (000s)	24.012	20.155	2.164	1.215	0.478

Source: Labour Force Survey 2010, ONS

*Sample size too small for reliable estimate

Across the UK, about one in ten employees in the sector had been provided with training in the past four weeks. A similar amount of training in the sector is found in all of the nations apart from Northern Ireland where less training was delivered to employees. The nation levels of training in the wholesale and retail sector are below the national all-economy average by between one to five percentage points.

Table 4.20 highlights the timeline since 2002 for the percentage level of training employees have received in the past four weeks in the sector.

Table 4.20: Percentage of employees receiving training in past 4 weeks by sector 2002-2010 – all economy

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Agriculture, forestry and fishing	7	7	6	6	6	6	6	6	6
Energy production and utilities	15	14	13	13	13	13	12	11	12
Manufacturing	10	9	9	10	9	9	9	9	9
Construction, building services, engineering and planning	10	9	10	9	9	9	9	9	8
Wholesale and retail trade	11	10	10	10	10	10	9	8	8
Transportation and storage	10	10	9	9	8	8	8	7	7
Hospitality, tourism and sport	13	12	12	11	11	10	10	10	11
Information and communication technologies	13	12	12	11	11	10	10	10	10
Creative media and entertainment	13	12	12	12	11	11	10	9	8
Financial, insurance & other professional services	18	17	17	16	15	15	15	14	15
Real estate and facilities management	14	13	14	12	13	12	12	7	8
Government services	20	20	20	20	19	18	19	19	17
Education	22	21	21	21	20	20	20	20	18
Health	24	25	25	25	24	23	22	24	24
Care	24	25	25	25	24	23	22	21	20
All economy	15	14	14	14	14	13	13	13	13
Weighted base (000s)	4,095	3,987	4,074	4,061	3,949	3,863	3,834	3,685	3,642
Unweighted base (000s)	35.781	33.324	32.626	31.674	29.781	28.888	27.829	25.468	24.012

Source: Labour Force Survey 2010, ONS

Note – responses to this question may only relate to off-the-job training, i.e. away from the work-place, whilst a great deal of training takes place on-the-job within the sector.

Over the period the percentage of employees receiving training in the past four weeks has always been below the all economy average and has fallen from 11 per cent in 2002 to the current level of eight per cent. One potential reason for this, especially in the wholesale and retail sub-sectors, is that once a new employee has passed through the induction phase, there is a range of continuous personal development (CPD) opportunities throughout the sector. If CPD is taken in the context of retail of being relating to skills then the number of CPD opportunities will be limited as the majority of training is completed though in-house on-the-job training. This happens in the main to ensure that the role and any new skill developments within it can be dealt with efficiently and effectively without taking the employee out of the workplace. However, if CPD is seen for retail as networking potential then the number of CPD opportunities are high. A further example of this from within the sector is in the automotive retail sub-sector. Two types of training scenarios can be portrayed. In the franchise dealerships, training is led by the manufactures requirement whilst in independent small traders training is delivered on an ad-hoc needs basis.

Broadening the timeframe, the proportion of employees who have received training in the past 13 weeks is detailed in Table 4.21.

Table 4.21: Percentage of employees receiving training in past 13 weeks by nations and sector 2010 – all economy

	UK	England	Scotland	Wales	Northern Ireland
	%	%	%	%	%
Agriculture, forestry and fishing	13	15	12	*	*
Energy production and utilities	27	27	30	*	*
Manufacturing	18	18	18	20	18
Construction, building services, engineering and planning	18	18	21	18	12
Wholesale and retail trade	16	17	17	15	13
Transportation and storage	18	18	19	16	*
Hospitality, tourism and sport	19	19	20	21	*
Information and communication technologies	20	20	22	*	*
Creative media and entertainment	17	17	18	20	*
Financial, insurance & other professional services	29	29	28	32	17
Real estate and facilities management	16	16	23	18	*
Government services	35	35	35	34	24
Education	38	39	34	38	26
Health	46	47	42	44	32
Care	40	40	40	46	27
All economy	25	25	27	24	18
Weighted base (000s)	7,181	6,065	668	312	137
Unweighted base (000s)	48.93	40.947	4.41	2.282	1.291

Source: Labour Force Survey 2010, ONS

*Sample size too small for reliable estimate

Note – responses to this question may only relate to off-the-job training, i.e. away from the work-place, whilst a great deal of training takes place on-the-job within the sector.

The sector average of 16 per cent of employees receiving training in the past 13 weeks is the second lowest figure of all the sectors displayed – see previous section. It is some nine percentage points below the all-economy UK average. The similar levels of training received are highlighted in the England and Scotland figures, but lower levels of training are seen in Wales (15 per cent) and Northern Ireland (13 per cent).

Table 4.22 details the level of training received by sectors in the past 13 weeks, since 2002.

Table 4.22: Percentage of employees receiving training in past 13 weeks by sector 2002-2010 – all economy

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	%	%	%	%	%	%	%	%	%
Agriculture, forestry and fishing	15	13	14	13	13	12	13	13	13
Energy production and utilities	33	31	30	28	28	28	26	25	27
Manufacturing	21	20	19	20	19	20	19	18	18
Construction, building services, engineering and planning	19	19	20	19	19	19	19	19	18
Wholesale and retail trade	20	20	20	20	18	18	18	16	16
Transportation and storage	21	21	20	19	19	18	18	17	18
Hospitality, tourism and sport	24	22	22	21	21	20	19	19	19
Information and communication technologies	27	25	24	23	23	22	21	21	20
Creative media and entertainment	24	24	23	23	23	21	21	18	17
Financial, insurance & other professional services	35	33	32	33	30	30	29	29	29
Real estate and facilities management	27	26	27	26	26	25	24	15	16
Government services	40	41	40	39	38	37	36	37	35
Education	44	42	42	42	40	39	40	39	38
Health	45	46	46	47	46	44	44	47	46
Care	45	46	46	47	46	44	44	41	40
All economy	28	28	28	28	27	26	26	26	26
Weighted base (000s)	7,952	7,873	7,917	8,037	7,883	7,681	7,669	7,382	7,359
Unweighted base (000s)	69.767	65.973	63.658	63.118	59.87	57.81	56.008	51.497	48.93

Source: Labour Force Survey 2010, ONS

The pattern, of training received in the past 13 weeks, between 2002 and 2010, is very similar to that portrayed for the training received in the past four weeks – a reduction in the levels of training received and consistently below the all-economy average.

Breaking the data down reveals differences in levels of training received by employees within the sub-sectors (Table 4.23).

Table 4.23: Training received by employees by sub-sector 2010

	% of employees receiving training in last 4 weeks	% of employees receiving training in last 13 weeks
Retail	9	18
Wholesale	6	13
Automotive retail	6	14
Rental trade	*	11
Total	8	16

Source: Labour Force Survey 2010, ONS

*Sample size too small for reliable estimate

Across the sector, training generally occurs either to meet job or statutory requirements. However, a great deal of training is also completed informally through on-the-job training. In the automotive retail sub-sector, for example, training in the franchise dealership network is carried out on a consistent basis. However, this is considered off-the-job training and may well fall in to 'informal' training as does not support or lead to a formal qualification. In the retail sub-sector a considerable amount of training is reported as being completed on-the-job (National Employer Skill Survey Learning and Skills Council, 2009). This study highlighted that two-thirds of training in retail was completed on-the-job and, in the majority of cases, tended to be non-certificated training.

4.2.3 Training by occupation

Table 4.24 highlights the incidence of training provided by employers by occupational groups within the sector.

Table 4.24: Employers providing training to employees by occupational group 2011 – wholesale and retail sector

	Wholesale and retail trade		All economy	
	Number	%	Number	%
Managers, directors and senior officials occupations	160,311	61	825,928	61
Professional occupations	9,787	4	152,106	11
Associate professional and technical occupations	11,822	5	124,610	9
Administrative and secretarial occupations	49,520	19	372,218	27
Skilled trades occupations	31,575	12	192,480	14
Personal service occupations	1,927	1	129,265	9
Sales and customer service occupations	128,057	49	261,082	19
Process, plant and machine operatives	22,307	9	96,592	7
Elementary occupations	31,203	12	217,981	16
Other	7,627	3	35,410	3
Don't know	3,572	1	20,638	2
Arrange training for all categories of staff employed	134,406	51	714,095	52
Arrange training for some (but not all) categories of staff employed	127,542	49	647,154	48
<i>Weighted base</i>	261,948		1,361,249	
<i>Unweighted base</i>	11,690		66,916	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments providing training

Employers within the sector were most likely to provide training to management employees; the incidence of 61 per cent exactly matching the all-economy average of 61 per cent. In contrast, about one in five employers provided training to sales and customer service staff (all-economy average) compared with 49 per cent in wholesale and retail. This reflects the dominance of this single occupation in wholesaling and retailing.

The level of training received by occupational groups in the sector is highlighted below.

Table 4.25: Employees receiving training by occupational group 2011 – whole economy vs. wholesale and retail sector

	Wholesale and retail trade		All economy	
	Number	%	Number	%
Managers, Directors and senior officials occupations	372,798	40	2,413,145	45
Professional occupations	37,586	54	1,904,780	61
Associate professional and technical occupations	50,812	46	1,022,510	56
Administrative and secretarial occupations	141,190	39	1,607,984	45
Skilled trades occupations	136,958	52	1,041,373	55
Personal service occupations	5,854	51	1,606,254	70
Sales and customer service occupations	1,059,415	57	1,937,670	55
Process, plant and machine operatives	119,848	40	902,782	47
Elementary occupations	397,207	52	1,938,793	48
Other	18,685	n/a	100,845	n/a
All occupations	2,340,353		14,476,137	
<i>Weighted base</i>	2,340,353		14,476,137	
<i>Unweighted base</i>	282,869		1,517,802	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012, Base: All employees receiving training

The sector totals, apart from the sales and customer service occupation numbers, are all less than the all-economy percentage levels.

4.2.4 Type of training provided

Table 4.26 details the type of training that employers have funded or arranged for their employees.

Table 4.26: Type of training funded or arranged for employees 2010 – all economy vs. wholesale and retail sector

	Wholesale and retail trade		All economy	
	Number	%	Number	%
Job specific training	221,133	84	1,149,860	84
Health and safety/first aid training	194,815	74	970,183	71
Induction training	154,383	59	702,846	52
Training in new technology	121,872	47	641,023	47
Management training	101,913	39	457,763	34
Supervisory training	100,084	38	437,577	32
Personal Development Training*	4,731	2	45,451	3
Other	832	**	4,101	**
None of these	1,858	1	8,809	1
Don't know	370	**	2,412	**
<i>Weighted base</i>	261,948		1,361,249	
<i>Unweighted base</i>	11,690		66,916	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments providing training

Notes: ** denotes a figure greater than 0 per cent but less than 0.5 per cent

Job-specific training dominates, with 84 per cent of employers within the sector funding or arranging this. Health and safety/first aid training also features highly in sector training. This is due to it being a mandatory requirement for a large proportion of the sector with issues such as manual lifting and loading evident in all of the sub-sectors.

4.2.5 Barriers to training

Employers that had not funded or arranged training for any employees in the previous 12 months were asked the reasons for not doing so – see Table 4.27.

Table 4.27: Barriers to training 2011 – wholesale and retail sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
All our staff are fully proficient / no need for training	124,667	61	108,772	61	6,574	58	5,551	60	3,770	64
Training is not considered to be a priority for the establishment	20,508	10	19,071	11	76	1	898	10	463	8
No money available for training	16,540	8	14,047	8	706	6	1,075	12	712	12
No training available in relevant subject area	13,997	7	12,904	7	0	0	659	7	434	7
Managers have lacked the time to organise training	6,240	3	4,569	3	1,507	13	132	1	31	1
Learn by experience/Learn as you go	4,565	2	4,366	2	0	0	173	2	26	**
External courses are too expensive	3,502	2	3,258	2	0	0	132	1	112	2
Small firm/training not needed due to size of establishment	4,309	2	4,204	2	0	0	50	1	56	1
Employees are too busy to undertake training and development	3,446	2	2,720	2	331	3	293	3	102	2
Business not operating long enough/New business (inc. takeover transition)	3,162	2	1,885	1	1,259	11	18	**	0	0
Employees are too busy to give training	2,906	1	2,473	1	0	0	386	4	48	1
Trained staff will be poached by other employers	1,148	1	1,059	1	0	0	81	1	8	**
I Don't know what provision is available locally	1,145	1	1,105	1	0	0	40	**	0	0
The start dates or times of the courses are inconvenient	1,193	1	1,147	1	0	0	24	**	22	**
No new staff (only train new staff)	1,027	1	986	1	0	0	34	**	8	**
The courses interested in are not available locally	745	**	724	**	0	0	9	**	11	**
The quality of the courses or providers locally is not satisfactory	693	**	611	**	0	0	30	**	52	1
Difficult to get information about the courses available locally	580	**	520	**	0	0	6	**	54	1
Other	11,768	6	10,605	6	360	3	361	4	442	8
No particular reason	11,344	6	8,632	5	1,923	17	393	4	395	7
Don't know	3,196	2	3,058	2	38	**	12	**	88	1
<i>Weighted base</i>	203,421		177,081		11,268		9,182		5,890	
<i>Unweighted base</i>	4,302		3,746		46		290		220	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments that do not provide training

** Denotes a figure greater than 0 per cent but less than 0.5 per cent

Employers believed that in just under two-thirds of cases, that the staff were already fully proficient and there was no need to provide the training. The second most common reason for not providing training was that it was not considered a priority for the establishment. The results for the sector were fairly consistent with the all-economy barrier reasons.

It is interesting to note that in Scotland other barriers to training were prevalent in the sector. Managers indicated a lack of time to organise appropriate training and some businesses were still relatively new, making it difficult to identify training issues.

4.3 Skills and sectoral performance

In 2009, employees in the wholesale and retail sector each contributed £37,000 to UK GVA, which was in line with the average across all of the economy. However, the level of training offered to sector employees was below the UK average (16 per cent in the last 13 weeks compared with 26 per cent). This dichotomy between macroeconomic performance vs. training levels and to a lesser degree qualification levels, can be seen as a combination of the following factors.

- A large proportion of the workforce for wholesale and retail work in sales and customer service roles. The levels of numeracy and literacy required to carry out daily duties are at Level 2. However, the intangible 'soft skills' of customer service are sometimes a function of individual personality.
- The retail sub-sector in particular has been described 'as recruiting for attitude and training for skills' (Skillsmart Retail 2011). This means that once Level 2 skills have been acquired to deal with any technical aspects of the role, e.g. ordering systems, then customer service skills often develop with experience and through informal on-the-job training.
- There is greater scope for developing the skills of managerial roles within the sector. Certain technological advances and consumer trends have required managers to learn new skills and adopt new practices. Over the past year the retailers who have fared best, in terms of company performance, tend to be those who have moved towards a fully integrated multi-channel, online and high street offer.

5 Extent of skills mis-match

Chapter Summary

- According to the UK Commission's Employer Skills Survey, just over 95,000 vacancies were reported by sector employers across 51,000 establishments. Vacancies in the sector account for 18 per cent of all vacancies in the economy which is the biggest share of any of the 15 SSA sectors.
- Only four per cent of employers in the sector said they had retention problems which is lower than the all economy average of five per cent. The main reason for staff retention problems was that there were not enough people interested in doing "this type of work". The main measure taken by sector employers to address staff retention issues was to give further training and development opportunities
- Just under 55 per cent of vacancies in the sector were in sales and customer service roles which is partly explained by the fact that these roles account for the largest share of employment in the sector (37 per cent).
- Hard-to-fill vacancies made up 15 per cent of all vacancies in the sector. The main cause for hard-to-fill vacancies was that there were not enough applicants with the required skills. The main impact of hard-to-fill vacancies was increasing workload on other employees.
- Over a quarter of employers in the sector had recruited a young person into their business in the past three years. The sector is the leading employer of young people in the UK.
- Approximately 15 per cent of sector employers indicated that they had skills gaps compared with the all economy average of 13 per cent; this is equivalent to a total of 72,000 employers affected. 300,000 employees have skills gaps (six per cent of total employment), compared with the all economy average of five per cent.
- Specific skills lacking across the sector were: job-specific skills; customer service; team working and planning and organisation skills
- This section sets out to examine the current skills mismatches within the sector, looking at vacancies, retention problems and skills gaps.

5.1 Extent and nature of vacancies

5.1.1 Level of vacancies

The following Tables, 5.1 and 5.2, highlight the level and type of vacancies in the sector across the UK.

This focuses on two types of vacancies – hard-to-fill and skills shortage vacancies which are defined as:

- Hard-to-fill vacancies
- Vacancies described by employers as being hard-to-fill. Reasons often include skills-related issues, but can simply involve such aspects as poor pay or conditions of employment, or the employer being based in a remote location (Learning and Skills Council 2008)
- Skill shortage vacancies
- Are those hard-to-fill vacancies which result from a lack of applicants with the required skills, work experience or qualifications (Learning and Skills Council 2008)

Table 5.1: Employers with vacancies, hard-to-fill vacancies and skills shortage vacancies by sector – all economy

	Vacancies		HTF vacancies		SSV		Weighted base	Unweighted base
	Number	%	Number	%	Number	%		
Agriculture, forestry and fishing	8,285	3	4,141	5	2,660	4	110,220	1,547
Energy production and utilities	1,783	1	635	1	532	1	12,610	1,614
Manufacturing	17,423	6	7,684	8	6,040	9	130,709	7,776
Construction, building services, engineering and planning	22,972	8	11,596	13	9,607	14	306,403	8,961
Wholesale and retail trade	50,681	18	13,499	15	9,778	14	470,200	16,150
Transportation and storage	13,036	5	4,127	5	2,662	4	122,058	4,735
Hospitality, tourism and sport	32,674	12	11,656	13	7,435	11	220,055	11,318
Information and communication technologies	9,146	3	3,596	4	3,386	5	72,281	2,510
Creative media and entertainment	16,182	6	5,506	6	4,746	7	143,772	3,762
Financial, insurance and other professional services	21,794	8	5,310	6	4,556	7	170,887	5,343
Real estate and facilities management	17,403	6	4,651	5	3,956	6	166,486	3,424
Government services	8,185	3	1,877	2	1,204	2	54,687	2,605
Education	14,466	5	3,220	4	2,386	4	64,540	5,439
Health	9,577	3	2,820	3	1,842	3	52,370	3,398
Care	15,589	6	3,956	4	2,054	3	87,899	4,763
Not in scope	15,583	6	6,497	7	5,121	8	114,744	4,227
Total	274,779	100	90,771	100	67,965	100	2,299,921	87,572

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

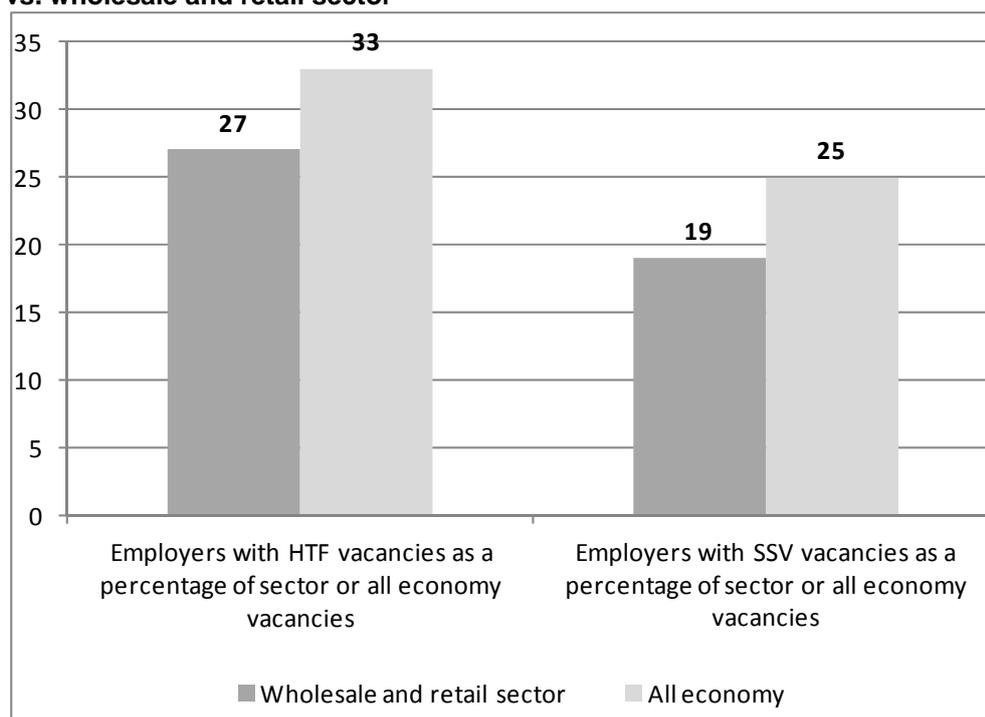
Base: All employers with vacancies

In 2011, approximately 51,000 employers were holding vacancies in the wholesale and retail sector. The sector accounts for almost a fifth of all vacancies which were available at the

time in the UK economy. The sector has the most vacancies reported by all UK employers and 15 per cent of all hard-to-fill vacancies were reported in the sector. Fourteen per cent of all skills shortage vacancies were recorded in the sector. Both of these were greater than the all-economy figure.

However, as Chart 5.1 highlights, the sector is below the all-economy average when considering the proportion of hard-to-fill and skills shortage vacancies of the sector.

Chart 5.1: Employers who have a hard-to-fill/skills shortage vacancy 2011 – UK all economy vs. wholesale and retail sector



Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

This data leads to the hypothesis that, generally (not accounting for specialist areas such as online production and hybrid car mechanics) the sector always has jobs available due to churn levels and new businesses opening – see 7.2.1. The majority of these jobs (new or current) are at the Level 2 – sales and customer service roles. Thus, there is, currently, a good supply of these skills available within the pool of people either currently looking for employment or looking to change career in the UK to fill these roles. Table 5.2 breaks these vacancies into nation datasets.

Table 5.2: Employers with vacancies, hard-to-fill vacancies and skills shortage vacancies by nation by sector 2011

	Vacancies as a % employment				HTF vacancies as a % vacancies				SSV as a % vacancies			
	England	Scotland	Wales	NI	England	Scotland	Wales	NI	England	Scotland	Wales	NI
Agriculture, forestry & fishing	3	†4	2	0	36	†45	87	0	28	†22	85	0
Energy production & utilities	2	7	4	1	11	22	32	49	9	17	22	25
Manufacturing	2	1	2	2	28	39	30	33	23	36	27	29
Construction, Building Services Engineering and Planning	2	2	2	1	42	29	41	27	26	24	34	16
Wholesale & retail trade	2	2	2	2	18	17	23	32	13	10	12	18
Transportation and Storage	2	2	3	1	17	6	48	60	12	3	29	11
Hospitality, Tourism and Sport	3	3	4	2	23	25	56	29	13	17	41	23
Information and Communication Technologies	5	†5	3	3	18	†35	19	13	16	†28	17	13
Creative media & entertainment	3	†2	5	11	20	†1	18	7	16	†0	16	4
Financial, Insurance & other Professional Services	3	2	2	11	19	7	12	44	17	6	12	44
Real estate & facilities management	3	†1	2	1	18	†29	17	0	14	†22	12	0
Government services	2	1	2	2	25	10	46	43	17	5	4	36
Education	1	2	1	1	16	6	6	16	12	2	5	11
Health	2	1	1	1	19	19	17	27	12	9	13	27
Care	3	1	3	3	16	19	20	13	9	16	13	3
Total	2	2	2	2	22	20	36	44	16	14	22	22
<i>Weighted base</i>	23,198,476	2,381,601	1,182,314	784,732	545,064	45,749	25,542	19,552	545,064	45,749	25,542	19,552
<i>Unweighted base</i>	2,345,213	201,868	178,922	90,690	43,960	3,186	2,999	1,759	43,960	3,186	2,999	1,759

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012. Bases vary. Vacancies as a % of employment based on all employment. Hard-to-fill vacancies as a % of vacancies based on all vacancies. SSVs as a % of vacancies based on all vacancies. † Treat figures with caution due to small establishment base size of 50-99 in Scotland.

Looking at the nation vacancies in more detail shows that England has 86 per cent of vacancies; Scotland seven per cent; Wales five per cent and Northern Ireland two per cent. The level of all vacancies and hard-to-fill vacancies across all of the nations, compared with all of the other sectors, is shown to be highest within wholesale and retail sector. The levels of skills shortage vacancies in the sector are lower than the construction and building services sector in Scotland, Wales and Northern Ireland.

Table 5.3 details the number of vacancies that the 51,000 employers in the sector were currently holding.

Table 5.3: Profile of vacancies by sector 2011 – all economy

	Volume			%			Weighted base	Unweighted base
	Vacancies	HTF vacancies	SSV (prompted and unprompted)	Vacancies as a % of employment	HTF vacancies as a % of vacancies	SSV as a % of vacancies		
Agriculture, forestry and fishing	14,641	5,785	4,238	3	40	29	466,870	19,506
Energy production and utilities	9,343	1,590	1,236	3	17	13	333,050	47,228
Manufacturing	40,252	11,834	9,711	2	29	24	2,541,188	291,593
Construction, building services, engineering and planning	47,241	19,103	12,394	2	40	26	2,235,270	150,111
Wholesale and retail trade	95,390	17,441	12,619	2	18	13	4,674,684	514,820
Transportation and storage	25,734	4,739	3,182	2	18	12	1,320,126	114,658
Hospitality, tourism and sport	73,886	18,245	11,179	3	25	15	2,313,487	258,524
Information and communication technologies	29,361	5,449	4,937	5	19	17	614,641	53,681
Creative media and entertainment	37,885	6,824	5,502	3	18	15	1,086,978	87,953
Financial, insurance and other professional services	58,847	11,732	10,623	3	20	18	2,052,039	112,945
Real estate and facilities management	31,155	5,773	4,252	3	19	14	1,183,601	91,204
Government services	35,917	9,330	5,938	2	26	17	1,780,058	223,796
Education	34,684	4,984	3,729	1	14	11	2,538,545	387,221
Health	27,811	5,281	3,330	1	19	12	2,004,436	219,765
Care	37,494	5,924	3,335	2	16	9	1,504,729	157,681
Not Within Scope	36,266	9,533	7,248	4	26	20	897,422	86,007
Total	635,907	143,564	103,453	2	23	16	27,547,123	2,816,693

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Bases: Vary – Vacancies as a percentage of employment based on all employment. Hard-to-fill vacancies as a percentage of vacancies based on all vacancies. Skills shortage vacancies based on all vacancies.

Table 5.3 shows that there is a total of 95,390 vacancies in the sector. This means that on average each employer who is holding a vacancy has 1.9 vacant positions.

The level of vacancies in the sector, although the greatest of any UK sector, falls in line with the total economy average when the levels of employment in the sector are taken into consideration. For both hard-to-fill and skills shortage vacancies, the sector figures are below the economy levels portrayed in the above table.

This indicates that although there are vacancies to fill in the sector, there are people willing to fill them and the sector continues to positively recruit.

Table 5.4 details the vacancy profile for the sector.

Table 5.4: Profile of vacancies by occupation 2011 – wholesale and retail sector

	Volume			HTF vacancies as a % vacancies	SSV as a % vacancies	Weighted base (number of vacancies)	Unweighted base (number of vacancies)	Weighted base (establishments reporting vacancies)	Unweighted base (establishments reporting vacancies)
	Vacancies	HTF vacancies	SSV						
Managers	6,311	1,179	1,073	19	17	6,311	291	5,918	235
Professionals	2,439	914	638	37	26	2,439	411	1,163	90
Associate professionals	7,658	1,926	1,767	25	23	7,658	468	5,749	300
Administrative/clerical staff	5,370	865	655	16	12	5,370	350	4,954	254
Skilled trades occupations	6,463	3,070	2,609	48	40	6,463	439	5,197	290
Caring, leisure and other services staff	*	*	*	*	*	*	*	*	*
Sales and customer services staff	51,779	6,999	4,605	14	9	51,779	3,981	25,433	1,477
Machine operatives	5,728	1,423	705	25	12	5,728	500	3,413	220
Elementary staff	7,536	1,028	549	14	7	7,536	731	3,858	290
Unclassified staff	1,743	28	10	2	1	1,743	118	610	26
Total	95,391	17,440	12,619	18	13	95,391	7,312	56,447	3,188

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Bases: All vacancies

* Data suppressed as unweighted establishment base < 25

The profile of vacancies in the sector by occupations is fairly reflective of the employment profile of the sector. Over half of all of the vacancies fall into the sales and customer service occupations roles, whilst no other group has more than eight per cent of vacancies.

The majority of hard-to-fill and skills shortage vacancies fall into the skilled trade and professional occupations, e.g. motor trade technicians.

Table 5.5 highlights the vacancy profile of the UK nations.

Table 5.5: Profile of vacancies by nation by sector 2011 – all economy

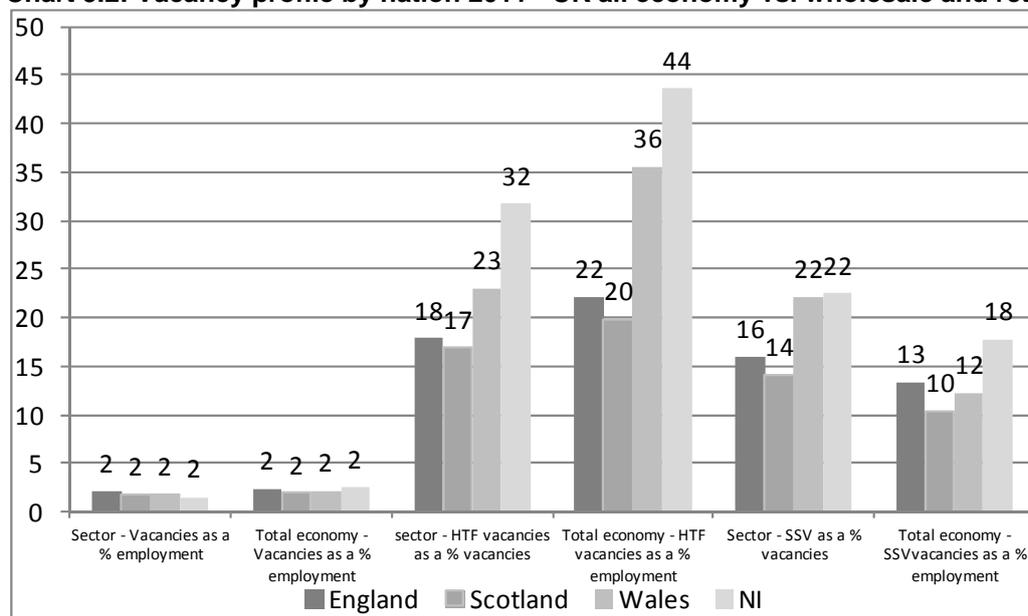
	Vacancies as a % employment				HTF vacancies as a % vacancies				SSV as a % vacancies			
	England	Scotland	Wales	NI	England	Scotland	Wales	NI	England	Scotland	Wales	NI
Agriculture, forestry & fishing	3	†4	2	0	36	†45	87	0	28	†22	85	0
Energy production & utilities	2	7	4	1	11	22	32	49	9	17	22	25
Manufacturing	2	1	2	2	28	39	30	33	23	36	27	29
Construction, Building Services Engineering and Planning	2	2	2	1	42	29	41	27	26	24	34	16
Wholesale & retail trade	2	2	2	2	18	17	23	32	13	10	12	18
Transportation and Storage	2	2	3	1	17	6	48	60	12	3	29	11
Hospitality, Tourism and Sport	3	3	4	2	23	25	56	29	13	17	41	23
Information and Communication Technologies	5	†5	3	3	18	†35	19	13	16	†28	17	13
Creative media & entertainment	3	†2	5	11	20	†1	18	7	16	†0	16	4
Financial, Insurance & other Professional Services	3	2	2	11	19	7	12	44	17	6	12	44
Real estate & facilities management	3	†1	2	1	18	†29	17	0	14	†22	12	0
Government services	2	1	2	2	25	10	46	43	17	5	4	36
Education	1	2	1	1	16	6	6	16	12	2	5	11
Health	2	1	1	1	19	19	17	27	12	9	13	27
Care	3	1	3	3	16	19	20	13	9	16	13	3
Total	2	2	2	2	22	20	36	44	16	14	22	22
Weighted base	23,198,476	2,381,601	1,182,314	784,732	545,064	45,749	25,542	19,552	545,064	45,749	25,542	19,552
Unweighted base	2,345,213	201,868	178,922	90,690	43,960	3,186	2,999	1,759	43,960	3,186	2,999	1,759

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Bases: Vary – Vacancies as a per cent of employment based on all employment. Hard-to-fill vacancies as a percentage of vacancies based on all vacancies. Skills shortage vacancies based on all vacancies.

Although the data shows how dominant England is in terms of vacancies within the sector, when the vacancies are broken down by employment levels there is general uniformity across the nations at the two per cent level. Chart 5.2 shows the breakdown of hard-to-fill and skills shortage vacancy percentage by nation.

Chart 5.2: Vacancy profile by nation 2011 - UK all economy vs. wholesale and retail sector



Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

The above chart shows that within the sector across the four nations, there is more of a need to recruit for hard-to-fill vacancies rather than skills shortage vacancies. Additionally in both types of vacancies, Northern Ireland has the most vacancies of any of the nations.

5.1.2 Nature of vacancies

Table 5.6 illustrates the numbers of vacancies reported by employers by occupation for the whole UK economy. The data shows that the vacancy levels are fairly consistent across the occupation groups in the four nations.

Table 5.6: Vacancies reported by employers by occupation by nation 2011 – all economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Managers	18,783	1	16,372	1	1,262	1	814	1	338	1
Professionals	37,601	2	33,069	2	2,197	1	1,426	1	908	1
Associate professionals	51,880	2	46,687	2	2,903	2	1,485	2	806	1
Administrative/clerical staff	45,285	2	39,641	2	2,509	1	2,091	2	1,043	2
Skilled trades occupations	35,607	2	30,336	2	2,901	2	1,715	2	652	1
Caring, leisure and other services staff	31,635	1	27,636	1	1,997	1	1,254	1	746	1
Sales and customer services staff	37,961	2	32,188	2	3,060	2	1,730	2	983	1
Machine operatives	18,684	1	15,970	1	1,511	1	832	1	371	1
Elementary staff	41,164	2	33,885	2	4,596	3	1,937	2	750	1
Unclassified staff	3,023	**	2,655	0	174	0	49	0	144	0
Weighted base	2,299,921		1,960,298		175,115		98,952		65,558	
Unweighted base	87,572		75,053		2,503		6,012		4,004	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All UK establishments in sector

** Denotes a figure greater than 0 per cent but less than 0.5 per cent

Table 5.7 details the numbers of occupational vacancies reported by employers within the sector.

Table 5.7: Employers reporting vacancies by occupation by nation 2011 – wholesale and retail sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Managers	5,918	1	5,214	1	105	**	442	2	158	1
Professionals	1,163	**	969	**	43	**	77	**	74	1
Associate professionals	5,749	1	4,893	1	532	2	221	1	103	1
Administrative/clerical staff	4,954	1	4,547	1	34	**	246	1	127	1
Skilled trades occupations	5,197	1	4,628	1	200	1	227	1	141	1
Caring, leisure and other services staff	152	**	140	**	3	**	0	0	9	**
Sales and customer services staff	25,433	5	21,337	5	2,510	7	1,065	5	521	4
Machine operatives	3,413	1	2,970	1	152	**	197	1	94	1
Elementary staff	3,858	1	3,556	1	141	**	95	**	66	**
Unclassified staff	610	**	584	**	14	**	5	**	6	**
<i>Weighted base</i>	470,200		399,777		35,272		20,955		14,196	
<i>Unweighted base</i>	16,150		13,919		333		1,129		769	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All UK establishments in sector

*** Denotes a figure greater than 0 per cent but less than 0.5 per cent*

NB: This is establishments reporting vacancies, not number of vacancies

In line with employment by occupation, the largest number of vacancies reported in the sector fall within sales and customer service roles (five per cent). The level of vacancies in this occupation ranges from four per cent in Northern Ireland to seven per cent in Scotland.

Table 5.8 highlights the main skills that are lacking in skills shortage vacancies as reported by UK employers in 2011.

Table 5.8: Skills lacking in skills shortage vacancies by nation 2011 – all economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Job-specific skills	68,385	66	56,716	65	5,064	78	4,401	78	2,204	50
Technical or practical skills	47,992	46	40,313	46	3,711	57	2,571	46	1,397	32
Planning and organisation skills	42,431	41	35,377	41	2,867	44	2,372	42	1,815	41
Customer handling skills	41,349	40	33,863	39	3,056	47	2,977	53	1,453	33
Oral communication skills	39,113	38	33,997	39	1,910	30	1,993	35	1,213	28
Problem solving skills	37,882	37	32,338	37	2,453	38	2,209	39	882	20
Written communication skills	33,859	33	28,515	33	2,659	41	1,381	24	1,305	30
Team working skills	33,728	33	27,092	31	1,877	29	3,315	59	1,444	33
Literacy skills	30,151	29	25,002	29	1,674	26	2,490	44	985	22
Strategic management skills	29,853	29	24,828	29	2,122	33	1,564	28	1,340	31
Numeracy skills	26,775	26	23,194	27	1,866	29	1,149	20	567	13
Advanced IT or software skills	21,988	21	18,190	21	1,160	18	1,976	35	661	15
Office admin skills	17,559	17	15,320	18	967	15	797	14	475	11
Basic computer literacy / using IT	16,832	16	13,842	16	514	8	2,001	35	476	11
Foreign language skills	16,773	16	14,601	17	1,451	22	385	7	336	8
No particular skills difficulties	7,129	7	5,588	6	148	2	135	2	1,258	29
Don't know	3,777	4	3,459	4	102	2	124	2	93	2
Personal attributes (e.g. motivation, work ethos, common sense, initiative, reliability, commitment, punctuality, flexib	2,743	3	2,385	3	314	5	17	0	26	1
Oral Welsh language skills	1,680	2	0	0	0	0	1,680	30	0	0
Experience/lack of product knowledge	1,668	2	1,523	2	135	2	9	0	0	0
Written Welsh language skills	1,574	2	0	0	0	0	1,574	28	0	0
Other	911	1	835	1	0	0	13	0	62	1
Weighted base	103,453		86,950		6,463		5,650		4,390	
Unweighted base	7,197		5,959		367		482		389	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All skills shortage vacancies

NB Column percentages sum to more than 100 since multiple responses allowed

The main reason across all of the nations for skills shortage vacancies was the lack of job-specific skills. Table 5.9 demonstrates the skill reasons for the vacancies in the sector by each nation. Note: no data is shown for Northern Ireland due to low response.

Table 5.9: Skills lacking in skills shortage vacancies 2011 – wholesale and retail sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Basic computer literacy / using IT	2,360	19	2,206	20	*	*	34	8	*	*
Advanced IT or software skills	1,979	16	1,656	15	*	*	42	9	*	*
Oral communication skills	4,981	39	4,482	40	*	*	221	50	*	*
Written communication skills	4,592	36	4,185	38	*	*	195	44	*	*
Customer handling skills	5,713	45	5,057	46	*	*	282	63	*	*
Team working skills	3,674	29	3,091	28	*	*	194	44	*	*
Written Welsh language skills	109	1	0	0	*	*	109	25	*	*
Oral Welsh language skills	121	1	0	0	*	*	121	27	*	*
Foreign language skills	2,495	20	2,267	20	*	*	97	22	*	*
Problem solving skills	5,124	41	4,517	41	*	*	247	56	*	*
Planning and Organisation skills	5,298	42	4,701	42	*	*	254	57	*	*
Strategic Management skills	3,891	31	3,447	31	*	*	58	13	*	*
Numeracy skills	4,036	32	3,678	33	*	*	103	23	*	*
Literacy skills	4,236	34	3,893	35	*	*	103	23	*	*
Office admin skills	3,238	26	2,966	27	*	*	23	5	*	*
Technical or practical skills	5,182	41	4,306	39	*	*	296	66	*	*
Job specific skills	7,332	58	6,232	56	*	*	324	73	*	*
Experience/lack of product knowledge	443	4	353	3	*	*	0	0	*	*
Personal attributes e.g. motivation, work ethos, commor	173	1	173	2	*	*	0	0	*	*
Other	118	1	110	1	*	*	8	2	*	*
No particular skills difficulties	275	2	259	2	*	*	0	0	*	*
Don't know	582	5	553	5	*	*	4	1	*	*
Weighted base	12,619		11,113		*	*	445		*	*
Unweighted base	760		649		*	*	48		*	*

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments with hard-to-fill vacancies

*Data suppressed as unweighted base < 25 (< 50 for Scotland)

NB Column percentages sum to more than 100 since multiple responses allowed.

The breakdown of the sector highlights a larger number of main causes behind skills shortage vacancies in the sector. These can be highlighted as:

- Job-specific skills (UK sector average 58 per cent. Range: England 56 per cent – Wales 73 per cent)
- Customer handling skills (UK sector average 45 per cent. Range: Scotland 37 per cent – Wales 63 per cent)
- Planning and organisational skills (UK sector average 42 per cent. Range: Scotland 36 per cent – Wales 57 per cent)
- Problem solving skills (UK sector average 41 per cent. Range: Scotland 35 per cent – Wales 56 per cent)
- Technical or practical skills (UK sector average 41 per cent. Range: England 39 per cent – Wales 66 per cent)

Skills shortage vacancies in the sector reflect the need to ensure operational functionality and appropriate customer interaction.

Customer service is seen to be a key skills area across the sector. However, this key skill area is often seen as a major challenge to sector businesses. The key customer service skills across the wholesale and retail sub-sectors are detailed in Figure 5.1.

Figure 5.1: Key customer service skills in the wholesale and retail sub-sectors

Wholesale and Retail sub-sectors		
Retail	Wholesale	Automotive Retail
- Knowing your customer	- Be proactive and ask how you may be of service	- Awareness and understanding of IT in the workplace, invoicing, accounts, booking
- Meeting the needs of individuals	- Effective listening	- Communicate with customers to identify vehicle details accurately. Describe what work needs to be done and give a price for the repair
- Providing good initial impression <i>e.g. meeting and greeting customers and appearance of self and store</i>	- Good communication - speaking clearly, explaining things clearly	- Effective problem solving – dealing with customers to ensure their needs are met
- Resolving complaints to the satisfaction of the customer	- Handling of basic complaints	- Effective sales skills for customer advisors
- Understanding and resolving different types of customers queries in retail <i>e.g. giving advice, giving information, and asking questions</i>	- Product knowledge	- Effective telephone skills for customer advisors, how to collect the right information and link with other teams
- Understanding and demonstrating the role of communication skills in the delivery of retail customer service <i>e.g. questioning techniques, body language</i>		- How to deal effectively with complaints
- Understanding importance of customer loyalty		- How to effectively undertake follow up calls following servicing and or sales to gain repeat business
- Understanding the difference between excellent and poor retail customer service		- Provide information in a friendly and professional way, and with confidence
		- Understand how to meet customer needs, the right body language, non-verbal and verbal communication that provides a good customer experience
		- Understand the importance of friendly and polite conversation, putting the customer at ease and communicating any delays
		- Understand the procedure for customer satisfaction checks on vehicles

Source: Skillsmart Retail 2012, Skills for Logistics 2012, The Institute of the Motor Industry 2012

Figure 2 shows that there are a number of common elements to customer service across the sub-sectors – good communication (verbal and non-verbal), first impressions and the handling of complaints.

The importance of the need for continual improvement within customer service skills across the sector is specifically shown in the National Employer Skills Survey since 2006. The survey has reported that customer service skills are one of the top two skills that most need improving in retail staff.

However, at the same time retailers continue to see the delivery of customer service as a challenge. Of the 616 retail companies that responded to Skillsmart Retail's UK-wide Employer Skills Needs Survey (ORC 2009), over half indicated that their customer service needed improving to maintain their point of difference. To assist retailers develop their understanding of the customer service process and skills, Skillsmart Retail (2012) has developed a retail customer service model to assist retailers both understand their customer service process and the skills needed to enhance the process.

5.1.2.1 Hard-to-fill vacancies and skill-shortage vacancies

The causes of why employers across the whole-economy are having difficulty in filling hard-to-fill vacancies are detailed in Table 5.10.

Table 5.10: Causes of hard-to-fill vacancies by nation 2011 – all economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Low number of applicants with the required skills	36,475	40	32,401	41	1,811	30	1,604	38	657	34
Lack of work experience the company demands	18,614	21	16,075	20	1,444	24	656	15	440	23
Not enough people interested in doing this type of job	16,685	18	14,293	18	1,054	18	1,020	24	319	16
Low number of applicants with the required attitude, motivation or personality	16,475	18	15,148	19	509	9	463	11	356	18
Poor terms and conditions (e.g. pay) offered for post	11,474	13	9,516	12	868	15	666	16	426	22
Low number of applicants generally	10,704	12	9,305	12	587	10	562	13	249	13
Lack of qualifications the company demands	10,257	11	8,745	11	525	9	753	18	234	12
Job entails shift work/unsociable hours	8,417	9	7,623	10	345	6	359	8	92	5
Remote location/poor public transport	5,532	6	4,694	6	405	7	388	9	46	2
Too much competition from other employers	5,406	6	5,028	6	155	3	152	4	72	4
Other	3,530	4	2,957	4	201	3	254	6	120	6
Poor career progression / lack of prospects	2,025	2	1,894	2	23	0	56	1	51	3
Not full-time/permanent work	1,950	2	1,817	2	9	0	91	2	32	2
Low number of suitable applicants inc. age of applicants	1,886	2	1,293	2	426	7	121	3	46	2
Poor recruitment channels/mechanisms (inc. lack/cost of advertising)	1,493	2	1,424	2	37	1	22	1	10	1
Don't know	1,506	2	1,346	2	149	2	10	0	0	0
Seasonal work	1,248	1	1,076	1	12	0	132	3	29	1
Benefits trap	853	1	554	1	128	2	109	3	63	3
Lack of funding for the position	512	1	415	1	46	1	19	0	33	2
No particular reason	594	1	580	1	0	0	6	0	8	0
Difficulty with work permits/immigration issues for non-EU staff	223	**	217	0	3	0	0	0	0	0
<i>Weighted base</i>	90,770		78,628		5,942		4,260		1,942	
<i>Unweighted base</i>	5,160		4,409		219		377		155	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments with hard-to-fill vacancies

** Denotes a figure greater than 0 per cent but less than 0.5 per cent

It appears, with a fair degree of uniformity across the four nations, that four main reasons are given by all employers why hard-to-fill vacancies are not being filled. These are:

- Low number of applicants with the required skills
- Lack of work experience that the company demands
- Not enough people interested in doing this type of job
- Low number of applicants with the required attitude, motivation or personality

Breaking the above data out into the wholesale and retail sector is highlighted in Table 5.11.

Note: data for Scotland and Northern Ireland are not shown due to low response.

Table 5.11: Causes of hard-to-fill vacancies by nation 2011 – wholesale and retail sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Low number of applicants with the required skills	4,856	36	4,202	36	*	*	103	17	*	*
Lack of work experience the company demands	2,739	20	2,345	20	*	*	74	12	*	*
Not enough people interested in doing this type of job	2,709	20	2,290	20	*	*	188	31	*	*
Low number of applicants with the required attitude, motivation	2,294	17	1,893	16	*	*	84	14	*	*
Poor terms and conditions (e.g. pay) offered for post	1,797	13	1,517	13	*	*	22	4	*	*
Low number of applicants generally	2,002	15	1,664	14	*	*	145	24	*	*
Lack of qualifications the company demands	1,066	8	936	8	*	*	22	4	*	*
Job entails shift work/unsociable hours	1,524	11	1,381	12	*	*	53	9	*	*
Remote location/poor public transport	686	5	623	5	*	*	20	3	*	*
Too much competition from other employers	854	6	840	7	*	*	7	1	*	*
Poor career progression / lack of prospects	389	3	373	3	*	*	16	3	*	*
Not full-time/permanent work	277	2	265	2	*	*	13	2	*	*
Low number of suitable applicants inc. Age of applicants	269	2	156	1	*	*	113	18	*	*
Poor recruitment channels/mechanisms (inc. lack/cost of ad)	171	1	171	1	*	*	0	0	*	*
Seasonal work	211	2	196	2	*	*	15	2	*	*
Benefits trap	62	**	43	**	*	*	10	2	*	*
Lack of funding for the position	0	0	0	0	*	*	0	0	*	*
Difficulty with work permits/immigration issues for non-EU st	10	**	6	**	*	*	0	0	*	*
Other	401	3	305	3	*	*	39	6	*	*
No particular reason	169	1	169	1	*	*	0	0	*	*
Don't know	173	1	173	1	*	*	0	0	*	*
<i>Weighted base</i>	13,499		11,655		*	*	610		*	*
<i>Unweighted base</i>	668		576		*	*	47		*	*

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments with hard-to-fill vacancies

*Data suppressed as unweighted base < 25 (< 50 for Scotland)

** Denotes a figure greater than 0 per cent but less than 0.5 per cent

NB Column percentages sum to more than 100 since multiple responses allowed

The four main reasons highlighted on the previous page are present in the causes of hard-to-fill vacancies within the sector, but there are a further five causes that play a factor in the inability to fill hard-to-fill vacancies. These are:

- Poor terms and conditions offered for the post
- Low number of applicants generally
- Lack of qualifications the company demands
- Job entails shift work / unsociable hours
- Low number of suitable applicants including age of applicants.

The impact on the UK economy of having hard-to-fill vacancies is detailed in Table 5.12.

Table 5.12: Impact of having hard-to-fill vacancies by nation 2010 – all economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increase workload for other staff	75,165	83	64,739	82	5,237	88	3,684	86	1,504	77
Have difficulties meeting customer services objectives	40,550	45	34,975	44	2,581	43	2,117	50	878	45
Lose business or orders to competitors	37,879	42	33,309	42	1,969	33	1,757	41	845	44
Delay developing new products or services	37,635	41	32,458	41	2,165	36	2,057	48	957	49
Experience increased operating costs	35,766	39	30,968	39	2,417	41	1,731	41	650	33
Have difficulties meeting quality standards	30,498	34	26,689	34	1,908	32	1,156	27	747	38
Have difficulties introducing new working practices	29,065	32	24,700	31	1,977	33	1,540	36	847	44
Outsource work	23,666	26	20,200	26	1,741	29	1,185	28	542	28
Withdraw from offering certain products or services altogether	23,180	26	19,994	25	1,124	19	1,406	33	655	34
Have difficulties introducing technological change	19,905	22	16,960	22	1,123	19	1,250	29	572	29
None	5,476	6	5,036	6	184	3	140	3	118	6
Don't know	361	**	300	0	0	0	37	1	25	1
Weighted base	90,770		78,628		5,942		4,260		1,942	
Unweighted base	5,160		4,409		219		377		155	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments with hard-to-fill vacancies

** Denotes a figure greater than 0 per cent but less than 0.5 per cent

NB Column percentages sum to more than 100 since multiple responses allowed

The primary impact of employers having hard-to-fill vacancies is clear across all of the four nations of the UK – the increased workload for other staff. Other impacts of having hard-to-fill vacancies focus on business reasons such as not being able to meet customer service objectives, loss of business or orders to competitors and the delay in developing new products and services.

Table 5.13 details the impacts of employers having hard-to-fill vacancies with the wholesale and retail sector. Note: data for Scotland and Northern Ireland are not shown due to low response rate.

Table 5.13: Impact of hard-to-fill vacancies by nation 2011 – wholesale & retail sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increase workload for other staff	11,319	84	9,782	84	*	*	565	93	*	*
Have difficulties meeting customer services objectives	6,200	46	5,390	46	*	*	414	68	*	*
Lose business or orders to competitors	4,800	36	3,974	34	*	*	359	59	*	*
Delay developing new products or services	4,155	31	3,191	27	*	*	329	54	*	*
Experience increased operating costs	4,070	30	3,531	30	*	*	288	47	*	*
Have difficulties meeting quality standards	4,315	32	3,645	31	*	*	209	34	*	*
Have difficulties introducing new working practices	4,131	31	3,253	28	*	*	249	41	*	*
Outsource work	2,380	18	2,039	17	*	*	52	9	*	*
Withdraw from offering certain products or services altogether	2,106	16	1,484	13	*	*	193	32	*	*
Have difficulties introducing technological change	2,650	20	2,038	17	*	*	191	31	*	*
None	977	7	887	8	*	*	31	5	*	*
Don't know	105	1	105	1	*	*	0	0	*	*
Weighted base	13,499		11,655		*	*	610		*	*
Unweighted base	668		576		*	*	47		*	*

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments with hard-to-fill vacancies

*Data suppressed as unweighted base < 25 (<50 for Scotland)

NB Column percentages sum to more than 100 since multiple responses allowed

Similar to the whole economy, by far the greatest impact in the sector of having hard-to-fill vacancies is an increase in workload for other staff. This is replicated across all of the nations.

Table 5.14 highlights the measures that all employers have taken to overcome hard-to-fill vacancies across the four nations.

Table 5.14: Measures taken by employers to overcome hard-to-fill vacancies by nation 2011 – all economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increasing advertising / recruitment spend	34,959	39	31,090	40	2,051	35	1,135	27	681	35
Using NEW recruitment methods or channels	26,927	30	23,896	30	1,388	23	1,196	28	447	23
Redefining existing jobs	12,397	14	10,890	14	536	9	640	15	332	17
Increasing the training given to your existing workforce	6,458	7	5,525	7	521	9	278	7	134	7
Increasing / expanding trainee programmes	5,781	6	4,997	6	388	7	274	6	121	6
Being prepared to offer training to less well qualified recruits	4,679	5	4,052	5	308	5	140	3	180	9
Bringing in contractors to do the work, or contracting it out	4,634	5	3,719	5	640	11	174	4	102	5
Increasing salaries	3,985	4	3,506	4	154	3	239	6	86	4
Recruiting workers who are non-UK nationals	3,231	4	2,955	4	104	2	145	3	25	1
Making the job more attractive e.g. recruitment incentives, enhanced T&Cs, working hours	1,325	1	1,186	2	89	2	51	1	0	0
Other	3,682	4	3,005	4	134	2	266	6	277	14
Nothing	12,792	14	10,874	14	840	14	854	20	222	11
Don't know	2,894	3	2,727	3	153	3	0	0	13	1
<i>Weighted base</i>	90,770		78,628		5,942		4,260		1,942	
<i>Unweighted base</i>	5,160		4,409		219		377		155	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments with hard-to-fill vacancies

Aside from over one in ten employers who state that they have done nothing to overcome the hard-to-fill vacancies, three main measures have been taken by employers. These are:

- Increasing advertising / recruitment spend
- Using new recruitment methods or channels
- Redefining existing jobs

Table 5.15 defines the measures that sector employers have taken to overcome hard-to-fill vacancies. Note: data for Scotland Wales and Northern Ireland is not shown due to low responses.

Table 5.15: Measures taken by employers to overcome hard-to-fill vacancies – wholesale and retail sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increasing advertising / recruitment spend	6,004	44	5,493	47	*	*	*	*	*	*
Using NEW recruitment methods or channels	3,771	28	3,355	29	*	*	*	*	*	*
Redefining existing jobs	2,844	21	2,582	22	*	*	*	*	*	*
Increasing the training given to your existing workforce	1,036	8	837	7	*	*	*	*	*	*
Increasing / expanding trainee programmes	749	6	661	6	*	*	*	*	*	*
Being prepared to offer training to less well qualified recruits	593	4	490	4	*	*	*	*	*	*
Bringing in contractors to do the work, or contracting it out	365	3	352	3	*	*	*	*	*	*
Increasing salaries	696	5	690	6	*	*	*	*	*	*
Recruiting workers who are non-UK nationals	266	2	220	2	*	*	*	*	*	*
Making the job more attractive e.g. recruitment incentives, er	93	1	93	1	*	*	*	*	*	*
Other	812	6	505	4	*	*	*	*	*	*
Nothing	1,612	12	1,159	10	*	*	*	*	*	*
Don't know	190	1	187	2	*	*	*	*	*	*
<i>Weighted base</i>	13,499		11,655		*	*	*	*	*	*
<i>Unweighted base</i>	668		576		*	*	*	*	*	*

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments with hard-to-fill vacancies

*Data suppressed as unweighted base < 25 (<50 for Scotland)

Notes: Column percentages sum to more than 100 since multiple responses allowed. The main additional measure taken by sector employers across the UK nations to fill hard-to-fill vacancies is increasing advertising / recruitment spend.

5.1.3 Recruitment

Table 5.16 details the number of employers across the UK who have recruited one or more people over the past three years into their business.

Table 5.16: Recruitment of young people by sector and nation over past three years 2011 – all economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Agriculture, forestry & fishing	21,769	20	14,815	19	†2,725	†20	1,183	11	3,046	43
Energy production & utilities	2,660	21	2,080	21	322	25	197	24	61	11
Manufacturing	31,047	24	26,304	23	2,442	26	1,437	27	863	23
Construction, building services engineering and planning	66,741	22	55,108	21	6,498	30	2,973	23	2,161	20
Wholesale & retail trade	120,702	26	101,878	25	9,862	28	5,297	25	3,665	26
Transportation and storage	18,432	15	16,069	15	1,496	19	476	11	391	17
Hospitality, tourism and sport	70,608	32	59,071	33	6,164	28	3,583	32	1,789	31
Information and communication technologies	14,960	21	13,659	21	†794	†22	241	12	266	24
Creative media & entertainment	31,843	22	28,704	23	†1,573	†14	1,082	23	484	24
Financial, insurance & other professional services	37,955	22	34,274	22	1,679	20	1,230	21	773	23
Real estate & facilities management	23,229	14	21,827	15	†699	†6	475	16	229	12
Government services	10,268	19	8,375	19	1,084	20	378	14	431	21
Education	28,641	44	24,132	45	1,812	41	1,450	45	1,247	38
Health	13,817	26	11,547	26	938	29	822	29	510	34
Care	26,557	30	22,175	31	1,955	23	1,481	34	947	29
All economy	552,385	24	467,925	24	43,211	25	23,664	24	17,584	27
Weighted base	2,124,807		1,960,298		175,115		98,952		65,558	
Unweighted base	85,069		75,053		2,503		6,012		4,004	

Source: UK Commission's Employer Skills Survey, 2011 (Davies et al, 2012). Base: all establishments. N.B. Scottish employers were asked a slightly different questions; results cannot be compared directly to UK, England, Wales, or Northern Ireland. Scottish employers have not been included in the UK base. † Treat figures with caution due to small base size of 50-99 establishments in Scotland.

An illustration of the recruitment happening within the sector is highlighted in the automotive retail sub-sector. New entrants into the sub-sector invariably come from this young age group, through the recruitment of apprentices. In the five years up to and including 2009/10 there were just over 61,500 apprentices who entered the workforce, just under 12 per cent of the total current workforce (Labour Force Survey 2010).

5.1.4 Staff retention

Table 5.17 details the number of employers across the UK who have employee retention problems.

Table 5.17 Employers with retention problems by sector and nation 2011

	UK (excl. Scotland)		England		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%
Agriculture, forestry and fishing	4,954	5	4,236	5	360	3	358	5
Energy production and utilities	555	5	484	5	62	8	9	2
Manufacturing	6,493	5	5,883	5	433	8	177	5
Construction, building services engineering and planning	10,569	4	9,710	4	722	5	138	1
Wholesale and retail trade	18,192	4	16,682	4	891	4	619	4
Transportation and storage	5,676	5	5,240	5	321	8	115	5
Hospitality, tourism and sport	18,345	9	16,670	9	1,126	10	548	9
Information and communication technologies	3,084	4	2,948	4	57	3	79	7
Creative media and entertainment	5,303	4	4,891	4	306	7	106	5
Financial, insurance and other professional services	6,271	4	5,876	4	339	6	55	2
Real estate and facilities management	5,826	4	5,649	4	139	5	38	2
Government services	2,496	5	2,200	5	208	8	88	4
Education	2,925	5	2,493	5	267	8	165	5
Health	3,297	7	2,961	7	249	9	87	6
Care	5,134	6	4,615	6	327	7	191	6
Not within scope	6,810	6	6,476	6	247	6	87	3
Whole Economy	105,929	5	97,014	5	6,054	6	2,860	4
<i>Weighted base</i>	2,124,807		1,960,298		98,952		65,558	
<i>Unweighted base</i>	85,069		75,053		6,012		4,004	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments in England, NI, Wales (question not asked in Scotland)

Only five per cent of all sector employers (excluding Scotland where this question was not asked) stated that they had an employee retention problem. The wholesale and retail sector lies just below this figure at four per cent which is replicated across all of the three nations. The low response may reflect the tendency of employees not to change jobs during difficult economic conditions.

Tables 5.18 and 5.19 detail the employers reasons behind having retention problems for the whole of the economy and for the sector.

Table 5.18: Reasons for retention problems by nation 2011 – all economy

	UK (excl. Scotland)		England		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%
Not enough people interested in doing this type of work	53,834	51	48,582	50	3,527	58	1,724	60
Long/unsocial hours	35,466	33	32,474	33	2,138	35	856	30
Wages offered are lower than those offered by other firms	35,048	33	32,752	34	1,685	28	611	21
Staff don't want long term commitment	33,715	32	30,944	32	1,935	32	836	29
Lack of career progression	32,199	30	29,670	31	1,771	29	757	26
Too much competition from other employers	29,609	28	27,767	29	1,286	21	554	19
Impact of the benefits trap	28,902	27	26,335	27	1,845	30	722	25
Unattractive conditions of employment	26,861	25	24,416	25	1,825	30	621	22
Geographic location of the firm	18,467	17	16,515	17	1,448	24	504	18
Difficult to find experienced/skilled staff	10,930	10	9,765	10	946	16	219	8
Nature of work is too difficult/mentally and physically tiring	3,822	4	3,163	3	345	6	315	11
Other	8,960	8	8,452	9	257	4	250	9
None	344	**	344	0	0	0	0	0
Don't know	171	**	171	0	0	0	0	0
<i>Weighted base</i>	105,929		97,014		6,053		2,862	
<i>Unweighted base</i>	5,866		5,126		512		228	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments in England, NI, Wales that find it difficult to retain staff (question not asked in Scotland)

** Denotes a figure of greater than 0 per cent but less than 0.5 per cent

Over 120,000 sector employers highlighted that they had recruited a young person into their business in the past three years and this not overly surprising given the age profile of the sector – see 3.3.2. Out of all of the economic sectors, wholesale and retail recruits the largest number of young people, just under double the amount of the second sector – Hospitality, tourism and sport. Apart from in Northern Ireland, the sector has recruited more young people into the sector than the all-economy and all nation averages.

The largest stated retention problem for staff in the UK economy, especially dominant in Northern Ireland, is that there are not enough people interested in doing this type of work.

Table 5.19: Reasons for retention problems by nation 2011 – wholesale and retail sector

	UK (excl. Scotland)		England		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%
Not enough people interested in doing this type of work	10,924	60	9,874	59	543	61	507	82
Long/unsocial hours	5,752	32	5,219	31	356	40	178	29
Wages offered are lower than those offered by other firms	6,302	35	5,849	35	270	30	184	30
Staff don't want long term commitment	6,822	38	6,327	38	372	42	123	20
Lack of career progression	6,031	33	5,731	34	220	25	80	13
Too much competition from other employers	5,568	31	5,337	32	196	22	35	6
Impact of the benefits trap	6,314	35	6,024	36	160	18	130	21
Unattractive conditions of employment	5,262	29	5,013	30	227	25	22	3
Geographic location of the firm	3,138	17	2,858	17	214	24	65	10
Difficult to find experienced/skilled staff	1,509	8	1,426	9	69	8	14	2
Nature of work is too difficult/mentally and physically tiring	611	3	498	3	12	1	101	16
Other	951	5	927	6	24	3	0	0
None	19	**	19	**	0	0	0	0
Don't know	33	**	33	**	0	0	0	0
Weighted base	18,192		16,682		891		619	
Unweighted base	855		754		66		35	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments in England, NI, Wales that find it difficult to retain staff (question not asked in Scotland)

** Denotes a figure greater than 0 per cent but less than 0.5 per cent

Three-fifths of sector employers stated that retention issues were caused by 'not enough people interested in doing this type of work'. This figure ranged from 59 per cent in England to 82 per cent in Northern Ireland.

Table 5.20 details the measures that employers have undertaken to overcome retention problems.

Table 5.20: Measures taken by employers to overcome retention problems by nation 2011 – all economy

	UK (excl. Scotland)		England		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%
Introduced further training/development opportunities	26,437	25	24,923	26	893	15	620	22
Offered higher pay or more incentives than normal	23,639	22	22,029	23	1,030	17	580	20
Altered/improved recruitment methods	15,800	15	14,565	15	1,029	17	204	7
Introduced flexible working hours	13,095	12	12,323	13	397	7	374	13
Changed the job specification by giving some of the tasks to other staff	9,284	9	8,854	9	258	4	172	6
Introduced job enrichment	9,152	9	8,696	9	280	5	175	6
Improved career progression	7,715	7	7,339	8	131	2	245	9
Changed working environment generally	4,498	4	4,154	4	152	3	193	7
Changed the job specification by automating some of the tasks	3,624	3	3,557	4	33	1	34	1
Provided assistance with travel	3,085	3	3,008	3	60	1	16	1
Used agency staff /sub contractors	2,066	2	1,897	2	127	2	41	1
Provided assistance with childcare	1,752	2	1,732	2	12	**	8	**
Other	5,699	5	5,164	5	235	4	301	11
Not taken any measures to overcome retention difficulties	27,543	26	24,112	25	2,524	42	908	32
Don't know	1,382	1	1,298	1	30	**	56	2
Weighted base	105,929		97,014		6,053		2,862	
Unweighted base	5,866		5,126		512		228	

UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments in England, NI, Wales that find it difficult to retain staff (question not asked in Scotland)

** Denotes a figures of greater than 0 per cent but less than 0.5 per cent

Over a quarter of employers in the UK have taken no new measures (ranging from 25 per cent in England to 42 per cent in Wales) to overcome retention problems. A further 25 per cent offered further training/development opportunities, whilst 22 per cent of employers have offered higher pay or more incentives to retain employees.

Table 5.21 highlights retention measures taken by employers within the wholesale and retail sector.

Table 5.21: Measures taken by employers to overcome retention problems by nation 2011 – wholesale and retail sector

	UK (excl. Scotland)		England		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%
Introduced further training/development opportunities	4,096	23	3,868	23	124	14	104	17
Offered higher pay or more incentives than normal	3,615	20	3,370	20	149	17	95	15
Altered/improved recruitment methods	2,530	14	2,279	14	225	25	27	4
Introduced flexible working hours	1,797	10	1,706	10	39	4	52	8
Changed the job specification by giving some of the tasks to other staff	1,767	10	1,695	10	51	6	21	3
Introduced job enrichment	1,357	7	1,334	8	24	3	0	0
Improved career progression	994	5	947	6	36	4	11	2
Changed working environment generally	782	4	724	4	41	5	17	3
Changed the job specification by automating some of the tasks	665	4	657	4	4	*	4	1
Provided assistance with travel	404	2	400	2	4	*	0	0
Used agency staff /sub contractors	161	1	155	1	5	1	0	0
Provided assistance with childcare	119	1	119	1	0	0	0	0
Other	575	3	396	2	90	10	88	14
Not taken any measures to overcome retention difficulties	5,328	29	4,837	29	277	31	214	35
Don't know	541	3	485	3	0	0	56	9
Weighted base	18,192		16,682		891		619	
Unweighted base	855		754		66		35	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments in England, NI, Wales that find it difficult to retain staff (question not asked in Scotland)

* Data suppressed as unweighted base < 25

Nearly three in ten employers have not put into place any new measures to solve retention problems – ranging from 29 per cent in England to 35 per cent in Northern Ireland. This figure is larger than the all-economy figure for no action taking place (26 per cent). Just under a quarter of all employers in the sector have offered further training/development opportunities as a way to overcome retention problems.

Table 5.22 details the impact of retention difficulties on UK employers in the whole-economy.

Table 5.22: Impact of retention difficulties by nation 2011 – all economy

	UK (excl. Scotland)		England		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%
More strain on management of existing staff in covering the shortage	84,051	79	76,766	79	4,901	81	2,383	83
Difficulties with quality	52,763	50	48,786	50	2,659	44	1,317	46
Increased running costs (for example use of excess overtime, subcontracting or use of temporary staff etc)	50,190	47	46,179	48	2,662	44	1,348	47
Loss of efficiency or increased wastage	49,677	47	45,461	47	2,991	49	1,226	43
An increase in recruitment costs due to more advertising or use of a recruitment agency	47,935	45	44,411	46	2,038	34	1,486	52
Restrictions to business development activities	45,905	43	42,342	44	2,196	36	1,367	48
Loss of business to competitors	39,740	38	36,917	38	1,784	29	1,037	36
Difficulties with customer service	38,216	36	35,318	36	1,924	32	977	34
Difficulties with introducing new working practices	30,890	29	28,555	29	1,414	23	920	32
Difficulties with accommodating technological change	21,147	20	20,026	21	745	12	377	13
Not affected the business	6,292	6	5,673	6	539	9	79	3
Something else	1,686	2	1,221	1	313	5	151	5
Don't know	190	**	178	0	0	0	11	0
<i>Weighted base</i>	105,929		97,014		6,053		2,862	
<i>Unweighted base</i>	5,866		5,126		512		228	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments in England, NI, Wales that find it difficult to retain staff (question not asked in Scotland). ** Denotes a figures of greater than 0 per cent but less than 0.5 per cent

The main impact of retention difficulties across the UK economy is the additional strain on management because of covering the shortage of staff. This is very similar to the impact of retention difficulties on hard-to-fill vacancies.

Table 5.23 details the impact of retention difficulties in the sector. The main impact in the sector is very similar to the all-economy - the additional strain on management of covering the shortage of staff. This ranges from 78 per cent of employers stating this in Wales to 94 per cent of employers in Northern Ireland.

Table 5.23: Impact of retention difficulties by nation 2011 – wholesale and retail sector

	UK (excl. Scotland)		England		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%
More strain on management of existing staff in covering the shortage	14,937	82	13,657	82	696	78	584	94
Difficulties with quality	9,282	51	8,590	51	357	40	335	54
Increased running costs (for example use of excess overtime, subcontracting or use of temporary staff etc)	8,690	48	8,063	48	443	50	183	30
Loss of efficiency or increased wastage	8,462	47	7,739	46	486	55	237	38
An increase in recruitment costs due to more advertising or use of a recruitment agency	7,583	42	6,978	42	301	34	304	49
Restrictions to business development activities	7,203	40	6,518	39	293	33	391	63
Difficulties with customer service	7,350	40	6,924	42	218	24	208	34
Loss of business to competitors	7,099	39	6,648	40	173	19	278	45
Difficulties with introducing new working practices	5,512	30	5,141	31	139	16	232	38
Difficulties with accommodating technological change	4,746	26	4,636	28	76	9	33	5
Not affected the business	1,195	7	1,096	7	91	10	8	1
Something else	62	**	62	**	0	0	0	0
Don't know	8	**	8	**	0	0	0	0
<i>Weighted base</i>	18,192		16,682		891		619	
<i>Unweighted base</i>	855		754		66		35	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All establishments in England, NI, Wales that find it difficult to retain staff (question not asked in Scotland). Notes: ** denotes a figure of greater than 0 per cent but less than 0.5 per cent. Column percentages sum to more than 100 since multiple responses allowed

5.2 Extent and nature of skills issues

5.2.1 Extent of skills gaps

Table 5.24 details the numbers of employers and employees across the UK economy that state they have skills gaps.

Table 5.24: Employers and employees with skills gaps by sector 2011 – all economy

	Employers with skills gaps				Employees with skills gaps			
	Number	%	Weighted base	Unweighted base	Number	%	Weighted base	Unweighted base
Agriculture, Forestry and Fishing	10,665	10	110,220	1,547	20,149	4	466,870	19,506
Energy Production and Utilities	2,000	16	12,610	1,614	17,250	5	333,050	47,228
Manufacturing	21,520	16	130,709	7,776	148,007	6	2,541,188	291,593
Construction, Building Services Engineering and Planning	31,925	10	306,403	8,961	99,184	4	2,235,270	150,111
Wholesale and Retail Trade	72,233	15	470,200	16,150	300,344	6	4,674,684	514,820
Transportation and Storage	11,540	9	122,058	4,735	55,391	4	1,320,126	114,658
Hospitality, Tourism and Sport	43,000	20	220,055	11,318	193,549	8	2,313,487	258,524
Information and Communication Technologies	6,647	9	72,281	2,510	34,775	6	614,641	53,681
Creative Media and Entertainment	9,155	6	143,772	3,762	41,091	4	1,086,978	87,953
Financial, Insurance and other Professional Services	20,954	12	170,887	5,343	92,599	5	2,052,039	112,945
Real Estate and Facilities Management	13,185	8	166,486	3,424	64,302	5	1,183,601	91,204
Government Services	7,980	15	54,687	2,605	94,735	5	1,780,058	223,796
Education	12,304	19	64,540	5,439	94,884	4	2,538,545	387,221
Health	9,776	19	52,370	3,398	101,986	5	2,004,436	219,765
Care	14,886	17	87,899	4,763	78,458	5	1,504,729	157,681
All economy	300,941	13	2,299,921	87,572	1,489,540	5	27,547,123	2,816,693

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Within the wholesale and retail sector there is a greater number of employers and employees stating that they have skills gaps compared with the whole-economy average.

One specific skill area within retail may have contributed to a skills gap for both employers and employees – the development, and desire, for online retailing by consumers. Such skills, although apparent in many retailers (IFF 2010) are in need of continual updating as technology develops. For the largest retailers specific departments deal with this area of the business, However, they still have to take into account the way that the products ordered online are delivered to the customer via in-store or home delivery. This requires a balancing of skill requirements in employees to understand their work in-store as well as the online products and the process for delivering or accepting customer returns.

As the IFF research highlighted, smaller retailers are not as advanced in the online development as larger retailers and their technology may not be cutting edge. However, the use of social media tools such as Facebook and Twitter can assist the smaller retailer to broaden consumer appeal.

Table 5.25 breaks down the sector's employers and employee skills gaps into nation-specific details.

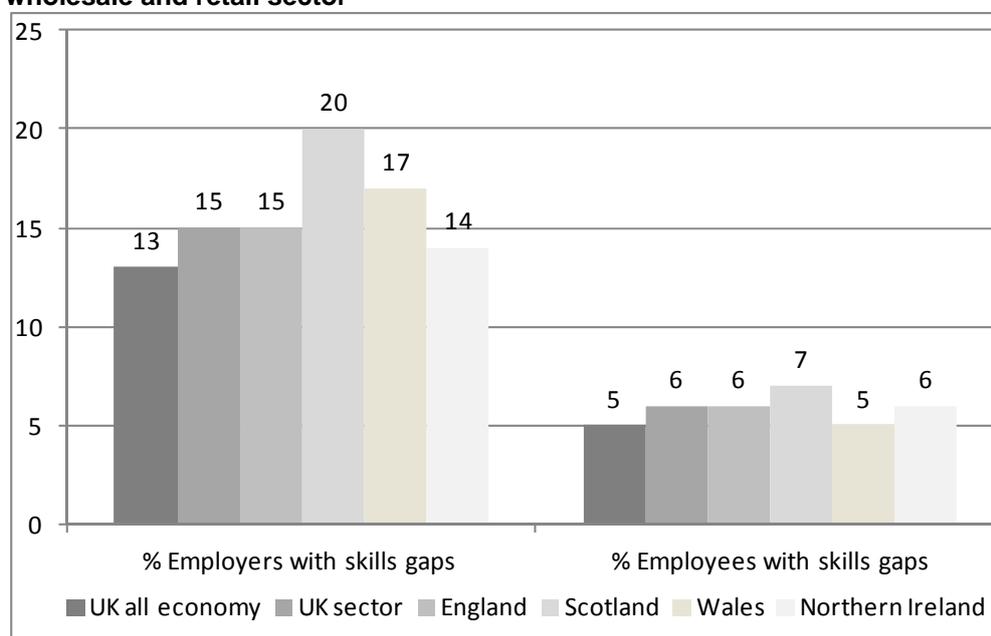
Table 5.25: Employers and employees with skills gaps by nation 2011 – wholesale and retail sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Employers with skills gaps	72,233	15	59,673	15	7,109	20	3,472	17	1,979	14
Employees with skills gaps	300,344	6	256,538	6	24,432	7	10,403	5	8,972	6
Employer weighted base	470,200		399,777		35,272		20,955		14,196	
Employer unweighted base	16,150		13,919		333		1,129		769	
Employment weighted base	4,674,684		3,967,497		365,530		198,972		142,684	
Employment unweighted base	514,820		431,237		33,910		31,169		18,504	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Chart 5.3 highlights the sector's range of employer and employee skills gaps by nation.

Chart 5.3: Employers and employees with skills gaps by nation 2011 – UK whole economy vs. wholesale and retail sector



Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

The data highlights that all nations have higher levels of employers and employees with skills gaps than the UK all-economy average. This is especially true in Scotland, which has the largest number of employers and employees reporting skills gaps.

Table 5.26 breaks the sector's skills gaps into the main occupations.

Table 5.26: Skills gaps by occupation 2011 – wholesale and retail sector

	Total employment	Number with skills gaps	% with skills gaps
Managers	935,007	31,465	3
Professionals	69,347	2,112	3
Associate professionals	110,657	5,282	5
Administrative/clerical staff	365,837	15,271	4
Skilled trades occupations	263,395	15,537	6
Caring, leisure and other services staff	*	*	*
Sales and customer services staff	1,860,073	158,891	9
Machine operatives	296,576	14,013	5
Elementary staff	761,293	56,749	7
Weighted base	4,674,684	300,344	6
Unweighted base	514,820	34,799	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

*Data suppressed as unweighted base < 25

Note: Due to different sources, sector occupation totals will equal occupation totals displayed in Table 25

The data highlights that skills gaps are highest among sales and customer service employees.

5.2.1.1 Causes of skills gaps

Table 5.26 details the causes of skills gaps across all employers in the UK economy.

Table 5.27: Causes of skills gaps within nations 2011 – all economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
They are new to the role	699,116	47	595,034	46	61,654	51	24,955	46	3,686	54
Their training is currently only partially completed	678,973	46	573,631	45	60,751	50	26,617	50	3,858	57
Staff lack motivation	471,416	32	407,635	32	32,306	27	16,517	31	2,571	38
They have been on training but their performance has not improved sufficiently	430,612	29	360,836	28	38,644	32	16,937	32	2,456	36
The introduction of new working practices	342,371	23	289,098	23	29,436	24	14,322	27	1,756	26
They have not received the appropriate training	336,532	23	287,618	22	27,226	23	13,558	25	2,244	33
Unable to recruit staff with the required skills	267,020	18	230,998	18	18,986	16	10,449	19	1,406	21
The introduction of new technology	247,118	17	208,661	16	20,714	17	10,568	20	1,351	20
The development of new products and service	230,234	15	193,253	15	20,416	17	11,197	21	1,240	18
Problems retaining staff	152,954	10	134,835	11	10,994	9	4,546	8	669	10
Other	25,161	2	22,329	2	830	1	781	1	189	3
Lack of other skills e.g. communication, interpersonal	20,492	1	18,088	1	1,314	1	777	1	133	2
Lack of aptitude to do job/reached maximum potential	12,589	1	10,783	1	911	1	559	1	154	2
Non-work related problems e.g. health or personal problems	12,311	1	10,567	1	1,205	1	314	1	93	1
Language barrier - English not first language	8,849	1	8,459	1	391	0	0	0	0	0
No particular cause	11,873	1	8,150	1	1,482	1	658	1	29	0
Staff are too old to carry out the work required	3,717	*	3,342	0	268	0	79	0	27	0
Don't know	284,691	19	254,043	20	21,444	18	8,578	16	37	1
Weighted base	1,489,540		1,281,758		120,470		53,692		121,850	
Unweighted base	166,795		144,767		9,124		8,297		11,286	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All skills gaps followed up

* Data suppressed as unweighted base < 25

Skills gaps in the UK economy are due to four main reasons:

- That the employee is new to the role (the skills gap should improve the longer they stay in the role)
- Training is currently only partially completed
- Staff lack motivation

- Employees have received training but their performance has not improved sufficiently.

The causes of why sector employers indicate that their employees have skills gaps are highlighted in Table 5.28.

Table 5.28: Causes of skills gaps within nations 2011 – wholesale and retail sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
They are new to the role	142,777	48	122,948	48	11,726	48	4,850	47	3,253	36
Their training is currently only partially completed	129,947	43	111,225	43	10,139	41	5,155	50	3,428	38
Staff lack motivation	109,779	37	92,643	36	9,552	39	3,857	37	3,727	42
They have been on training but their performance has not improved sufficiently	99,857	33	85,359	33	7,243	30	3,456	33	3,800	42
The introduction of new working practices	69,084	23	59,496	23	5,219	21	2,532	24	1,837	20
They have not received the appropriate training	62,189	21	53,585	21	4,196	17	2,669	26	1,739	19
The development of new products and service	50,247	17	42,774	17	4,160	17	1,953	19	1,360	15
Unable to recruit staff with the required skills	47,421	16	40,511	16	4,203	17	1,878	18	829	9
The introduction of new technology	48,765	16	40,808	16	3,965	16	2,400	23	1,593	18
Problems retaining staff	20,985	7	18,206	7	1,484	6	834	8	461	5
Non-work related problems e.g. health or personal problems	4,509	2	3,870	2	532	2	90	1	17	*
Lack of other skills e.g. communication, interpersonal	4,166	1	3,672	1	166	1	247	2	81	1
Lack of aptitude to do job/reached maximum potential	3,394	1	2,933	1	145	1	222	2	94	1
Other	4,275	1	3,888	2	144	1	89	1	154	2
No particular cause	2,541	1	1,206	*	0	0	24	*	1,311	15
Language barrier - English not first language	329	*	329	*	0	0	0	0	0	0
Staff are too old to carry out the work required	882	*	862	*	0	0	21	*	0	0
Don't know	41,860	14	37,741	15	3,063	13	975	9	80	1
<i>Weighted base</i>	300,344		256,538		24,432		10,403		8,972	
<i>Unweighted base</i>	34,799		29,929		1,797		1,606		1,467	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All skills gaps followed up

* Data suppressed as unweighted base < 25

Sector reasons behind the causes of skills gaps are fairly uniform across the nations and focus primarily on the four key points highlighted for the all-economy causes of skills gaps. In Northern Ireland there is some minor variation on the causes of the skills gaps with more emphasis on employees lacking motivation and having undertaken the training but performance still not significantly improving.

5.2.1.2 Consequences of skills lacking

Table 5.29 detail the effects of skills gaps across the UK economy.

Table 5.29: Consequences of skills gaps by nation 2011 – all economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increase workload for other staff	144,234	78	120,873	78	13,091	80	6,475	81	3,794	80
Increase operating costs	82,833	45	68,918	44	7,615	46	3,984	50	2,314	49
Have difficulties meeting quality standards	74,405	40	63,415	41	6,121	37	3,286	41	1,584	33
Have difficulties introducing new working practices	70,317	38	57,368	37	7,637	47	3,326	42	1,985	42
Lose business or orders to competitors	59,139	32	50,038	32	4,865	30	2,810	35	1,425	30
Delay developing new products or services	46,767	25	39,469	25	3,542	22	2,470	31	1,286	27
Outsource work	28,173	15	24,449	16	1,549	9	1,442	18	733	15
No particular problems / None of the above	14,285	8	12,183	8	1,297	8	394	5	412	9
Don't know	344	**	332	0	11	**	0	**	0	**
Weighted base	184,733		155,600		16,389		8,012		4,732	
Unweighted base	12,943		11,100		527		876		440	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All skills gaps that have impact on establishment performance

** denotes a figure of greater than 0 per cent but less than 0.5 per cent

The main factor associated for businesses experiencing skills gaps is the increased workload for existing staff. This factor is fairly uniform across the four nations of the UK.

Table 5.30 details the effects that skills gaps had on sector employers.

Table 5.30: Consequences of skills gaps 2011 – wholesale and retail sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increase workload for other staff	37,491	80	30,700	81	3,974	81	1,776	82	1,042	71
Lose business or orders to competitors	18,067	39	14,183	37	2,390	49	886	41	608	41
Increase operating costs	17,634	38	14,126	37	2,034	41	896	41	579	39
Have difficulties meeting quality standards	17,515	38	14,253	37	2,014	41	899	41	348	24
Have difficulties introducing new working practices	17,120	37	13,393	35	2,182	44	898	41	648	44
Delay developing new products or services	8,973	19	7,235	19	779	16	568	26	391	27
Outsource work	4,607	10	4,016	11	157	3	203	9	231	16
No particular problems / None of the above	2,991	6	2,543	7	112	2	132	6	205	14
Don't know	115	**	115	**	0	0	0	0	0	0
Weighted base	46,633		38,055		4,928		2,179		1,472	
Unweighted base	2,959		2,536		88		210		125	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All employers with skills gaps that have impact on establishment performance

** Denotes a figures of greater than 0 per cent but less than 0.5 per cent

NB Column percentages sum to more than 100 since multiple responses allowed

The main consequence of skills gaps within the sector is similar to those across the economy as a whole – increase in workload. However, in the sector below this factor lies a number of business factors – loss of business to competitors, increased operational costs / difficulty in meeting quality standards and new working practices.

The steps to overcome skills gaps within the UK are highlighted in Table 5.31.

Table 5.31: Steps employers have taken to overcome skills gaps by nation 2011 – all economy

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increase training activity / spend or increase/expand trainee programmes	185,527	82	155,451	82	3,822	79	18,002	83	8,253	86
More supervision of staff	139,442	62	116,865	62	3,186	66	13,381	62	6,009	62
More staff appraisals / performance reviews	123,245	55	103,336	55	2,939	61	12,001	55	4,968	51
Implementation of mentoring / buddying scheme	113,645	50	94,041	50	2,350	49	12,376	57	4,878	51
Reallocating work	76,053	34	62,381	33	1,952	41	7,876	36	3,844	40
Changing working practices	69,850	31	59,408	31	1,499	31	6,406	29	2,537	26
Increase recruitment activity / spend	33,319	15	28,747	15	762	16	2,386	11	1,424	15
Recruiting workers who are non-UK nationals	21,589	10	18,782	10	572	12	1,373	6	862	9
Other	3,156	1	2,742	1	125	3	221	1	69	1
Nothing	3,541	2	2,736	1	36	1	617	3	152	2
Don't know	348	**	322	0	0	0	0	0	25	0
<i>Weighted base</i>	225,379		189,191		21,730		9,650		4,807	
<i>Unweighted base</i>	16,506		14,313		655		1,074		464	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All employers with skills gaps who have taken steps to improve the proficiency or skills of these staff, or have plans to do so

** Denotes a figure greater than 0 per cent but less than 0.5 per cent

NB Column percentages sum to more than 100 since multiple responses allowed

The main step taken by employers to overcome skills gaps in the UK economy were fairly uniform across the four nations – the increase in training activity/spend or increase/expand trainee programmes.

Table 5.32 breaks this data down for the wholesale and retail sector.

Table 5.32: Steps employers have taken to overcome skills gaps 2011 – wholesale and retail sector

	UK		England		Scotland		Wales		Northern Ireland	
	Number	%	Number	%	Number	%	Number	%	Number	%
Increase training activity / spend or increase/expand trainee programmes	45,381	84	37,004	83	1,204	87	4,955	91	2,217	84
More supervision of staff	33,811	62	27,214	61	929	67	4,090	75	1,578	60
More staff appraisals / performance reviews	31,956	59	25,858	58	860	62	3,814	70	1,423	54
Implementation of mentoring / buddying scheme	26,811	49	21,597	48	675	49	3,231	59	1,308	50
Reallocating work	17,516	32	14,102	31	522	38	1,938	36	954	36
Changing working practices	15,684	29	13,825	31	351	25	926	17	583	22
Increase recruitment activity / spend	6,730	12	5,829	13	266	19	404	7	231	9
Recruiting workers who are non-UK nationals	4,655	9	4,127	9	198	14	210	4	120	5
Other	844	2	697	2	38	3	101	2	7	0
Nothing	982	2	662	1	7	1	232	4	80	3
Don't know	38	*	31	0	0	0	0	0	7	0
<i>Weighted base</i>	54,263		44,805		5,433		2,637		1,388	
<i>Unweighted base</i>	3,593		3,115		104		248		126	

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Base: All employers with skills gaps who have taken steps to improve the proficiency or skills of these staff, or have plans to do so

*Data suppressed as unweighted base < 25

NB Column percentages sum to more than 100 since multiple responses allowed

Again employers have highlighted the increase in training activity and training programmes to overcome skills gaps within the sector – 84 per cent of employers stated this reason. At the same time additional supervision of staff and appraisal processes were also highlighted as methods within the sector to reduce skills gaps.

5.3 Extent of under-employment

Under-employment is defined by the UKCES in term of individuals being either over-qualified or over-skilled. Someone described as being over-qualified means that they have higher qualifications than is needed to get their job. Someone is over-skilled if they have enough opportunity to use the knowledge and skills that they have little opportunity to use their past experience, skill or abilities in their job (Davies et al, 2012).

Table 5.33 details sector employers and employees who are over-qualified and over-skilled across the UK sectors.

Table 5.33: Extent to which workforce is over-qualified and over-skilled by sector 2011 – all economy

	Employers with employees who are over qualified and over skilled				Employees who are over qualified and over skilled			
	Number	%	Weighted base	Unweighted base	Number	%	Weighted base	Unweighted base
Agriculture, forestry and fishing	42,111	38	110,220	1,547	88,613	19	466,870	19,506
Energy production and utilities	5,458	43	12,610	1,614	43,319	13	333,050	47,228
Manufacturing	56,009	43	130,709	7,776	252,633	10	2,541,188	291,593
Construction, building services, engineering and planning	129,922	42	306,403	8,961	369,923	17	2,235,270	150,111
Wholesale and retail trade	241,146	51	470,200	16,150	846,216	18	4,674,684	514,820
Transportation and storage	61,038	50	122,058	4,735	202,809	15	1,320,126	114,658
Hospitality, tourism and sport	131,526	60	220,055	11,318	566,562	24	2,313,487	258,524
Information and communication technologies	33,764	47	72,281	2,510	93,637	15	614,641	53,681
Creative media and entertainment	66,845	46	143,772	3,762	205,573	19	1,086,978	87,953
Financial, Insurance and other professional services	76,826	45	170,887	5,343	312,906	15	2,052,039	112,945
Real estate and facilities management	81,744	49	166,486	3,424	217,791	18	1,183,601	91,204
Government services	29,384	54	54,687	2,605	256,006	14	1,780,058	223,796
Education	34,623	54	64,540	5,439	341,455	13	2,538,545	387,221
Health	23,566	45	52,370	3,398	225,183	11	2,004,436	219,765
Care	47,114	54	87,899	4,763	258,385	17	1,504,729	157,681
Whole economy	1,118,691	49	2,299,921	87,572	4,456,192	16	27,547,123	2,816,693
<i>Weighted base</i>	2,299,921				27,547,123			
<i>Unweighted base</i>	87,572				2,816,693			

Source: UK Commission's Employer Skills Survey 2011, Davies et al, 2012

Bases Vary - "Employers" columns based on all establishments. "Employees" columns based on all employment.

The data shows that just over half of businesses have employees that are over-qualified and over-skilled, which is just above the all-economy average. Nearly one in five (18 per cent) of employees working in sector also claim that they are over-qualified and over-skilled. This figure is, again, just above the UK average for this question. However, not all of the sector's sub-divisions highlight that their businesses or employees are appropriately qualified or skilled. For instance the automotive retail trade indicate that organisations are not keeping pace with technological developments which in turn is affecting business development (IMI 2012).

5.4 Impact of mismatches

Due to the size and private sector orientation of the wholesale and retail, if there is a perceived mis-match between skills and skills shortages within the sector, this is based on the 'natural' orientation across the sector (see 5.7 for more detail).

5.5 Wages

Table 5.34 highlights the average wage levels across the UK sectors.

Table 5.34: Average hourly wage by sector 2008-2010 – all economy

	2008	2009	2010
	£	£	£
Agriculture, forestry and fishing	10.42	11.18	10.38
Energy production and utilities	15.93	16.41	16.62
Manufacturing	13.86	14.28	14.37
Construction, building services, engineering and planning	14.66	15.29	15.39
Wholesale and retail trade	11.00	11.27	11.36
Transportation and storage	12.44	13.16	13.21
Hospitality, tourism and sport	9.14	9.35	9.52
Information and communication technologies	20.05	20.26	20.40
Creative media and entertainment	17.14	17.29	17.50
Financial, insurance and other professional services	21.06	21.45	21.99
Real estate and facilities management	11.36	11.64	11.71
Government services	14.40	14.87	15.62
Education	14.67	15.39	15.71
Health	14.97	15.79	16.45
Care	10.21	10.30	10.49
All economy	13.94	14.39	14.60

Source: Annual Survey of Hours and Earnings, 2010 (ONS)

The data highlights that only three sectors in the UK economy have a lower average pay for sector employees in 2010. Furthermore, given that the basic minimum pay level for a 21 year old employee is £6.08 (Direct Gov website 2012), the average hourly wage per hour of £11.36 is just under double the minimum wage level. For shopfloor / warehouse / motor repair technician role, the basic minimum wage or just above is the norm. However, specialist roles in larger companies, such as online technical jobs, financial/corporate directors and Chief Executive Officers, can command significant salaries.

Table 5.35 shows average amount paid to employees per hour in the sub-sectors.

Table 5.35: Employee pay per hour by sub-sector 2012

	Average pay per employee per hour (£)
Retail	10
Wholesale	14
Automotive retail	12
Rental trade	12
Total	11

Source: ONS, 2012, ASHE

There is a £4 difference in average wages between the retail and wholesale sub-sectors. However, these figures do not take into consideration any bonuses or commission.

5.6 Migration

A potential measure of imbalance between skills available and the skills needed is migration. Both migrants and employers will respond to situations where the skills needed are not effectively met by the current workforce. Migrants may be attracted by employment opportunities, and in some instances compete with indigenous workers.

Data from the UK Border Agency (Home Office 2011) indicates that between 2004 and 2009, 41,000 migrants registered as retail employees – the sixth largest sector registration. The vast majority of the migrants settled in London, East England and in the Midlands and for the most part, undertook sales and customer service occupations within the sector.

An important addendum to the effect that migration has on the sector is contained in the September 2011 release of the UK Border Agency Migration Advisory Committee (Home Office 2011). The report highlights that no specific sectors were seen to be in shortage within the UK for additional skilled migrant to fill the perceived skills gaps. This implies that minimal migrant numbers are needed to supplement the worker or skills levels within the sector that already exist.

5.7 Skills deficiencies hampering growth

The balance that the skill shortages and gaps within the sector have on hampering sector growth is, to a certain extent, linked to the following related factors:

- The size of the sector – 4.1 million employees working out of 509,000 establishments makes it the largest sector in the UK economy. The sector is based, wholly, on private sector entrepreneurial businesses. To this extent there is a huge variety of choice available within the sector. This is enhanced even further by the consumer's ability to look for the right supplier on the internet before making a commitment to purchasing either online or by visiting the store

- The prevailing economic conditions – currently challenging for the sector. This comes from the loss of customer confidence and declining disposable incomes.

The drop in employment (Table 2.17) and establishment levels (Table 2.7) in the current economic conditions highlights the ‘natural’ rebalancing of the weaker disappearing and the stronger getting stronger within the sector. Thus the balance that skill shortages and gaps have on sectoral growth is linked to the “survival of the fittest”.

At the same time new skills factors within the sector, especially in the technology area, will enable the sector to grow as other areas of skill, such as a person permanently stationed in a cashier’s role, become less in demand in the sector. To assist this process, the constant review and rationalisation of the retail Sector Qualification Strategy Framework, from 150 plus retail qualification titles to 11 in 2008, met not only the needs of employers but also made the system of qualifications more understandable for perspective users.

To this extent any skills deficiencies apparent in the sector are not necessarily hampering growth as, although influenced by the current challenging economic condition, GVA remains relatively stable at around £37,000 per employee. The largest sub-sector, retail, continues to grow in sales turnover in 2012 – a four per cent increase on the 2011 sales turnover figures (ONS 2012).

Therefore, an argument can be made that skill shortages are not hampering current growth and that if all vacancies, skills gaps and shortages were filled, additional growth could be leveraged from the sector. To this extent, Skillsmart Retail’s Retail Works programme reduces the risk for retailers in recruiting from the long-term unemployed.

6 Drivers of change and their skills implications

Chapter Summary

- The changing UK demography (reducing numbers of under 25s and an ageing population) may mean that the sector has to be creative in maintaining or changing its current sector employment profile. On the other side of the coin there are expected to be changes in the needs and expectations of a wide-ranging customer base.
- The globalisation of the sector means that the UK wholesale and retail sector has to be seen as a part of the world economy as a major purchaser and consumer of goods and services. The global marketplace has many implications for the sector including increased competition at home, the challenge of doing business across countries and channels of retailing, and the challenge of managing a workforce which spans nations.
- Technological change remains at the forefront of the sector's ability to become as efficient, effective and economic as possible to maximise profit margin and customer experience. The transformation of how and where business occurs is part and parcel of being able to make the most of the increasingly global marketplace. The type, level and mix of skills required by multi-channel retailing presents a challenge to the sector.

This section looks at what, potentially, may be driving change within the sector.

6.1 Drivers of change

The main factors influencing and affecting the wholesale and retail sector based on the seven headings developed by Davies *et al* (2010) (in UKCES NSS) and detailed in Figure 6.1.

Figure 6.1: The seven drivers for skills change in the labour market



Source: National Strategic Skills Audit 2010, UKCES

The relationship between the drivers is critical to determining impact. The dependencies mean that they may mitigate or reinforce each other's impact, and is therefore important to recognise these dynamics when analysing the trends.

6.2 Regulation and governance

Regulation within the sector focuses predominantly on compliance training, such as health and safety. This is a significant driver for training spend in the sector.

Wholesalers and retailers with transport arms to their business will be further affected by regulations covering the transport sector, such as the Driver Certificate of Professional Competence (CPC) and Operators licence. These national regulations affect the skills levels, and are a key determinant of training activity.

Regulation within the automotive retail sub-sector is predominantly around the regulations for MOT tests for Vehicle and Operator Services Agency (VOSA). However, these regulations impact only on technicians wishing to become, and to remain, MOT testers. VOSA have their own compliance regulations. The Financial Services Authority has regulations for the sale of motor vehicles in terms of providing financial services for the purchasing of vehicles.

There are quasi-regulations such as the requirements set out in Publicly Available Specifications (PAS), such as PAS 80 (garage services) and PAS125 (vehicle damage repair). PAS 125 is used by many insurance companies to determine where they send vehicles to be repaired. If a workshop wants to carry out repair work for insurance companies, it needs to hold a PAS 125.

The UK government and devolved nations policies on skills and education will impact the sector in terms of skills demand and supply. Whilst other measures will influence how the sector and its employees skills develop, e.g. the making of loans more accessible to small and medium sized companies. .

6.3 Demographic change

The UK economy and the sector is characterised by an ageing population. Indeed 80 per cent of the UK's 2020 workforce is already in employment.

The raising of the state pension age and the changes in retirement rules may mean that replacement demands from those leaving the workforce may be fewer than previously anticipated. However, acquisition of skills among older workers will, where necessary, need to keep pace with new technologies and ways of working.

A further key dynamic, especially within the retail sector, is the reliance upon younger workers being a main source of employees. Thirty one per cent of the retail workforce (Skillsmart Retail 2010) is aged under-25, and the sector faces increasing competition to keeping them and attracting other young people into sector employment.

6.4 Environmental change

The UK's target to reduce carbon emissions by 80 per cent by 2050 compared with 1990s levels (HM Government 2011) brings a number of challenges to the whole-economy. The Carbon Trust highlight that the retail sector and its distribution function contribute two per cent of the UK's total emissions (Carbon Trust 2011).

The CRC Energy Efficiency Scheme is a mandatory carbon emission reporting and pricing scheme that covers organisations using more than 6,000 MWh per year of electricity. It came into force in April 2010 and aims to reduce the amount of UK carbon emissions not covered by other pieces of legislation. Many of the larger retailers and wholesalers such as Tesco, Booker, Sainsbury's, Costco, Asda, Marks and Spencer and Nisa-Today (Wholesale News 2011) feature on the Carbon Reduction Commitment (CRC) Performance League Table (Environment Agency 2011) and demonstrate the organisations commitment to reducing carbon emissions.

There are several areas where this emission reduction can be achieved through energy consumption within warehouses, transportation, packaging of goods and recycling and the control of lighting and refrigeration within retail stores. Skills implications relate to the greater need to measure carbon footprints and finding solutions with which to reduce this.

6.5 Economics and globalisation

The globalisation of the sector can be traced back to the late 1970s and early 1980s, when supply chains began to operate on an international scale. In subsequent decades a number of large scale retailers began to capitalise on the increasing purchasing power of the global community by expanding their sales channels on an international scale. This globalisation also presented companies with access to a much larger pool of revenue and talent. To this extent, China (Deloitte 2010) is seen by many analysts to be a global retailing opportunity for the largest retailers.

Globalisation (economies of production, regulation concerning trade and development in logistics and communications) meant that firms could outsource production far easier and saw movement of low waged manufacturing overseas. This saw many UK manufacturers transform into wholesalers, taking on the buying and selling activity with suppliers overseas (Evans and Smith 2005). Likewise, increased purchasing power within emerging markets and the demand for British branded fashion goods has seen demand for Fashion and Textiles goods in these markets take off and with it wholesaling operations.

The retail global market is dominated by retailers and wholesalers based in the United States and Europe as evidenced in Table 6.1.

Table 6.1: Top ten global retail and wholesale companies, 2010

Company of origin	Country of origin	Retail sales growth 2008 (%)	Number of countries operating in
Walmart	USA	7.1	15
Carrefour	France	5.9	36
Metro AG	Germany	5.3	32
Tesco	UK	14.9	13
Schwarz Unternehmens Treuhand KG	Germany	12.6	24
The Kroger Company	USA	8.2	1
The Home Depot	USA	-7.8	7
Costco Wholesale Corporation	USA	12.5	8
Aldi GmbH & Co	Germany	7.1	18
Target Corporation	USA	2.3	1

Source: Deloitte 2011, *Leaving Home; Global Powers of Retailing 201*

Globalisation also poses the complex challenge of managing a business and workforce across nations. The development of new technologies and business developments in the 1990s has enabled retailers to exploit advantages of size and scale to maintain and build customer relationships. Hence, many of today's retailers operate a diverse business model including multiple stores, channels and geographies to understand, and address, the needs of their customers based on:

- Today's fast moving global marketplace
- The challenging worldwide economic conditions
- The requirement for a workforce with a broad array of skills and capabilities

Developments in online retailing mean that workers with technical and analytical capabilities/knowledge that can be applied to multichannel retail strategies are in great demand.

Globalisation within the sector has enabled goods to be also sourced directly from overseas, but changes in exchange rates and transport costs can have big impacts on margins. Skills to judge the cost volatility are essential alongside the other skills highlighted in this section.

6.6 Technological change

In 2012, it is difficult for the majority of people to think of their lives without the internet, e-commerce and m-commerce⁵. These technologies have been significant transformational drivers of economic growth across the sector. This desire to improve competitiveness means that all employers are continually looking for technology to provide efficient solutions on two different levels:

- Doing new and better things - the development of products and services which are
- either innovative or are compelling substitutes for existing products or services
- Doing things better - by applying efficiency improvements to existing tasks and processes for the organisation and the customer

Two examples of such a technological change within the retail sector are:

6.6.1 Self-service customer checkouts

The drive for retailers reducing costs and increasing margins has led to an increase in the number of self-service checkouts since 2007. There are now approximately 100,000 self-service checkouts worldwide, predominantly in home improvement and convenience stores, with Tesco claiming that ten million customers use its self-service checkouts each week (Computer Weekly 2010). Many other retailers have now embraced the self-service checkout including B&Q, Marks and Spencer, Sainsbury's and IKEA.

Initially retailers had to add additional supervision to the self-service area with appropriate technical and customer handling skills. However, advances in the technology have been made to the self-service checkout machines, to the point where fewer mistakes/staff interventions had to be made. This has improved the cost effectiveness of the self-service process. Nonetheless, the skills needed to maintain the technology, address faults/mistakes and maintain appropriate customer service levels requires different skills in the workforce compared with those currently in place.

⁵ Mobile Commerce is the ability to conduct commerce, using a mobile device e.g. a mobile phone (cell phone), a PDA, a smartphone and other emerging mobile equipment such as dashtop mobile devices

6.6.2 Online

Analysts at Datamonitor (British Retail Consortium 2011) predict that by 2012, £1 in every £7 will be spent online and nearly two-thirds of shoppers will research online prior to buying in store. One analyst has stated that in approximately 15 years, Christmas online sales will equal those on the high street.

When looking at reasons for the increase in online shopping, Verdict Research found that convenience was the most important factor. Skillsmart Retail's own research (Skillsmart Retail 2010) supports this, where street interviewees often cited 'convenience' and 'choice' as a reason for making an online purchase.

Retailers venturing into online trading typically develop and maintain early versions of their websites themselves, often with a limited product offer rather than the full offer available in their stores. If the initial venture proves successful, they then tend to progress to contracting out much of the work to external specialists. If the turnover of the website continues to grow, then the retailer may reach the point where it is more cost effective to have all the work carried out in-house, typically by a specialist department of about 50-60 people.

Key to this is ROBO (Yahoo 2007) - research offline (in a shop) and buys online. Such customer practices capitalise on sales floor staff skills and their specialist product knowledge. Indeed, one retailer, Halfords, is now looking to reduce the size of its shop floor as a result of a number of factors, with the online effect being foremost (Retail Week October 2010). Another retailer, John Lewis, has rolled out its store price pledge 'Never Knowingly Undersold' onto its internet channel for the first time in its ten-year online existence (Retail Week October 2010). This same price model between shop and online offer is predominantly down to customers finding the disparity between the store and online price difficult to understand.

Key drivers for technology skills in the **automotive retail** sub-sector are the technical skills required for emerging technologies, such as alternatively-fuelled vehicles, composite materials, exotic steels and safety requirements within cars. All of this is driven from businesses outside of the sector, most notably the motor manufacturers, but have a direct impact on the sector.

The make-up of the sector is such that the majority of the businesses within the sub-sector operate under a franchise system from the motor manufacturers, who determine the 'dealer standards' to be met in order to be a franchisee. Within these standards there is usually a requirement to undertake manufacturer training - provided largely by the manufacturers themselves. However, the cost the training is carried by the franchisee.

The introduction of tightly managed production techniques has resulted in greater sophistication in the **distribution** chains. Wholesalers are now expected to have in place systems that run goods direct from production plant to end users. Therefore strong management skills of the supply chain are essential.

6.7 Values and identities

Individuals' attitude about the sector affects the type and number of people choosing to enter the sector (BMG 2009). The wholesale and retail sector traditionally has not been seen as a career of main choice, as opposed to careers in medicine, accountancy and law.

However, flexible working and the ability, where talent is proved, to quickly rise through to positions of seniority is a proven formula for current and perspective sector employees. Also the ability within the sector, especially within wholesale and retail, to be entrepreneurial and set up a retail business to meet a market need(s) caters for all types of people and opportunities available.

6.8 Consumer demand

Demand within the sector is highly influenced by end user trends. But for either a retailer or wholesaler, they only have a limited ability to respond quickly. The ability to source and alter stock levels in line with changing trends and demands is therefore vital.

Wholesalers need to be aware of customer trends and the requirements of retail. For instance, the fashion industry is governed by very cyclical patterns with consumer trends changing often and the demand for "fast fashion". There have been two components to a fast fashion system namely:

- 1) Short production and distribution lead times, which enable close matching of supply with uncertain/changing consumer demand
- 2) Ensuring highly fashionable product design is met (Cachon, G and Swinney, R 2010). Areas within which fast fashion has become important include haute couture ranges, the designer ready to wear collections and the copycat/modified designs by mass market retailers

For instance, a company like Zara can have an idea from the drawing board to retail within 15 days (Gallaugher J 2008). Wholesalers therefore need to be aware of trends to ensure they stock goods which are going to be popular with retail markets and try to stock accurate amounts.

Skills that are required to complete these tasks are the ability to plan ahead, communicate / negotiate with suppliers and entrepreneurialism – to see an opportunity and provide the goods to supply the need.

6.9 Scale of drivers

The generic nature of the sector across the whole of the UK and its presence in every region and neighbourhood means the potential scale of the drivers of change is extremely large.

For each driver highlighted in the previous section, Table 6.2 details:

- the identified issue(s) arising
- whether the impact is likely to increase or decrease
- the potential scale of its impact
- how it may affect demand for and supply of skills
- an indication of the sub-sectors likely to be affected

Table 6.2: Summary of wholesale and retail sector main drivers

Nature of driver and impact on skills	Current, ongoing driver or new driver	Increase or decrease in a) impact, b) scale of effects	Impact on supply of or demand for labour	Impact on demand for skills	Which subsectors will be affected
Regulation and governance					
Regulation at sectoral / occupational level (i.e. Health and Safety and Driver CPC) will raise levels of compliance training	Current, ongoing	Increase in impact, scale of effect will be variable	Demand	Will raise demand for skills	All
Skills and educational policies in the nations	Current, ongoing	Increase in impact, scale of effect will be variable	Supply	Will raise skills	
Demographic change					
Ageing population, low proportion of young workers	Ongoing	Increase in impact	Supply and demand	Lack of potential people to be employed with the right attitude or skills	All
Changes in state pension and retirement rules	Ongoing	Increase in impact	Supply	Will raise demand and opportunities - older workers may have retraining needs	All
Immigration – if numbers are further restricted or migrant workers choose to remain/return to native countries this will affect supply for the sector	Ongoing	Likely impact	Supply	Increase in demand for skills if immigration is restricted or declines	All
Environmental change					
Reduction in carbon emissions	Ongoing	Increase in impact but scale of effect will be variable	Supply	Awareness and application of the environmental reduction issues for all staff	All

Nature of driver and impact on skills	Current, ongoing driver or new driver	Increase or decrease in a) impact, b) scale of effects	Impact on supply of or demand for labour	Impact on demand for skills	Which subsectors will be affected
Economics and globalisation					
Globalisation	Current, ongoing	For the largest companies in the sector – current and ongoing dependent in the global economy	Supply and demand	Will raise demand for supply chain logistical skills and global retail skills	All
Technological change					
Doing new and better things	Current, ongoing and new	The majority of companies are investing in technology to increase the effect of doing new and better things but in different scales – larger companies investing heavily in multi-channel operations. Smaller companies are investing but on a smaller, but relative, scale in such areas as transactional websites	Supply and demand	Increased technological knowledge in staff to apply and use it to assist processes	All
Doing things better	Current, ongoing and new	Increase in impact and scale of doing things better, e.g. self-service checkouts	Supply and demand	Changing skills levels required within operational areas	All
Values and Identities					
	Ongoing				

Nature of driver and impact on skills	Current, ongoing driver or new driver	Increase or decrease in a) impact, b) scale of effects	Impact on supply of or demand for labour	Impact on demand for skills	Which subsectors will be affected
Consumer Demand					
	Current, ongoing and new	Increase in the scale of effects as consumer expectations, especially in terms of customer service, are raised	Getting the right people with the right attitude to meet consumers demands	Skills need to be matched and upgraded in light of consumer demands	All

Source: Skillsmart Retail, Skills for Logistics and the Institute of the Motor Industry

An outline of the text within the 'Impact on demand for skills' column of the table can be highlighted as:

- Any new regulations will increase the need for compliance training and raise the skills requirement. In addition new directives from the Government can potentially aid the sector/sub-sectors dynamics
- The changing UK demography – a lower proportion of young workers and more older workers available to work in the sector – will increase the demand and opportunity for recruiting people into the sector with the right attitude or skills
- Reduction in carbon emission awareness remains an issue for all staff
- The current economic climate has meant that there are only a small number of large-scale retail developments in the pipeline. The globalisation of the sector increases skills demand especially on the supply chain logistics area of businesses
- Technological change – online services and the use of technology within the workplace – are putting additional skills demands on employees as consumers increasingly rely on technology as a direct link with the sector
- Consumer demand – the sector has to be continually adapting its skills throughout the sub-sectors to meet and exceed customer expectation. Critical to this is the delivery of excellent customer service

6.10 Differences in drivers across the four nations

The generic nature of retail across the whole of the UK means that there is very little difference in the dynamics of the drivers for change across the four nations.

7 Future skills needs

Chapter Summary

- Even though the sector is experiencing challenging economic conditions, it is projected to see approximately 1.9 million job openings between 2010 and 2020.
- 167,000 jobs will be through expansion demand (new jobs), predominantly in the skilled professional and management occupations.
- In 2010, roughly **one in eight jobs** were held by people qualified to QCF 5 (postgraduate level) and above; this is anticipated to rise to **one in five** by 2020.
- Approximately 1.8 million jobs will have to be replaced as people move out of their roles either through career development, sickness, maternity, retirement or another reason.
- It is expected that **for sales and customer service occupations**, around **565,000** positions will need to be **filled in order to replace workers** exiting (2010-2020). Whilst, replacement demand for managers, directors and senior officials in retail expected to be **140,000** (2010-2020).
- Although the sector is projected to grow, both through new and replacement jobs, there are also expected to be some subtle changes occurring within occupations and subsectors.

This section looks at the future, how the numbers of employees may change and what impact this may have on the occupational and skills profile of the sector.

7.1 Drivers

7.1.1 Regulation and governance

National retail planning has evolved in response to the shift of new out-of-town development to place greater emphasis on town centres and the need for all non-central development proposals to pass stringent test. However, 'town centre first' policies have not been sufficient to create thriving town centres and high streets across the board (Genecon LLP and Partners 2011). The current government's view is that the current system needs to be radically simplified, with a presumption in favour of 'sustainable development' in the draft National Planning Policy Framework.

An illustration of the continual reviewing of the use of the traditional high street can be seen in the Government's High Street Review published in December 2011 (Mary Portas 2011). The review has made 28 recommendations for consideration by the Government covering a number of areas such as:

- Putting in place a "Town Team": a visionary, strategic and strong operational management team for high streets
- Whether business rates can better support small businesses and independent retailers
- Whether local areas should implement free controlled parking schemes that work for their town centres
- Introducing "exceptional sign off" for all new out-of-town developments and require all large new developments to have an "affordable shops" quota
- Exploring incentives to prevent landlords from leaving units vacant
- Running a high profile campaign to get people involved in Neighbourhood Plans

Additionally, competition has also driven many retailers to branch out beyond their traditional retail offer to appeal to different and larger consumer groups, e.g. top grocers branching into non-food markets, DIY stores offering wider ranges of soft furnishing. The consequence being that retailers will seek larger modern units, which may not be readily available in small towns or in central town locations. This may compound the problems experienced by smaller traditional/historic towns which will find it harder to meet retailers' space requirements (GVA 2011). This in turn will impact employment patterns of retailers.

7.1.2 Demographic change

The UK's population is forecasted to grow, with demographic forecasts showing an ageing population. This demographic change may have two impacts on the sector. Firstly, approximately a third of the workforce currently aged under 25 and therefore the reduction in this employee pool may impact the sector. Secondly, the impact on consumer patterns. However, there is currently limited understanding of the potential impacts of demographic changes on future consumer preferences (Genecon LLP and Partners, 2011). Work on segmenting shoppers tends to focus on immediate snapshot preferences, rather than forecasting. Both of these areas would benefit from greater focus from retailers and wholesalers.

7.1.3 Environmental change

Reducing carbon emission will be a continuing priority for the sector. Many retailers and wholesalers are engaged with the sustainability agenda however a number of barriers have been identified that hinder their progress (BCSC 2011). One such barrier identified is a lack of people dedicated to, and skilled in, energy efficiency.

7.1.4 Economics and globalisation

One of the main drivers within the sector is the economic value it adds to the economy. It accounts for 12 per cent of UK GVA and as such it is seen by the Government as one of eight key sectors highlighted in the Government's Growth Review – The Plan for Growth (HM Treasury 2011).

7.1.4.1 Expenditure

During the economic recession a number of major shopping centre developments were put on hold or in some cases completely cancelled (Collier International 2011). However, renewed confidence has meant that some plans are being reviewed, although it will be a number of years before any of the schemes come to fruition. The largest scheme currently under construction is Land Securities £350mn Trinity Leeds development, providing one million sq ft of retail and leisure. It is scheduled to open in Spring 2013 and will have 120 retail units. This and future developments will provide employment opportunities. Other developments in the sector have also been recently announced with a new car project being put into production in 2013 at the Nissan's Sunderland plant (BIS 2012) which will create jobs in the wider supply chain and additional demands on the servicing sector.

7.1.5 Technological change

Although m-commerce is only a recent innovation, it has seen rapid growth over the past couple of years. Verdict reports that the m-commerce market will be worth £1.3bn in 2011, having seen growth of 563 per cent since 2009 (Verdict Research 2011). Recent research suggests that while m-commerce is currently a niche channel, accounting for around 0.5 per cent of total retail spend (with food and groceries the predominant purchases), it will grow from £1.3bn in 2011 to £19.3bn in 2021 (4.9 per cent of total retail sales), with growth of 55 per cent over the next five years (Barclays 2011).

Although m-commerce remains a small proportion of both online spending (5 per cent) and total retail expenditure (0.5 per cent), its rapid growth and the increasing use of mobiles by consumers as part of the shopping process means it is an area that retailers cannot afford to ignore. It is expected that the mobile phone will become a crucial tool for shoppers to research purchases, utilise vouchers and discount codes, check product availability, compare prices and perform a number of other retail related functions. Retailers will need to adapt to this trend with mobile optimised websites, apps and careful reputation management, or risk losing out to competitors. Potentially, if online shopping continues to grow, the role of bricks and mortar retailing will evolve with shops becoming more like show rooms and collection points for on-line stores (GVA 2011) (Skillsmart Retail 2009).

In the automotive retail industry the pace of technological changes means businesses often find it hard to keep their workforce currently competent. For the franchised dealer networks, their contracts with the manufacturers often means they are obligated to undertake technical training in order to continue to be able to work on the latest product range and for the franchised dealer network, they have access to the training. However, this needs to be purchased from the manufacturers and there is a cost-implications. For the independent sector both accessibility and cost are issues. Manufacturers typically do not extend their offer to micro- SME-businesses., making hard for the non-franchised independent sector to remain profitable by their ability to work on newer vehicles.

7.1.6 Values and identities

Increasingly, over the past few years, consumers have demanded more awareness of product origin from retailers linked to such brand values as fair-trade and organic

qualities. In addition, plastic bag use and the distance (carbon miles) that products are transported from origin to store, have become areas that have been researched by retailers to meet consumer values.

These consumer values place additional skill requirements on employees who require the knowledge required to answer appropriate consumer questions. These can be about themselves or the ability for buyers to ethically source products throughout the world.

In addition, the motor trade through the use of environmental vehicles, such as hybrid vehicles, is meeting the consumer values of 'greener' travel. Such car manufacturing changes to meet consumer demand place additional skills requirements on the sub-sector. This is primarily through the specialist knowledge that sales staff need to answer customer questions as well as the specialist training that servicing departments have to undergo to examine the new technology.

7.1.7 Consumer demand

Consumers are key to the growth of the sector and again this comes down to the natural balance between the sector and the consumer. The main factor affecting current consumer confidence is the economy. Fears of a recession, job insecurity and pressure on disposable income influences consumer buying patterns. The result of this is that consumers are spending less on 'larger ticket' items, but spending more on essential items such as groceries.

Not only can the largest retailers compete because of their buying and pricing power; they also have the advantage of detailed information about their customers' needs and wants through the collection of information about purchases. Tesco and Amazon are particularly adept at gathering customer data and targeting offers to match. By contrast, local loyalty schemes demand coordinated gathering and analysis of information among a wide range of retailers; many are poorly resourced and lack the technological know-how that lies behind the big retailers' loyalty cards. Similarly, the Retail Markets Alliance highlights the lack of data-gathering as one reason for some markets' poor performance (Retail Markets Alliance 2009).

Notwithstanding these points, the key element across all of the sub-sectors from the consumer is 'good' customer service. The customer service skills in the UK sector need to be continually evolving and improving to meet increasingly demanding consumers. Customer service can also be seen to be a 'unique selling point' for businesses to ensure customer loyalty and that customers will return to purchase more products in the future.

Other sector drivers can be seen to be:

- The establishment of the National Skills Academy for Retail and the National Skills Academy for Logistics (including wholesale) will increase accessibility to bespoke skills training for sector employers and employees
- IMI has recently received funding under Employer Investment Funding (EIF1) to undertake the largest survey ever conducted by the IMI – into the skills and training needs of the automotive sector over the next 18 months. This has now been completed and the final reports are being prepared for distribution. These reports contain full and prioritised skills and training needs for each sector and will inform the development of CPD modules made available to the sector in due course

7.2 Impact on employment and skills

Data sets allow for the impact on employment and skills to be analysed by new expansion jobs through workforce projections and by how many replacement jobs will be required within the sector.

7.2.1 Workplace occupation projections

An important element of describing the job roles within the sector is analysing the way the sector is developing and how this, potentially, affects the different occupations. These projections for future growth focus on **expansion** jobs, i.e. new jobs that will be created within the sector.

Table 7.1 details future job projections across the economy.

Table 7.1: Workplace job growth by occupation 2010-2020 – whole economy

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	3,016	3,279	3,560	9.9	10.6	11.1	544
Professional occupations	5,843	6,189	6,712	19.2	20.1	21.0	869
Associate professional and technical	3,926	4,138	4,476	12.9	13.4	14.0	551
Administrative and secretarial	3,698	3,466	3,312	12.1	11.2	10.3	-387
Skilled trades occupations	3,526	3,389	3,295	11.6	11.0	10.3	-230
Caring, leisure and other service	2,719	2,801	3,032	8.9	9.1	9.5	313
Sales and customer service	2,608	2,555	2,610	8.6	8.3	8.2	2
Process, plant and machine operatives	1,950	1,829	1,737	6.4	5.9	5.4	-213
Elementary occupations	3,173	3,209	3,274	10.4	10.4	10.2	101
All occupations	30,458	30,855	32,008	100.0	100.0	100.0	1,550

Source: *Working Futures 2010 – 2020*, Wilson and Homenidou, 2011

The above table indicates that over the period 2010 to 2020, there is projected to be growth of approximately 1.6m jobs, which represents a growth rate of five per cent.

Jobs growth primarily falls into the areas of:

- Manager, directors and senior officials (+18 per cent growth 2010-2020)
- Professional occupations (+15 per cent growth 2010-2020)
- Associate professional and technical (+14 per cent growth 2010-2020)

Table 7.2 details the sector employment projection for the next ten years.

Table 7.2: Workplace job growth by occupation 2010-2020 - wholesale and retail sector

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	619	682	720	12.9	14.0	14.5	101
Professional occupations	323	374	407	6.7	7.7	8.2	84
Associate professional and technical	420	471	512	8.7	9.7	10.3	93
Administrative and secretarial	457	473	478	9.5	9.7	9.6	21
Skilled trades occupations	460	429	395	9.6	8.8	7.9	-65
Caring, leisure and other service	27	31	33	0.6	0.6	0.7	6
Sales and customer service	1,707	1,620	1,636	35.5	33.3	32.9	-71
Process, plant and machine operatives	344	313	299	7.2	6.4	6.0	-46
Elementary occupations	450	474	492	9.4	9.7	9.9	42
All occupations	4,806	4,866	4,972	100.0	100.0	100.0	167

Source: *Working Futures 2010 – 2020, Wilson and Homenidou, 2011*

The predicted growth for the sector shows an approximate three per cent increase in jobs to 4.97 million in 2020. The data indicates that there will only be marginal increase in employment between 2010-2015, based primarily on the current challenging economic conditions and recovery potential within the sector. However, overall the data shows a net growth of 167,000 jobs within the sector between 2010-2020.

Significant rises can be highlighted in the numbers of jobs for managers, professionals and associate professional and technical roles. However, employment in the largest group within the sector, sales and customer service occupations, is projected to decline by 71,000, a fall of four per cent.

Breaking these wholesale and retail projections down by the four nations allows for comparative analysis to be undertaken. See Tables England-7.3, Scotland-7.4, Wales-7.5 and Northern Ireland-7.6.

Table 7.3: Workplace job growth by occupation in England 2010-2010 - wholesale and retail sector

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	531	588	622	13.1	14.3	14.8	91
Professional occupations	276	320	348	6.8	7.8	8.3	73
Associate professional and technical	363	409	445	8.9	9.9	10.6	82
Administrative and secretarial	385	395	398	9.5	9.6	9.5	13
Skilled trades occupations	380	354	322	9.4	8.6	7.7	-58
Caring, leisure and other service	23	27	28	0.6	0.6	0.7	5
Sales and customer service	1,429	1,358	1,360	35.2	33.0	32.4	-69
Process, plant and machine operatives	297	270	258	7.3	6.5	6.2	-38
Elementary occupations	377	397	411	9.3	9.7	9.8	34
All occupations	4,061	4,116	4,193	100.0	100.0	100.0	132

Source: *Working Futures 2010 – 2020, Wilson and Homenidou, 2011*

These projections show a significant growth in England of managers and senior officials and associate professional and technical roles. At the same time a decline is seen in sales and customer service and skilled trade jobs up to 2020. Overall there is a net predicted gain of 132,000 jobs in England within the retail and wholesale sector.

Table 7.4: Workplace job growth by occupation in Scotland 2010-2020 - wholesale and retail sector

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	40	41	41	10.8	11.3	11.3	1
Professional occupations	24	25	26	6.4	7.0	7.1	2
Associate professional and technical	29	30	32	7.7	8.4	8.7	3
Administrative and secretarial	36	37	36	9.7	10.3	10.0	1
Skilled trades occupations	37	33	32	10.1	9.3	8.7	-6
Caring, leisure and other service	2	2	2	0.5	0.6	0.7	0
Sales and customer service	140	129	132	37.7	35.9	36.4	-8
Process, plant and machine operatives	27	24	22	7.2	6.6	6.1	-5
Elementary occupations	37	38	40	9.9	10.6	10.9	3
All occupations	371	358	363	100.0	100.0	100.0	-8

Source: *Working Futures 2010 – 2020, Wilson and Homenidou, 2011*

In Scotland the employment is projected to decline by 8,000 by 2020, around two per cent. The largest numbers of predicted job losses will come in the sales and customer service, skilled trade and process, plant and machine operative occupations.

Table 7.5: Workplace job growth by occupation in Wales 2010-2020 - wholesale and retail sector

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	31	35	37	13.4	14.2	14.0	6
Professional occupations	13	15	17	5.6	6.2	6.4	4
Associate professional and technical	16	18	19	6.8	7.2	7.4	4
Administrative and secretarial	20	24	25	8.7	9.7	9.6	5
Skilled trades occupations	28	29	29	12.1	11.8	11.0	1
Caring, leisure and other service	1	2	2	0.6	0.8	0.9	1
Sales and customer service	84	83	92	36.2	33.8	35.3	8
Process, plant and machine operatives	16	15	13	6.7	6.0	5.1	-2
Elementary occupations	23	25	27	9.9	10.4	10.4	4
All occupations	232	245	262	100.0	100.0	100.0	30

Source: *Working Futures 2010 – 2020, Wilson and Homenidou, 2011*

In Wales there is projected to be a rise of 30,000 jobs by 2020. Compared with the previous two nations, the majority of occupations in the Welsh sector are predicted see growth – sales and customer service roles by 8,000 and managers and senior officials by 6,000 jobs. The only role that is predicted to decline is the process, plant and machine operatives occupation.

Table 7.6: Workplace job growth by occupation in Northern Ireland 2010-2020 - wholesale and retail sector

Employment growth	2010	2015	2020	2010	2015	2020	2010-2020
	Numbers (000s)			% shares			Net change (000s)
Managers, directors and senior officials	17	19	21	11.8	12.9	13.4	4
Professional occupations	10	13	16	7.2	9.1	10.3	6
Associate professional and technical	12	14	16	8.5	9.8	10.6	4
Administrative and secretarial	16	18	18	11.2	12.0	11.6	2
Skilled trades occupations	14	13	12	9.7	8.8	8.0	-1
Caring, leisure and other service	*	*	*	*	*	*	*
Sales and customer service	54	51	52	37.9	34.3	33.4	-2
Process, plant and machine operatives	6	5	5	4.0	3.5	3.2	-1
Elementary occupations	13	14	14	9.2	9.1	9.0	1
All occupations	142	148	154	100.0	100.0	100.0	13

Source: *Working Futures 2010 – 2020, Wilson and Homenidou, 2011*

In Northern Ireland there is projected to be a rise of 13,000 jobs by 2020. The majority of occupations in the sector are predicted to grow – professional occupations, managers and senior officials and associate professional and technical occupations. The sales and customer service occupation is predicted to decline by 2,000 jobs by 2020.

7.2.2 Replacement demand

The term **replacement demand** relates to the level of job openings resulting from people leaving their jobs in order to retire, to start a family or for other reasons.. Typically replacement demand will be a much greater contributor to total job openings than new job creations, especially in the current economic conditions.

Table 7.7 presents projected replacement demand for the sector between 2010-2020.

Table 7.7: Replacement demand 2010-2020 - wholesale and retail sector

Changing Composition of Employment by Occupation								
2010-2020								
United Kingdom : Wholesale and retail trade						Net	Replacement	Total
Employment Levels (000s)	1990	2000	2010	2015	2020	Change	Demands	Requirement
1. Managers, directors and senior officials	618	646	619	682	720	101	257	359
2. Professional occupations	267	294	323	374	407	84	115	199
3. Associate professional and technical	386	439	420	471	512	93	152	245
4. Administrative and secretarial	516	576	457	473	478	21	204	225
5. Skilled trades occupations	622	505	460	429	395	-65	172	107
6. Caring, leisure and other service	19	28	27	31	33	6	11	17
7. Sales and customer service	1,692	1,720	1,707	1,620	1,636	-71	555	485
8. Process, plant and machine operatives	318	312	344	313	299	-46	135	89
9. Elementary occupations	380	442	450	474	492	42	162	204
Total	4,816	4,962	4,806	4,866	4,972	167	1,763	1,930
Percentage Shares	1990	2000	2010	2015	2020		Percentage Changes	
1. Managers, directors and senior officials	12.8	13.0	12.9	14.0	14.5	16.4	41.6	58.0
2. Professional occupations	5.6	5.9	6.7	7.7	8.2	26.1	35.6	61.7
3. Associate professional and technical	8.0	8.8	8.7	9.7	10.3	22.0	36.3	58.3
4. Administrative and secretarial	10.7	11.6	9.5	9.7	9.6	4.6	44.6	49.2
5. Skilled trades occupations	12.9	10.2	9.6	8.8	7.9	-14.1	37.5	23.4
6. Caring, leisure and other service	0.4	0.6	0.6	0.6	0.7	22.7	40.6	63.3
7. Sales and customer service	35.1	34.7	35.5	33.3	32.9	-4.1	32.5	28.4
8. Process, plant and machine operatives	6.6	6.3	7.2	6.4	6.0	-13.3	39.1	25.8
9. Elementary occupations	7.9	8.9	9.4	9.7	9.9	9.4	36.0	45.3
Total	100.0	100.0	100.0	100.0	100.0	3.5	38.2	40.2

Source: *Working Futures 2010 – 2020, Wilson and Homenidou, 2011*

The above data show that between 2010 and 2020, the sector will:

- Expand with 167,000 new jobs being created, as highlighted in Table 6.2
- Replacement demand is projected to result in 1.8 million job openings
- The sector is expected to see a total requirement of 1.9 million job openings (expansion demand and replacement demand) over the period 2010 to 2020.

The employment profile of the sector illustrates that the sales and customer service role is the largest single occupation. Not surprisingly it is this role that will have the largest replacement demand of half a million job openings over the 10 year period. Following the profile of the sector, managers and senior officials will have the second largest replacement demand of around 360,000 jobs.

7.3 Future occupational profile

As highlighted in 7.2, although the sector is projected to grow, both through new and replacement jobs, there are subtle changes occurring within the occupations within sub-sectors that need to be highlighted.

7.3.1 Retail

The projections show that the number of sales and customer service roles will decrease whilst managerial, professional and technical occupations will increase. This can be directly linked to the increase of technology, specifically online and m-commerce, activities in the sector. This implies that greater technological occupations will be needed in the sector to ensure that the retail sub-sector meets the growing consumer demand for efficient and effective not-in-store retailing.

A key point for the retail sub-sector is that there is no specific professionalisation of the sector. As Figure 7.1 shows there are a number of perceptions – low pay and low qualifications needed to do the job, detracts very able and willing people from working in the sector.

Figure 7.1: Logic Chain: What are the workforce issues?



Source: Growth and Innovation Fund Outline Proposal Application Form. Skillsmart Retail 2012

The process portrayed in Figure 7.1 can be seen as an overview of the sector, but more specifically can be extended to the managerial levels of retail. The professionalisation of retail managers is an area of work that Skillsmart Retail is focusing on to provide professional standards and a CPD programme and ladder of professional development to support individuals who wish to progress within retail. Figure 7.2 details the proposed solution to this problem.

Figure 7.2: What needs to change? Retail's solution



Source: *Growth and Innovation Fund Outline Proposal Application Form. Skillsmart Retail 2012*

7.3.2 Wholesale

In 2020, the occupational profile of the sector is expected to shift slightly towards higher skilled workers, with a reduction in sales and customer service occupations and process, plant and machine operatives.

The role of wholesalers within the supply chain has changed significantly in recent years and is expected to continue. They were once middlemen that distributed items along the supply chain but now there are increasingly sophisticated supply managers running goods directly from producers to end-users. Service levels continue to be enhanced, with

a range of new added value services, including web integration. These activities require a more sophisticated skill set.

7.3.3 Automotive retail

Working Futures 2001-2017 highlighted the following employment needs for the motor trades and rental and leasing sub-sectors to 2017.

Management and leadership and customer service

Motorists' behaviours and expectations will mean they are likely to be better informed, and have higher expectations for levels of customer service. Increase levels of management and leadership will help drive this increase in customer service skills. Public awareness and attitudes towards sustainability issues may also affect choice and use of vehicles. Preferences with respect to car ownership versus leasing and rental may also change. In addition, the length of vehicle warranties and servicing intervals mean behaviours will be driven by competitive pressures to reduce lifetime vehicle costs as well as increasing cost certainty.

Significant parts of the automotive retail industry currently suffer from poor image. Improvements and consolidation of accreditation schemes may have the potential to offer industry participants various benefits in terms of ease of recruitment and profitability.

Technical skills

Most new technologies likely to have a significant impact on the automotive retail sector over the coming decade are already available, partly due to slow gestation in implementing the technology and partly due to slow take-up. In particular there is likely to be a further increase in vehicle electronics, as well as a further shift towards replacement of parts, rather than repair, in the event of failure or accident damage.

There is likely to be continued pressure to enhance fuel efficiency and reduce carbon emissions, achieved by a combination of factors including better design, new materials, weight reduction and more fuel efficient engines. It is the pace of change that is likely to cause most difficulties for technical staff, especially for the micro and small business sectors

Hybrid vehicles are expected to make greater inroads than electric vehicles into the UK market over the coming decade. The rate of take-up of electric vehicles is likely to be particularly dependent upon a combination of advances in battery technology, government subsidies to reduce purchase cost to the consumer, and investment in supporting infrastructure. It is, therefore in the area of hybrid technology that the sector will struggle. As manufacturers who produce these vehicles normally provide training through technical update training to the franchise dealership networks, it is, again, the micro and small businesses that will struggle to keep pace. As these vehicles move out of warranty coverage and consumers, looking to save costs, will turn to the independent sector for servicing and repairs.

The current trend towards greater use of ICT is likely to continue, but much more quickly in scenarios that are innovative and dynamic. The level of electronics embedded in vehicles is likely to increase with advances in on-board entertainment and information systems, collision avoidance and other safety systems, security, and traffic and fleet management. Electronics is likely to figure even more strongly in fault diagnostics as the complexity of vehicle systems increases, while the internet is likely to become an increasingly important source of technical knowledge transfer between vehicle manufacturers, distributors and repairers. The wider application of ICT by the industry generally has the potential to lead to changes in the supply chain and support improvements in productivity and profitability.

7.4 Future skill needs

As detailed in 7.3. new occupations within the sector will require additional skills within the appropriate sub-sector workforce. These are discussed further as follows:

7.4.1 Retail

Multichannel retailing, a dynamic working relationship between the store and the e-commerce side of the businesses, is already a feature in the majority of larger retailers. However, with consumers now using online and mobile phone shopping to a greater level, retailers are looking at the future skills needed to fulfil this opportunity.

Research commissioned by Skillsmart Retail (IFF 2010) highlights that smaller retailers with an online presence typically handled their e-commerce through small dedicated teams. Larger retailers with multichannel options employed larger specialist teams, as well as employing IT consultants to assist in their e-commerce offerings. These findings are endorsed in the findings from Skillsmart Retail's most recent employer survey (IFF 2010). This confirmed polarisation in the way UK retailers have structured their companies to deal with online trading.

At one extreme there are retail owner-managers, "who do it all themselves, with limited help" (20 per cent), while at the other extreme are those employers (12 per cent) who have developed "a multi-disciplinary team at the heart of our multichannel business". Unsurprisingly the latter comment was more likely to be from large retailers with over 500 employees.

Within the responses it was readily acknowledged by all retailers that the online offer "could not stand still". The key factors relating to the skills that were needed to ensure continuing online developments were:

- The use of web analytics, tracking how customers interact with the website, which enables web design and email marketing to be optimised to drive customers to make purchases
- Social media, including blogs, customer communities, Facebook and Twitter, taking brands from their home websites into the consumer's wider online social environment
- Business managers with multichannel experience, able to develop brand values and promotions between in-store retail, online and any other channels such as catalogues or third-party stockists
- Digital marketing now requires a distinct skillset to traditional retail marketing, including greater competency with online metrics to provide accurate measurement of the return on investment of online initiatives

- Marketers will also require strong social media expertise to keep up with the pace of change in this field, including a diverse mix of skills covering both brand communications and online metrics
- Greater investment in content management roles as retailers offer a higher number of product lines and a faster turnover of stock, all requiring display photography and written copy
- Web designers able to put usability and the customer journey at the heart of their design process. This is particularly important for the developing field of m-commerce given the smaller screen size available for display.
- 'M-commerce', i.e. online retail for web-enabled smartphones, using either a mobile-optimised website or a brand-specific shopping application

7.4.2 Wholesale

In terms of an operating model, delivered wholesale accounts for around 60 per cent of sales and cash and carry 40 per cent (BDO 2011). These two areas each have their own skills needs.

- Delivered wholesalers needs to be efficient from start to finish, from the ordering process to the delivery of the goods. But this does not always happen and the customer service could be improved.
- Retailers report (WholesaleNews 2011) that nearly two out of five orders had items missing. In some case, running out of stock is unavoidable, but telesales operatives could help reduce the annoyance factor by calling customers to make them aware and provide the opportunity to order an alternative product. The role of the delivered wholesaler's telesales team is critical to its success as it can influence purchase and keep retailers returning.
- Web usage is also growing, with 30 per cent of retailers visiting their delivered wholesaler's website more than once a week (WholesaleNews 2011). Wholesalers need to maximise this platform and, therefore, need specialist website technicians.
- Cash and carry wholesalers also have a number of areas where improvements can be made. Again many areas relate to customer service. Customers report several areas in need of improvement including: speed of service, staff friendliness, ease of finding products and product availability (WholesaleNews 2011) as well as wholesaler's needing to communicate better.

- The wholesale sub-sector needs to have a comprehensive understanding of its consumers, which will be facilitated by good commercial awareness and customer facing skills.
- In addition, the sub-sector needs to have creative design skills, supported by flexible and efficient production practices, effective communications and marketing within the supply chain, efficient logistics operations and the use of advanced IT systems.
- Staff within wholesale need to ensure they have the correct tolerance levels for garments produced and ensure they are of the standard required before moving onto retail. Repacking, making sure garments are well stocked for retail are critical skills.
- Crucial business decisions by both retailers and manufacturers in terms of stock ordering and quantities will also be required.

7.4.3 Automotive retail

The following areas have been identified as future skills needs within the automotive retail industry by IMI:

Generic skills

- Generic skills are increasingly essential for any successful business in the 21st century. Sector employers have identified customer handling (sales and customer service), improved literacy and numeracy, problem-solving, communications, and team working as key

Management skills

- Rapid changes in technology and market structure will, generally, require a higher quality of management, particularly with respect to leadership and strategic planning. The balance of strength between the manufacturers and the dealers and independents will throw up new challenges for all sectors. It is generally recognised that high quality management skills are in short supply in the industry. The benefits to be derived from enhanced management skills consequently need to be “sold” to businesses in the industry.

Sales skills

- The ever changing landscape of new makes, models and technology currently creates a constant need for new sales training. The wider penetration and acceptability of electric and hybrid vehicles will impose the need for salespeople to understand and sell the advantages of the different systems and types of vehicle. Opportunities for specialised marketing and sales will also occur in developing sectors such as car clubs, car rental and mass selling supermarket style. The internet will offer new opportunities and challenges to sales people in all fields will require different skills, attitudes and products to those needed to sell to the growing 'grey market'.

Technical skills

- Technical skills will be in constant demand and are perhaps the most widely recognised current industry skills gap, largely due to the pace at which new technology is being launched. IT hardware and software is being put into vehicles in the form of complex electrical systems, and high-level problem solving and technical diagnostic skills are becoming increasingly important and indeed essential in servicing the latest generation of models. Alongside the rapid changes in technology, vehicle types, vehicle models and model updates.

8 Priority areas for action

Chapter Summary

The sector needs to address the following priority areas in order to manage and make the most of the change and challenges it faces:

- Attracting new entrants with the right skills
- Developing and retaining the workforce
- Appropriate customer service skills in the sector are required to ensure customer loyalty and attract new customers
- Technological advances assisting the sector and requiring new/additional skill sets for employees

The wholesale and retail sector is the third largest within the UK economy by GVA but employs the greatest number of individuals. The skills required throughout the sector, and its sub-sectors, are relatively generic and consistent across the UK. The forecast for growth is strong, with 1.9 million additional workers required by 2020. However, to meet this demand and ensure the sector remains competitive, a number of areas need to be addressed.

- Attracting new entrants with the right skills

The sector, with relatively high churn levels and the continual ebb and flow of business opening and closing, is always requiring new entrants into the workplace. Therefore, it is not surprising that one in nine employers report having at least one vacancy within the sector, but nearly a fifth of the vacancies are hard-to-fill. The main reason for being hard-to-fill is the lack of applicants with the required skills, but also not enough people are interested in doing this type of job. However, the retail sector apparently has no problems currently attracting applicants – John Lewis had 10,000 applicants for 750 roles in its new store at the Westfield shopping centre which opened in September 2011. Additionally, the automotive retail trade also seems to have an abundance of candidates searching for limited jobs - the 2011 Labour Force Survey indicated there were approximately 2,500 vacancies across the sector and over 14,000 sectorally-experienced people looking for work in the sector.

However, a challenge does exist – attracting entrants to the sector who have the correct skills required to undertake the job. This will help the UK economy by decreasing unemployment rates and increasing the skills of the individuals.

One solution SfL proposes is the creation of Local Logistics Community Networks (LLCN) where employer clusters will activate local talent pools and attract new entrants to the sector. These groups will forge connections across the community, such as schools, colleges and Job Centres to raise awareness of the job opportunities and career progression routes the wholesale sub-sector offers. Pre-employment programmes and apprenticeships could be effective routes for new entrants to acquire the necessary skills.

In the automotive sub-sector, the IMI will develop programme infrastructure and resources to link careers teachers and practitioners with industry employers and trainers. This programme will educate them on industry LMI and give them a firsthand insight into what a career in the industry entails. It will also provide groups of careers practitioners and teachers with up-to-date LMI and careers information in a relevant and real-life environment relating to the needs of the sector in terms of skills gaps and skills shortages. To compliment the IMI's online community for 13-16-year olds interested in the automotive sector, 1st Gear, the IMI will develop an integrated web-based tool as the 'launch-pad' onto a career pathway.

The IMI will also continue to develop Headlight – a suite of free teaching resources for schools, set in an automotive context. This focuses on developing numeracy core curriculum capability. Finally, the IMI will deliver a programme for 14-16 year-olds that will help prevent this group from becoming not in education, employment or training (NEET). The programme will provide a viable and high-quality alternative programme for 14-16 year-olds that can steer them in to Apprenticeships, while also supporting the pool of new entrants to the workforce who struggle with traditional learning and who end up classified as NEETs.

- Developing and retaining the workforce

15 per cent of employers report having skills gaps within their workforce, affecting over 300,000 individuals. The majority of skills gaps are within sales and customer service occupations. Managers also have skills gaps, with qualifications levels revealing that only 36 per cent have a Level 4 qualification or above. Most employers will try to overcome these skills gaps by increasing their training activity. But to be effective the training programmes must be relevant and accessible as evidenced from these examples from the Skills Councils responsible for this area:

Skillsmart Retail has developed courses to assist retailers in specialist skill areas. The WorldHost course is orientated towards retail customer service skills for front-line and managerial staff. There are also three courses based on retail themes in the Guide to Successful Retailing (inspired by Mary Portas) and the Retail Works course is designed to assist unemployed individuals in getting a job in the retail sector. These courses will be delivered through the National Skills Academy for Retail Skills shops across the UK

SfL proposes to use employer-led, occupational groupings to gather focused intelligence on current and future skills gaps which will be used to build products that will ultimately inform the development of standards and qualification frameworks critical to workforce skills development. Bite-sized relevant skills units will be developed and quality delivery will be assured via The National Skills Academy for Logistics Sector employers reveal having retention problems, with a third of employers reporting that it is a consequence of a lack of career progression.

In many cases individuals are unaware of their options. Therefore, SfL has produced the Professional Development Stairway, which is an Information, Advice and Guidance tool that provides a single framework for careers across the sector. It works on the simple premise that if you enter a logistics profession with or without relevant skills, you can plan your progression to more senior roles by understanding the skills, competencies and training needed to reach the next level.

- The IMI's AUTOcity website is already established as the automotive careers information portal, with over 50,000 users per year. The IMI will further develop AUTOcity to create an online training needs analysis tool which tests knowledge and skills, identifies appropriate career progression routes, assesses skills gaps associated with career progression and signposts appropriate, easily accessible training and development. This online tool will navigate the user to appropriate job vacancies through the IMI's jobs platform. In the automotive sector, the automotive Professional Register exists as a method of progressively improving the professional standards of those working in the automotive retail sector and supports the maintenance and elevation of essential technical and management and leadership skills.

Changes to be made to the automotive accreditation scheme, Automotive Technician Accreditation (ATA), will make re-accreditation more focused on keeping up to date with new skills and create a cost effective and accessible infrastructure for all those currently engaged with ATA to continuously upskill, by providing a flexible approach to reassessment which

better aligns to industry training and development strategies and current economic realities. This will make accreditation more accessible to the micro- and SME-business sector.

Customer Service

Customer service remains the key skill base for employees with the sector. To advocate customer loyalty and to attract new customers, customer service across the sector must be the sector.

Technology

As already mentioned in this report, the use made of technology (sections 6.6 and 7.4), specifically e-commerce and m-commerce, within the sector is continually developing. This is not only in terms of the actual technology but also the skills that both employers and employees need to be able to provide a high quality service.

Table 8.1 details the occupational priorities for the sector as a summary of highlights from this report. These priorities have been developed as a result of the three SSCs;

- Conducting specific research on their specific sector skill needs and other pertinent issues over a number of years
- Analysis of LMI designed to further understand the dynamics of the sector
- The continuous dialogue that the SSCs have with their employers on skills issues

The table details three specific factors that quantify the likelihood that it will occur, the numbers of employees that it may affect and the time it may take to deliver the desired outcomes:

- Degree of certainty – likelihood of the drivers demand materialising, and the risk of supply failure
- Magnitude – considers the scale of action required based on magnitude of skills needs. The three categories are: 100,000 workers large, 50,000-100,000 workers medium, less than 50,000 workers small
- Lead time – seeks to assess the length of time taken to rectify the skills deficit. It also considers the absence of alternative preferred strategy to overcome the deficit.

The three categories of lead time are: long being more than five years, medium three-five years, short less than three years. This measure includes both the learning time required for individuals and the set-up time for any new training or educational provision.

Table 8.1: Sector priorities

Skill / occupational priority	Subsectors affected	Degree of certainty – definite, likely, possible, unknown	Magnitude – large, medium small (current and future)	Lead time – short/medium/long	Specific skills
Managers	Retail Wholesale Automotive	Definite There is current as well as future demand for managers and evidence of skills gaps	Large Significant demand for these jobs (6,311 current vacancies 359,000 future) 64 per cent do not have Level 4 qualification	Medium Takes time to develop and build management capability. Combination of on-the-job and off-the-job training	Leadership and management Change management HPW practices Multi-channel opportunities
Professionals	Retail		Large Significant demand for these jobs (2,439 current vacancies 199,000 future)	Short/Medium	E-commerce development M-commerce development
Associate professionals			Large (7,658 current vacancies 245,000 future)		
Administrative / clerical	Retail Wholesale Automotive	Definite / Likely	Large (5,370 current vacancies 225,000 future)		Problem solving Customer service
Skilled trade occupations	Automotive	Emerging technologies; hybrid & electric vehicles. Vehicle inspection. Higher level technical skills	Large (6,463 current vacancies 107,000 future) Six per cent have skills gaps		

Skill / occupational priority	Subsectors affected	Degree of certainty – definite, likely, possible, unknown	Magnitude – large, medium small (current and future)	Lead time – short/medium/long	Specific skills
Personnel services			Small 17,000		
Sales and customer services	Retail Wholesale Automotive	Definite The ageing population could limit the pool of young recruits which account for quarter of workers Customer service skills are a key core area for this group and need continually updating and enhancing to exceed customer needs	Large (51,779 current vacancies 485,000 future. Level of replacement demand very high) Nine per cent have skills gaps	Short/Medium	Customer service New technologies Online and m-commerce knowledge
Machine operatives	Retail Wholesale	Definite / Likely Drivers such as regulation will drive up standards of drivers, i.e. Driver CPC	Medium (5,728 current vacancies 89,000 future) Five per cent have skills gaps	Medium Issues about perceived 'attractiveness' of roles, i.e. HGV drivers, to potential trainees. Drivers, particularly HGV, require time and training to gain vocational licence, the Driver CPC and to gain the necessary experience required by companies	Driving skills – supply chain specific, eco-driving Driver CPC Customer service New technologies
Elementary	Retail Wholesale	Definite / Likely	Large (7,536 current vacancies 204,000 future) Seven per cent have skills gaps	Short Issues about perceived 'attractiveness' of roles, i.e. warehouse operatives, to potential trainees	Employability and basic skills

Source: Skillsmart Retail, Skills for Logistics, The Institute of the Motor Industry

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10 Technical Appendix

The provision of core data

To ensure consistency and comparability across all 15 SSA reports, data from core labour market information sources was centrally collected, processed and formatted. It was then distributed by the UK Commission to Sector Skills Councils for inclusion within the reports.

Core data was centrally produced from the following sources:

- The Labour Force Survey
- The UK Commission's Employer Skills Survey 2011
- Working Futures 2010-2020
- Regional Accounts (information on Gross Value Added)
- Mid Year Population Estimates
- European Continuing Vocational Training Survey
- Business Demography Statistics

Data from the Labour Force Survey, regional accounts and mid-year population estimates was collated, processed and formatted by Cambridge Econometrics and the Institute for Employment Research (IER), Warwick.

Data from the UK Commission's Employer Skills Survey 2011 was collated and processed by IFF Research and formatted by the UK Commission.

Data from Working Futures was collated, processed and formatted by IER.

Data from the European Continuing Vocational Training Survey and Business Demography Statistics was collated, processed and formatted by the UK Commission.

All data was quality assured by contractors, the UK Commission and by Sector Skills Councils.

It has been necessary to suppress some data within the reports to adhere to official guidelines regarding data quality. The details of suppression strategies applied to data from specific sources are described in more detail below. Data for Scotland, Wales and Northern Ireland for the three smallest SSA sectors is most likely to be suppressed. These are:

- Agriculture, forestry and fishing
- Energy production and utilities

- Information and communication technologies)

Methodological information for core labour market information sources

Method used to derive estimates of gross value added (GVA) per employee job by SSA sector and nation

No official estimates are currently available for the level of productivity by sector and UK nation. The figures presented in this report have therefore been estimated by the UK Commission using the following process.

Levels of workplace gross value added at current basic prices by SIC 2007 Section were derived from the official estimates published by the Office for National Statistics as part of its Regional Accounts series. Levels of employee jobs were taken from the Business Register and Employment Survey for 2009.

The sectoral “footprint” definitions used as the basis for the SSA reports are not coterminous with SIC Sections, however, and in some cases draw on 2-digit SIC divisions. At present the official GVA estimates for nations and regions are only available at a SIC section level.

To overcome this an approach was adopted which has been developed by Welsh Government to derive gross value added estimates for its priority sectors. This approach was applied to the UK and all four nations. Approximate estimates of GVA at 2-digit level are available for much of the economy from the Annual Business Survey (ABS). These were used to allocate GVA at the 2-digit level with the results being constrained to the official GVA totals by SIC section taken from the Regional Accounts. For those areas of the economy not covered by the ABS, shares of employment at the 2-digit level were used instead, taken from the Annual Population Survey.

Labour Force Survey

About the survey

One of the key data sources used within this report is the Office for National Statistics’ (ONS) Labour Force Survey (LFS). The LFS is a survey of households living at private addresses (plus in NHS accommodation and student halls of residence) in the UK.

The survey is carried on a quarterly basis. The sample is made up of around 41,000 responding (or imputed) households in Great Britain every quarter, and around 1,600 households in Northern Ireland. The LFS uses a rotational sampling design which means

that, once selected, a household⁶ is kept in the sample for a total of five consecutive quarters.

Interviewers can take answers to questions by proxy if a respondent is unavailable. This is usually from another related adult who is a member of the same household. About a third of LFS responses are collected by proxy. Information on individuals aged 16 – 19 most likely to be obtained by proxy.

Full user guidance can be accessed here: <http://www.ons.gov.uk/ons/guide-method/user-guidance/labour-market-statistics/index.html>

Preparation of LFS data for this report

The UK Commission provided report authors with a core set of tables based on LFS data for mandatory inclusion within Sector Skills Assessment reports. The data within these tables was prepared by two contractors: Cambridge Econometrics (CE) and Warwick Institute for Employer Research (IER).

Data was prepared in three stages:

1. The original survey data was gathered and coded by IER to the categories and classifications required for the SSA tables. This was then sent to CE
2. CE used the data prepared by IER and derived the indicators and aggregated the data to the dimensions required for the tables
3. The UK Commission checked tables and distributed to report authors

Annual data presented within this report is based on an average of four consecutive quarters of data. Data prior to 2009 is based on SIC2003 and data for 2009 and 2010 is based on SIC2007 codes.

Reporting of LFS data

In line with ONS convention, annual LFS data presented within this report has been suppressed if individual cell sizes fall below 6,000. This is because cell sizes of fewer than 6,000 are deemed to be low quality estimates.

Analysis of employment uses all four categories of employments status within the LFS: employee, self-employed, government scheme & unpaid family worker.

⁶ Note, it is the address that is selected and not necessarily the particular people who live there.

Please note, some tables present a total for *All sectors* while others present a total for *Whole economy*. The values for these totals are different because the *Whole economy* total includes the 'Not within scope' category (i.e. sectors that don't fall within an SSA sector), whereas *All sectors* is the total for just the 15 SSA sectors.

UK Commission's Employer Skills Survey 2011

The UK Commission's Employer Skills Survey 2011 (UK Commission's ESS 11) was the first large-scale economy-wide employer skills survey to be conducted across the whole of the UK. The survey was managed by the UK Commission for Employment and Skills and was conducted by three contractors: IFF Research, BMG Research and Ipsos Mori (Davies et al, 2012). The project steering group included representatives from all four nation governments, the Alliance of Sector Skills Councils, the Department for Work and Pensions and the Skills Funding Agency.

Fieldwork was carried out from March to July 2011. Two waves of interviews were conducted. The main survey involved telephone interviews with approximately 87,600 employers and a follow-up survey focusing on investment in training was undertaken with over 11,000 respondents. The data presented within this report draws only on information gathered from the main survey.

The table below provides information on the number of employers interviewed by sector and nation for the main survey.

SSA sector	England	Scotland	Wales	NI	UK
Agriculture, forestry and fishing	1,270	99	133	45	1,547
Energy production and utilities	1,306	106	133	69	1,614
Manufacturing	6,774	182	470	350	7,776
Construction	7,538	300	660	463	8,961
Wholesale and retail trade	13,919	333	1,129	769	16,150
Transportation and storage	4,078	152	300	205	4,735
Accommodation, food and tourism activities	9,630	324	909	455	11,318
Information and communication	2,262	56	111	81	2,510
Creative media and entertainment	3,301	99	227	135	3,762
Financial, insurance & other professional services	4,525	146	391	281	5,343
Real estate and facilities management	3,113	85	133	93	3,424
Government	2,078	163	188	176	2,605
Education	4,597	164	391	287	5,439
Health	2,912	107	242	137	3,398
Care	4,028	101	338	296	4,763
Not within scope	3,722	86	257	162	4,227
Total	75,053	2,503	6,012	4,004	87,572

UK Commission's ESS 11 is a quota survey. Quotas were set on a size by sector within nation / English region basis. In Northern Ireland and Wales, where more interviews were carried out than the required minimum to get national representation, they were predominately distributed in proportion to the population.

In order to include the maximum number of questions without extending the overall length of the interview, the sample was randomly split in half for some sections, and one set of employers were asked one module of questions, and the other half of the sample different questions.

The survey is a local unit (establishment) survey. This means that for large multi-site organisations several branches/ locations may have been interviewed. The establishment level sampling reflects that the survey asks employers about issues that need to be answered by people with day-to-day contact with employees rather than head office.

Respondents are those who have the best overview of HR and training within the establishment. This will tend to be HR or training managers in large establishments and owner/managers or senior managers within small establishments.

The valid population of establishments being used in UK Commission's ESS 11 is all establishments with the exception of sole traders (this means that establishments with one employee and no working proprietors (for e.g. flower stall at a station, where there is one person working but they don't own it themselves) are included). In addition, establishments with multiple working proprietors but no employees are also included.

Sampling error for the survey results overall and for different sub-groups by which analysis is presented in the report is shown in the table below. Sectoral figures are presented for the 14 SIC 2007 sections which were used for the survey sampling approach.

Figures have been based on a survey result of 50 per cent (the 'worst' case in terms of statistical reliability), and have used a 95 per cent confidence level. Where the table indicates that a survey result based on all respondents has a sampling error of +/- 0.32 per cent, this should be interpreted as follows: 'for a question asked of all respondents where the survey result is 50 per cent, we are 95 per cent confident that the true figure lies within the range 49.68 per cent to 50.32 per cent'.

As a note, the calculation of sampling error has taken into account the finite population correction factor to account for cases where we are measuring a significant portion of the population universe (i.e. even if two sample sizes are the same, the sampling error will be lower if in one case a far higher proportion of the population was covered).

These confidence intervals are based on the assumption of a normal distribution of responses.

Sampling error (at the confidence 95 per cent level) associated with findings of 50 per cent

	Population	Number of interviews	(Maximum) Sampling Error
Overall	2,299,921	87,572	+/-0.32
By country			
England	1,960,298	75,053	+/-0.35
Northern Ireland	65,559	4,004	+/-1.5
Scotland	175,114	2,503	+/-1.94
Wales	98,950	6,012	+/-1.22
By size of establishment			
1-4	1,466,397	18,955	+/-0.99
5-24	648,446	47,770	+/-0.61
25-99	147,319	15,951	+/-1.03
100-249	25,945	3,270	+/-2.27
250+	11,814	1,626	+/-3.12
By sector			
Agriculture	98,458	939	+/-3.18
Mining & Quarrying	2,222	188	+/-6.84
Manufacturing	128,255	7,704	+/-1.08
Electricity, Gas and Water	10,583	1,426	+/-3.35
Construction	241,429	6,654	+/-1.18
Wholesale and Retail	441,365	15,340	+/-0.78
Hotels & Restaurants	167,215	8,471	+/-1.04
Transport and Communications	210,801	7,885	+/-1.08
Financial Services	52,381	1,881	+/-2.22
Business Services	551,612	14,488	+/-0.80
Public Administration	26,058	1,617	+/-2.36
Education	65,499	5,439	+/-1.27
Health and Social Work	140,269	8,161	+/-1.05
Community, Social and Personal Services	163,774	7,379	+/-1.11

Looking specifically at sampling error for SSA sectors at national level, Agriculture in Scotland provides an illustrative example. 99 interviews were completed for this sub-group. Applying the assumptions outlined above, this gives a maximum sampling error of around +/- 10 percentage points. This demonstrates the indicative nature of the detailed survey estimates for smaller sectors.

Within the report, data based on unweighted bases of less than 25 have therefore been suppressed for quality reasons. In addition, data based on unweighted bases of between 25 and 50 have been marked as indicative. More stringent thresholds have been applied in Scotland because of the lower total number of interviews that were conducted than in other nations. Estimates based on unweighted bases of fewer than 50 have been suppressed, whilst estimates based on bases of 50-99 are marked as indicative in the relevant tables.

Finally, occupations within the survey are defined by 2010 Standard Occupational Classification codes and sectors are defined by 2007 Standard Industrial Classification codes.

Please visit the UK Commission's Employer Surveys website for further information including the full survey report and questionnaire. <https://ness.ukces.org.uk/default.aspx>

Working Futures

Working Futures 2010-2020 is the latest in a series of detailed projections of UK employment, productivity, labour supply and skills. The projections have been prepared by the Institute for Employment Research (IER) and Cambridge Econometrics (CE) on behalf of the UK Commission for Employment and Skills (UKCES).

The projections are calculated from a number of different data sources, including the Annual Business Inquiry, the Business Register and Employment Survey, and the Labour Force Survey. The results provide a picture of employment prospects up to 2020 by industry, occupation, qualification level, gender and employment status for the UK as a whole, the four nations, and English regions.

As with all projections and forecasts, the results presented in Working Futures should be regarded as indicative of likely trends and orders of magnitude given a continuation of past patterns of behaviour and performance, rather than precise forecasts of the future. At a time of great uncertainty about the short to medium term prospects for the economy, it is important to stress the value of Working Futures in aiding understanding of likely prospects for employment in the longer term (i.e. in 2020). Readers should therefore focus on the relative position of sectors, and occupations in 2020 and treat the projected values as broad indicators of scale rather than exact predictions.

Further methodological details can be found on the UK Commission's website - <http://www.ukces.org.uk/publications/working-futures-technical-report>

The following details the additional research methodologies that the SSC's have undertaken to complete this assessment.

Skillsmart Retail 2010 employer Survey

Methodology

Skillsmart Retail required research to gain employers' views and experiences to update on a previous employer survey and to examine new areas of interest. ORC International, the independent research agency, were commissioned to:

- Help draft the questionnaire
- Provide guidance on sampling and weighting
- Conduct a telephone interview of employers across the UK using Computer Aided Telephone Interviewing (CATI) techniques
- Produce this short report along with relevant data tables

The survey sample was sourced from Experian, an approved supplier. The sample was based on:

- UK retail employers, with representation from each of the home nations
- 2007 SIC codes within the Skillsmart Retail footprint
- Companies with ten or more employees in total
- Sites/units, i.e. to include (a limited number of) different branches of the same company

In total, approximately 48,000 employers were identified – the total population. A sample frame was created using the most important variables of SIC/sector, nation region and size. In addition to these three variables, data was analysed by English region and a number of other demographic characteristics and survey question answers.

Nationally, 84 per cent of retailers are located in England. It was decided by Skillsmart and ORC International to over-represent Northern Ireland, Scotland and Wales, to provide sufficient responses for insights, to make results expressed in percentages meaningful and to allow for comparisons and significant differences between nations to be identified. In total 616 interviews were completed.

Skillsmart Retail and the Oxford Institute of Retail Management 2010, Productivity and skills in retailing

Methodology

This research is not simply a literature review of material relating to productivity and skills, but is based on a mix of approaches, including primary research. 21 face-to-face and

telephone-based interviews with board directors of retail businesses in the UK, the US and France, alongside selected commentators and analysts (see Table 125). Each structured interview lasted between 1-2 hours, exploring a common set of issues ranging from the way productivity was characterised within the business, to the factors to have affected business efficiency over the past five years, to the impact of the global recession, electronic commerce and internationalisation on productivity and skills.

Secondly, retail-related extracts were analysed from the statistical data sets of Eurostat and a selection of national statistics offices around the world. The combination of methods and evidence, often referred to as triangulation, permits us greater confidence in reaching our conclusions.

Table 10.2: Breakdown of interviews conducted by market and sector 2010

	UK	US	France
Number of interviews	10	6	5
Sectors represented	Fashion & accessories Food & convenience Home, DIY & Garden Department stores & general merchandisers Electrical retailing Home shopping/e-commerce Analysts & commentators	Fashion & accessories Food & convenience Department stores & general merchandisers Electrical retailing	Fashion & accessories Food & convenience Department stores & general merchandisers Analysts & commentators

Source: *Skillsmart Retail 2010*

The report is divided into three broad parts. The first sets out the complex link that exists between productivity and skills for all businesses, examining the inter-relationships between the various factors which lead to a certain level of productivity in the use of human capital. On the way, it sets out what we know about comparative differences in key employment attributes in retailing. There are of course also significant sectoral differences in the way productivity is characterised and measured, not least in services, and this part therefore also explores the ways in which the skills-productivity model in retailing may be distinctive. It then focuses on international comparative macro-economic and firm-level perspectives on retail productivity and examines the current evidence on both. It draws upon the new comparative data available at the international level from the EU KLEMS Growth and Productivity Accounts, alongside insights from the series of practitioner interviews referred to earlier, as well as firm level statistical data.

The second part of our research isolates three contemporary influences on retail

productivity and skills: the economic recession, the Internet, and the growing international presence of the largest retail firms. Interviews with senior managers within the sector provided highly practical insights. The report concludes by assembling our views on the implications of our findings for skills and training.

Skillsmart Retail and IFF 2010, understanding the impact of online trading on UK retail 2010

Methodology

This study was conducted by means of a series of depth interviews with employers in the retail sector. These were focused on the clothing, electricals and groceries subsectors to understand the impact of e-commerce among a range of retail sub-sectors. Companies were also selected to cover a range of sizes – from household names to specialist and locally-based retailers – and a range of experience in online retail ranging from market leaders to late adopters.

The fourteen interviews were distributed between retail sub-sectors and types of retailer. The majority of the interviews were distributed across traditional store-based retailers who had added e-commerce as an additional sales channel. Online-only ‘pureplay’ retailers or retailers who sold through catalogues or third-party shops without having their own branded stores were then targeted to build understanding of the range of e-commerce structures within retail as a whole. Sampling pureplay retailers in this way also enabled the research to interview market-leading online-only retailers who were pioneering new developments in this field.

The research looked to speak to people who were the most senior people directly responsible for online retail who understood the business not only in operational terms but also strategically and with regard to human resources. Interviewees were typically E-Commerce Managers or E-Commerce Directors. In a few smaller retailers the respondent was Head of Marketing, as their e-commerce function was considered part of the marketing department. We also spoke to the Head of Human Resources at one large pureplay retailer to focus on the human rather than the technical side of the business.

Skillsmart Retail and Customer Champions 2011, Delivering excellence in retail customer service

Methodology

In-depth interviews lasting for up to an hour took place with retailers operating across different market sectors. Companies varied in size between national multiples (15 in total) and independent SMEs (12 in total). Respondents included both those in senior operational roles within larger retailers and owner-managers of very small businesses. The research

was supplemented by face-to-face interviews with 105 shoppers in seven major cities during July 2011.

The retailers taking part in the project are detailed in Table 10.3.

Table 10.3: Interviewed retailers as part of the customer service project

Large Retailers	Small/Medium Retailers
Boots	Benson's of Ludlow
Carphone Warehouse	Boswells of Oxford
Debenhams	By Imogen
Evans	For Every Occasion
Halfords	Gooseberry Boutique
House of Fraser	Goulds
John Lewis Partnership	Henderson Group
Ryman	Lady
Sainsbury's	Lawrence's Furniture Village
Shop Direct	Mayberry Pharmacy
Starbucks	Morley's Stores Group
Marks & Spencer	Sterling Furniture Group Ltd
Tesco	
The Entertainer	
Waitrose	

Source: Skillsmart Retail 2010

Together, these large retailers account for approximately 660,000 employees, or 23 per cent of the UK retail workforce.

The research outlines a generic model that can be used by all varieties of retail to signpost the key ingredients of what constitutes good customer service for today's consumer. In addition, ten companies provided material for case studies.

Skills for Logistics 2010 Training Practices

Methodology:

All members of SfL employer forums (576) were invited to participate in a short on-line consultation focusing on 'Health and Safety' and Training Practices during April/May 2010. Forum members were contacted via email explaining the rationale and asking them to complete the consultation within a two week period. A follow up message, to those who had not yet responded, was sent one week and then three days before the closing date (Friday 7th May 2010). If the member was unable to participate on-line, the option of a hard-copy or an electronic one was available upon request. None of the questions were mandatory to complete.

The Institute of the Motor Industry 2011 Employer Survey

Methodology

Stage 1 was a qualitative telephone survey involving in-depth interviews with 179 employers from across the whole sector. These interviews focussed on the skills and training needs of businesses over the next 18 months to two years. This phase defined the broad skills needs of the sub-sectors.

Stage 2 – a quantitative phase of research was designed to validate and expand on the issues raised in the initial phase. A telephone survey was conducted with 860 employers to confirm the skills identified in Stage 1 and to prioritise those skills and training needs in to 'critical', 'of some need' and 'of no need'. The robustness of this phase was further enhanced by a web survey, which furnished additional data on priority skills needs from a further 630 employers.

Stage 3 was a series of focus groups with employers from each of the 12 sub-sectors. These focus groups validated the skills and training needs identified through each of the preceding phases of research and enabled us to arrive at a core set of skills needs covering technical, management and customer service job roles.

List of previous publications

Executive summaries and full versions of all these reports are available from www.ukces.org.uk

Evidence Report 1

Skills for the Workplace: Employer Perspectives

Evidence Report 2

Working Futures 2007-2017

Evidence Report 3

Employee Demand for Skills: A Review of Evidence & Policy

Evidence Report 4

High Performance Working: A Synthesis of Key Literature

Evidence Report 5

High Performance Working: Developing a Survey Tool

Evidence Report 6

Review of Employer Collective Measures: A Conceptual Review from a Public Policy Perspective

Evidence Report 7

Review of Employer Collective Measures: Empirical Review

Evidence Report 8

Review of Employer Collective Measures: Policy Review

Evidence Report 9

Review of Employer Collective Measures: Policy Prioritisation

Evidence Report 10

Review of Employer Collective Measures: Final Report

Evidence Report 11

The Economic Value of Intermediate Vocational Education and Qualifications

Evidence Report 12

UK Employment and Skills Almanac 2009

Evidence Report 13

National Employer Skills Survey 2009: Key Findings

Evidence Report 14

Strategic Skills Needs in the Biomedical Sector: A Report for the National Strategic Skills Audit for England, 2010

Evidence Report 15

Strategic Skills Needs in the Financial Services Sector: A Report for the National Strategic Skills Audit for England, 2010

Evidence Report 16

Strategic Skills Needs in the Low carbon Energy generation Sector: A Report for the National Strategic Skills Audit for England, 2010

Evidence Report 17

Horizon Scanning and Scenario Building: Scenarios for Skills 2020

Evidence Report 18

High Performance Working: A Policy Review

Evidence Report 19

High Performance Working: Employer Case Studies

Evidence Report 20

A Theoretical Review of Skill Shortages and Skill Needs

Evidence Report 21

High Performance Working: Case Studies Analytical Report

Evidence Report 22

The Value of Skills: An Evidence Review

Evidence Report 23

National Employer Skills Survey for England 2009: Main Report

Evidence Report 24

Perspectives and Performance of Investors in People: A Literature Review

Evidence Report 25

UK Employer Perspectives Survey 2010

Evidence Report 26

UK Employment and Skills Almanac 2010

Evidence Report 27

Exploring Employer Behaviour in relation to Investors in People

Evidence Report 28

Investors in People - Research on the New Choices Approach

Evidence Report 29

Defining and Measuring Training Activity

Evidence Report 30

Product strategies, skills shortages and skill updating needs in England: New evidence from the National Employer Skills Survey, 2009

Evidence Report 31

Skills for Self-employment

Evidence Report 32

The impact of student and migrant employment on opportunities for low skilled people

- Evidence Report 33
Rebalancing the Economy Sectorally and Spatially: An Evidence Review
- Evidence Report 34
Maximising Employment and Skills in the Offshore Wind Supply Chain
- Evidence Report 35
The Role of Career Adaptability in Skills Supply
- Evidence Report 36
The Impact of Higher Education for Part-Time Students
- Evidence Report 37
International approaches to high performance working
- Evidence Report 38
The Role of Skills from Worklessness to Sustainable Employment with Progression
- Evidence Report 39
Skills and Economic Performance: The Impact of Intangible Assets on UK Productivity Growth
- Evidence Report 40
A Review of Occupational Regulation and its Impact
- Evidence Report 41
Working Futures 2010-2020
- Evidence Report 42
International Approaches to the Development of Intermediate Level Skills and Apprenticeships
- Evidence Report 43
Engaging low skilled employees in workplace learning
- Evidence Report 44
Developing Occupational Skills Profiles for the UK
- Evidence Report 45
UK Commission's Employer Skills Survey 2011: UK Results
- Evidence Report 46
UK Commission's Employer Skills Survey 2011: England Results
- Evidence Report 47
Understanding Training Levies
- Evidence Report 48
Sector Skills Insights: Advanced Manufacturing
- Evidence Report 49
Sector Skills Insights: Digital and Creative
- Evidence Report 50
Sector Skills Insights: Construction

Evidence Report 51
Sector Skills Insights: Energy

Evidence Report 52
Sector Skills Insights: Health and Social Care

Evidence Report 53
Sector Skills Insights: Retail

Evidence Report 54
Research to support the evaluation of Investors in People: Employer Survey

Evidence Report 55
Sector Skills Insights: Tourism

Evidence Report 56
Sector Skills Insights: Professional and Business Services

Evidence Report 57
Sector Skills Insights: Education

Evidence Report 58
Agriculture, Forestry & Fishing: Sector Skills Assessment 2012

Evidence Report 59
Evaluation of Investors in People: Employer Case Studies

Evidence Report 60
An Initial Formative Evaluation of Best Market Solutions

Evidence Report 61
UK Commission's Employer Skills Survey 2011: Northern Ireland National Report

Evidence Report 62
Energy Production and Utilities: Sector Skills Assessment 2012

Evidence Report 63
Creative Media and Entertainment: Sector Skills Assessment 2012

Evidence Report 64
Information and Communication Technologies: Sector Skills Assessment 2012

Evidence Report 65
Construction, Building Services Engineering and Planning: Sector Skills Assessment 2012

Evidence Report 66
Real Estate and Facilities Management: Sector Skills Assessment 2012

Evidence Report 67
Transportation and Storage: Sector Skills Assessment 2012

Evidence Report 68
Hospitality, Tourism and Sport: Sector Skills Assessment 2012

Evidence Report 69
Care: Sector Skills Assessment 2012

Evidence Report 70
UK Skill levels and international competitiveness

Evidence Report 71
Education: Sector Skills Assessment 2012

Evidence Report 72
Health: Sector Skills Assessment 2012

Evidence Reports present detailed findings of the research produced by the UK Commission for Employment and Skills. The reports contribute to the accumulation of knowledge and intelligence on skills and employment issues through the review of existing evidence or through primary research.

Produced by Skillsmart Retail, Skills for Logistics and The Institute of the Motor Industry for the UK Commission for Employment and Skills

All of the outputs of the UK Commission can be accessed on our website at www.ukces.org.uk

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