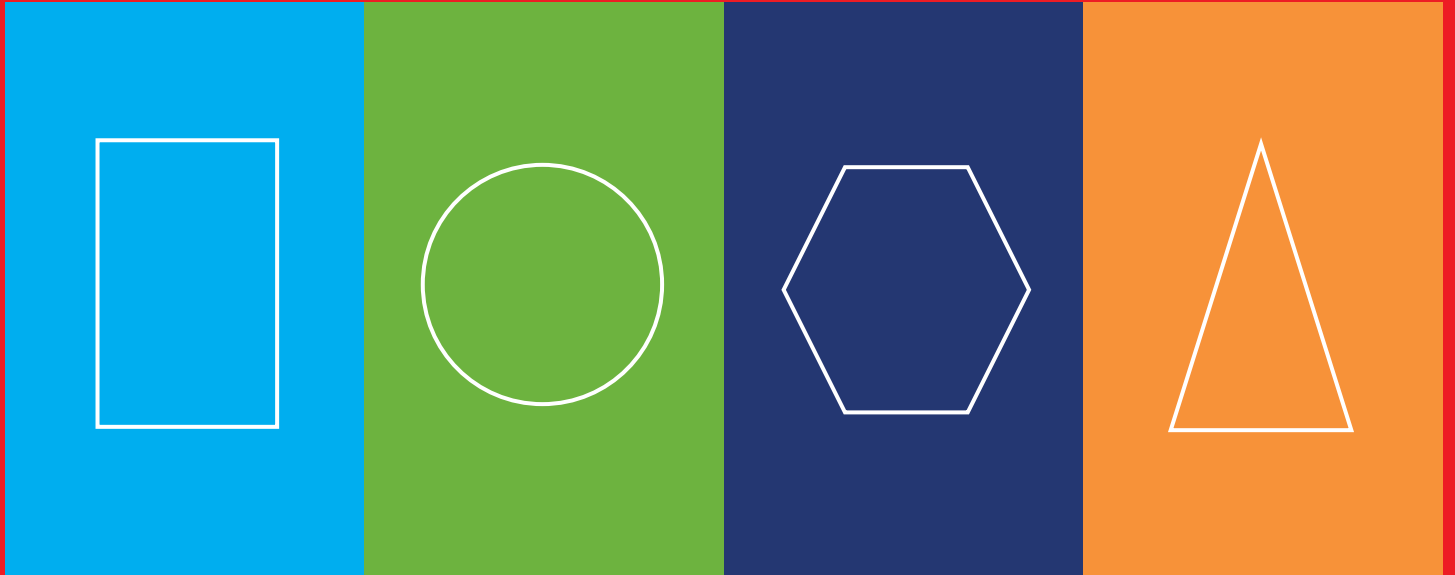


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Future Skills Needs of the Wholesale and Retail Sector, April 2010

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Future Skills Needs of the Wholesale and Retail Sector

April 2010

Expert Group on
Future Skills Needs





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Executive Summary

E.1 Introduction

The Expert Group on Future Skills Needs was requested by the Department of Enterprise, Trade and Employment to provide an in-depth study of the skills requirements of the Wholesale and Retail sector. The main objective of the study is to assess the skills requirements of the sector in Ireland over the period to 2016, particularly considering the upskilling targets of the National Skills Strategy, and the challenges of the recession and rising unemployment.

The ultimate aim is to secure agreement between relevant stakeholders, both public and private, on a set of actions necessary to achieve a significant engagement in upskilling, education and training to the mutual benefit of enterprises, employees and the State.

E.2 Wholesale and Retail Sector

The wholesale and retail sector is a dynamic and innovative sector, which employs 14.2% of those employed in Ireland, and accounts for 11% of value added in the economy. The sector makes widespread use of information, communications and other technologies to optimise the flow of goods from producers to consumers.

The sector is currently going through a difficult period. However, the long term prospects for the sector remain positive. Wholesale and retail businesses are an essential part of every economy, which responds strongly to trends in the wider economy. As the Irish economy pulls out of its current problems, consumer spending will increase, driving renewed growth both in wholesale and retail activity and in employment. A key purpose of this report is to help the industry position itself for the coming upturn.

The future trajectory of employment in the sector is uncertain. For most other EU countries the share of employment accounted for by the wholesale and retail sector is between 12% and 16% (EU average 13.6%). Based on a single model of employment in the economy and the ESRI forecasts 2009 employment projection sees employment in the broad wholesale and retail sector bottoming out during 2010 at 261,000, down by 53,000 from the Q2 2008 peak. It then sees a gradual recovery, reaching 289,000 in Q4 2016.

The main conclusions are that:

- Shortages are unlikely.
- The wholesale and retail sector will be reasonably attractive for employment for the foreseeable future, and there are actions that can be taken to reinforce this.
- Because retail sector employers are often prepared to recruit people without previous experience of the sector, labour market activation initiatives targeting the sector have the potential to be more effective than for most other sectors of the economy.



E.3 Wholesale and Retail Sector Skills

While the wholesale and retail sector does not have a high-skill public image, the reality is that much of the employment in the sector is quite highly skilled. This is reflected in relatively high average levels of pay among those employed full time in the sector.

While the educational attainment profile of the sector is below that for the economy as a whole, it has improved rapidly. The share of employees with higher education in the sector rose from 12% in 1999 to 21% in 2009. The share with qualifications below Leaving Certificate level fell from 37% to 22% over the same period. This is partly due to the rise in all sectors of the economy and partly due to trends in the sector and their implications on skills as addressed in E6.

Retail assistants account for more than half of all those employed in the sector. Part time working is an important feature of employment among this group. Many of these jobs require significant skills in areas including sales, customer service, staff supervision, training and back office work.

Both within and outside stores, there is a substantial requirement for people with relatively high-level skills.

- Large wholesale and retail businesses are complex organisations that are highly dependent on a range of professional skills. Some of these, such as accountancy, information technology, finance and human resource management, are similar to those in most other sectors of the economy. Others, such as supply chain management, retail marketing, category management and data mining of retail data are either specific to the sector, or are present in the sector in a very specialised form.
- A significant amount of the businesses in the sector are large, and require a significant cadre of senior level managers to lead them effectively.
- Because many of the businesses in the sector are very small, there are large numbers of owner-manager entrepreneurs.

Employment in professional occupations in the sector has been increasing, and this is expected to continue. This is reflected in the model used in the report to project demand for skills which shows a gradual increase in the share of employment in the sector accounted for by professional occupations, from 2.1% in 2008 to 3% at the end of 2016.

Total net job losses per annum from 2009 to 2010 are 15,910. Even while these job losses are occurring, the projections show a replacement demand of 6,968 in the sector each year. In practice, some will be replaced by people who have lost their jobs elsewhere in the sector; others by new entrants.



E.4 Training and Education in Wholesale and Retail

Most activity in training and education targeted on the wholesale and retail sector takes place among people already employed in the sector.

The main exceptions to this are higher education and further education courses that provide education for the unemployed in retail skills. Much of the training in the sector takes place within enterprises, without any intervention or participation by external providers. However, there has been a significant increase in activity in the sector in recent years by FÁS, higher education institutions and a number of Skillnets networks.

In almost all cases, training is based on a combination of a tutorial component and a work practice component. Industry interviews reveal a spectrum of approaches to the tutorial component, with approaches varying between organisations, and with what is being taught.

A number of bodies provide FETAC-certified training courses, which are delivered quite differently (see Appendix A for further detail).

- FÁS - Certificate in Retail Skills (Level 4 NQF) and a course in Retail Management (Level 6 NFQ).
- IBEC Retail Skillnet - Certificate in Retail Operations (Level 5 NFQ)
- A number of VECs provide various awards at Level 5.
- There is relatively minor provision by FÁS, Skillnets and VECs at Level 3.

A number of bodies provide certified education and training programmes aimed at people working as retail managers.

- Dublin Institute of Technology's School of Retail and Services
- University College Cork (UCC)
- Dublin Business School (DBS)
- IBEC Retail Skillnet provides an executive education course in retail management

The Retail Excellence Skillnet and the Irish Hardware Association Skillnet offer:

- Training courses chosen to meet the identified training needs of their members.
- Learning opportunities that follow different approaches, including case study visits to best practice retailers in Ireland and overseas, network meetings, conferences; and awards ceremonies.

A number of higher education institutes provide full-time undergraduate and postgraduate retail programmes for prospective entrants to the sector, including Dublin Institute of Technology (DIT), Galway-Mayo Institute of Technology (GMIT) and Waterford Institute of Technology (WIT).



E.5 Employer Views on Education and Training

Commitment to the training and development of staff is most evident in larger establishments, with the training typically delivered in-company. On-the-job training plays an important role in all companies in retailing and wholesaling.

Most of the employer training is not accredited on the National Framework of Qualifications (NFQ), though there have been a number of initiatives in promoting accreditation. While companies recognise the benefits of accreditation, they believe that the business can benefit from the increased skills of the employee without undertaking the administrative and cost burden of accreditation.

Wholesalers and retailers report barriers to training in the business. These barriers relate to the pressure on margins, the cutback in staff numbers, which makes it increasingly difficult to free up staff and the cut back by most firms in their staff training. In the case of retailers, high staff turnover was a major barrier deterring them from investing in their people. With the current decline in retail sales, labour turnover is not a major industry issue at the time of writing.

A major theme of all employers was the poor image of the industry which makes it difficult to attract good applicants. This was particularly an issue during the recent boom, but it is still seen as an issue by businesses in the sector.

E.6 Underlying Trends in Retail and Wholesale that will Continue to Shape Skills Requirements into the Future

This section addresses trends in retail and wholesale that are shaping skills requirements. These have already been visible for a considerable period of time, but have not yet played out fully.

Supply Chain Management and Efficient Customer Response

One of the major trends in retail and wholesale over the last ten to fifteen years has been ever more effective and efficient management of supply chains. Efficient Consumer Response (ECR) is an approach to improving supply chain management so as to get the goods in front of the consumer highly efficiently, and without waste. ECR relies heavily on information and communications technologies, and also in many cases on physical redesign of the supply chain. One consequence of the latter has been that most goods are now delivered in large quantities to distribution centres by manufacturers where they were previously delivered directly to stores in smaller quantities.

Effective management of supply chains has pervasive skills implications.

- Every wholesale and retail enterprise that does its own purchasing must have a good management understanding of its supply chain and of what the options are to improve its performance.



- Every wholesale and retail enterprise of any scale needs specialist skills in supply chain management and supply chain improvement.
- Distribution centres are organised around effective supply chain management, which largely determines the design of every job.
- Where store level management still has responsibility for replenishing stocks (in many cases this is centralised or largely automated), managers and office staff need a good understanding of the supply chain as it affects their store.
- Even at retail assistant level, the need for effective supply chain management drives the need for skills in managing stocks, doing stock checks and operating check-out and information-capturing technologies.

Branding and Marketing

Clear retail brand identities, linked to clear value propositions and clear market positioning have become centrally important to retailer marketing. They allow retailers to target their offering on meeting the needs and desires of particular types of customer, allowing them to be leading players in at least a segment of the market. In January 2010, the National Consumer Agency estimated that approximately 38 percent of the average grocery shop consisted of 'own-brand' goods.

Building brands is a key area requiring high level marketing skills. Maintaining brands has a pervasive impact on skills requirements in retail. Aside from brand consistency in retail store design and fit-out, the behaviour of every employee that a customer meets or sees impacts on their perception of the brand. Ensuring that employees present the desired brand image consistently is a significant challenge for training and for human resource management.

Vertical Integration

The retail industry has gone a long way towards eliminating the boundaries between wholesale and retail - with grocery and overseas-owned non-food retailers taking the lead. Major retailers have integrated distribution centres, which are mostly supplied directly by manufacturers.

The major grocery wholesalers have developed symbol groups, controlling retail brands and supply chains, even though the retail outlets they supply are mostly owned independently. There is also some integration back to the supplier level.

Vertical integration gives larger retailers major advantages over fully independent retailers, which can have relatively weak supply chains, weak strategy and marketing, and poor access to training and management development.

Vertical integration, and the scale that goes with it, allow enterprises (and in the case of symbol groups, groups of enterprises) to benefit from joint investment in a range of competitively important areas, including:



- Strong supply chain management and purchasing
- Centralised retail brand management
- Integrated technology
- Common training and development.

Technological Developments

Technological innovation plays a central role in the wholesale and retail sector by driving productivity improvements, underpinning effective marketing decisions, removing inventory and working capital from the system, eliminating stock-outs, matching staffing levels to workload, driving decisions on stocking and space utilisation, and improving sourcing and purchasing decisions.

Some of the areas where technology-enabled change is affecting retailing and wholesaling are as follows:

- Innovation in customer payment
- Innovation in customer purchasing
- Innovation in the use of technology
- Tapping into the information that is available
- Data mining on customers
- Supply chain management
- Category management

E.7 Impact of Trends in the Wider Economy on Wholesale and Retail

The performance of the wholesale and retail sector is linked inextricably to that of the wider economy. Consumer spending, a major macroeconomic variable, is one of the key drivers of the sector's performance.

Consumer spending has been falling, and all projections currently available are that it will continue to fall for some time. The resulting fall in demand is driving an ongoing reduction in numbers employed in the wholesale and retail sector.

However, the ongoing fall in consumer spending, and the resulting shakeout that is impacting on retailing will undoubtedly come to an end. The Economic and Social Research Institute (ESRI) currently projects a return to a modest level of economic growth in mid-2010. Most of the wholesale and retail industry will survive, and most employment will be preserved. When growth in the wider economy resumes, growth in wholesale and retail will resume too.



E.8 General Shortages are Unlikely - But Shortages in Wholesale and Retail Professional Areas may emerge

The report makes projections of demand for skills over the period to 2016. All current economic forecasts foresee unemployment remaining relatively high in the short-term. The employment projections implicitly assume that Ireland will not have regained full employment by 2016.

Except for some specialised professional roles, which require only small numbers of new recruits each year, Irish wholesale and retail enterprises generally have no specific qualification requirements for their new recruits. As the pool from which enterprises draw is broad, and because the outlook is for a weak employment market over the period to 2016, it is unlikely that there will be a shortage of possible recruits.

However, it is inevitable, that some skills shortages will exist or emerge within the wholesale and retail professional group of occupations. The most effective parts of the sector are embracing rapid change in technology, supply chain management, marketing and customer service. This drives changes in the skills they require that are hard to predict sufficiently accurately to ensure in advance that enough people with the right professional skills are available exactly when they are needed.

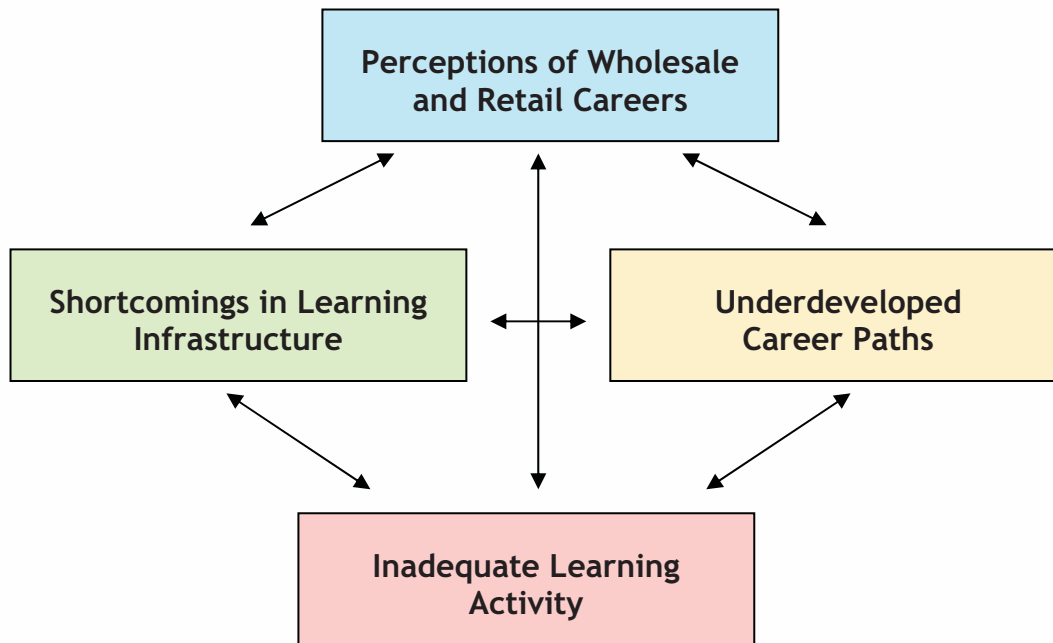
The requirement therefore is not to predict the demand in detail. It is that providers of professional level education and training should stay in close contact with industry to identify emerging skills requirements so that they can: build appropriate content into their full time education provision; have appropriate content ready to build into executive education courses as demand materialises; and provide stand-alone modules to give existing and aspiring wholesale and retail professionals the skills they require to move into the new professional roles as they emerge.

E.9 Key Skills Issues Facing the Sector

The wholesale and retail sector must tackle the four major interlinked skills issues summarised in Figure E.1.



Figure E.1 Four Main Skills Issues Face the Wholesale and Retail Sector



Perceptions of Wholesale and Retail Careers

Businesses consulted for the study identify perceptions of careers in the sector held by potential recruits, the wider public and even some employees as a major barrier to recruiting the best people. The existence of low skilled and low paid jobs in the sector obscures the highly skilled and well paid jobs that are available.

Inadequate Learning Activity

The amount and quality of learning activity in the sector is very uneven. While there are businesses in the sector with well developed and good quality learning strategies, the more common position is of retailers and wholesalers not training adequately either for their own business purposes or those of their employees. Training ranges from patchy to non-existent beyond the minimum required by regulatory requirement, including food safety and health & safety.

Shortcomings in Learning Infrastructure

Despite very positive developments in the sector's learning infrastructure in recent years, by industry and by State funded bodies including FÁS, VECs, Skillnets and Higher Education providers, substantial shortcomings remain.

While the delivery mechanisms used to date by FÁS, VECs and IBEC Retail Skillnet diverge and while their penetration into the sector is limited so far, taken together they have made good progress



towards establishing standards for training at retail assistant and retail manager levels that meet retailer needs. As a result, the courses and qualifications they have developed represent an important piece of infrastructure for the sector that should be built upon.

A considerable amount of training and other learning activity takes place in the sector in a wide variety of formats. While the best of this develops competencies similar to those against which retail related qualifications are awarded under the National Framework of Qualifications, the vast majority of learners never receive any formal qualification and the benefits of the training can dissipate quickly thereafter. In this context, there is scope for a substantial increase in Recognition of Prior Learning activity within the sector to facilitate progression and upskilling of low-skilled employees.

Underdeveloped Career Paths

Looking to the example set by leading retailers in the US, one of the key differences from Ireland is that they offer and advertise well defined career structures. These are typically backed up by well defined programmes of training and development, designed to support those on track for promotion (or newly promoted) in developing the skills that they need to progress. While some retailers and wholesalers operating in Ireland are very good at this, the more usual picture is that career paths are not often structured and training policies are not tightly linked to career progression.

This has a number of negative consequences.

- It makes it needlessly difficult to promote careers in the sector to potential recruits.
- It obscures the connection between learning and career progression, making it less likely that employees will perceive opportunities to progress as attainable (or even desirable), and undermines the motivation to learn.
- The weakness of the process for progression makes it less likely that training and progression will get the management attention they ideally require.

E.10 A Sectoral Skills Framework

A central proposal of the report is to develop and institutionalise a skills framework for the sector, and to build strategies for developing training in the sector around the framework. The skills framework will operate within and in harmony with the National Framework of Qualifications and existing arrangements for awarding qualifications.

Figure E.2 illustrates broadly how a skills framework for the sector will appear¹. It will list each major area of competence required to work in the sector. It will match each area to a job level, and a corresponding position in the National Framework of Qualifications. As different levels of jobs require different types of skill in any area of competence, many skill areas will map to more than one level in the National Framework. Behind each area of competence / framework level

¹ The framework shown here is intended for illustrative purposes. The actual framework will be developed as proposed in the recommendations.



combination, there will be a standard for the detailed competencies required. The skills framework will be used in a number of ways:

- It will provide a common set of standards for skills in the sector.
- Qualifications for the wholesale and retail sector, certified by FETAC, HETAC, Dublin Institute of Technology (DIT) and the universities, will meet both the requirements of the certifying body and the standards set out in the sectoral skills framework.
- Providers of education and training will make available courses covering each area of competence, at a sufficient range of levels to satisfy skills development needs.
- The skills framework will provide a means to communicate careers opportunities in wholesale and retail to potential recruits.
- Qualifications awarded under the skills framework should facilitate mobility across the industry.
- It is envisaged that information will be published identifying the courses that lead to awards in each major area of competence and at each level.
- It is envisaged that higher education institutions will develop and offer modules to people in employment to cover key high skill areas positioned within the framework and eligible for formal recognition, for example, through the use of Minor, Special Purpose or Supplemental awards.
- The framework could play a useful role in labour market activation for upskilling those that lost jobs in the sector and training those who are unemployed for future jobs and careers within the sector.
- More broadly, by promoting career paths and greater attraction of talent in to the sector through a Skills Framework, and by developing the existing labour force, there is significant opportunity to improve productivity and competitiveness for enterprises within the sector.



Figure E.2 Illustrative Sectoral Framework of Qualifications

	Level in National Framework of Qualifications	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10
				Operative	Operative	Operative	Management/ Supervision	Store Management	Management & Retail Professional	Corporate Leadership	Corporate Leadership
Business Leadership	Business Strategy										
	Leadership										
	Finance										
	Brand Management										
	Enterprise and Small Business Management										
Professional Disciplines	Category Management										
	Supply Chain Management										
	Customer Loyalty / Relationship Management Systems										
	Sourcing & Purchasing										
	Retail, Distribution Centre and Supply Chain Technology										
	Property Management										
	Business-to-Business Selling and Account Management										
	Data Mining										
	Online Marketing										
	Retail Operations	Customer Service									
Payment / Point of Sale											
Merchandising											
Selling											
Marketing											
Security											
Brand Consistency											
Retail Stock Control											
Cross-Cutting Competencies	Retail Back Office										
	Product Expertise										
	People Development										
	Lean / Quality / Improvement										
Distribution Centre and Logistics Operations	Application of Retail and Distribution Centre Technology										
	Warehouse Picking										
	Packing										
	Driving and Delivery										
	Distribution Centre Back Office										
Personal Skills	Security										
	Technology User Skills										
	Personal Effectiveness										
	Communication										
	Relationships										



E.11 Recommendations

This report sets out the recommendations to address the skills issues identified in the course of the study. By addressing the skills gaps, current and future, the retail and wholesale sectors will be in a position to respond quickly to the return of growth in the Irish economy. A cohesive effort to develop skills within the sector can have a significant potential impact on productivity and competitiveness, both within the sector and the wider economy.

Coordination

None of the actions set out in these recommendations can be implemented by a single organisation, so implementation requires a co-ordinated approach. It is recommended that the main interested organisations would come together to implement the recommendation - Retail Ireland, Retail Excellence, relevant higher education institutions, VECs, FÁS, IBEC Retail Skillnet, NQAI, FETAC and HETAC. It would be open to other interested parties with a major interest in wholesale and retail sector skills to also participate. Addressing the skills agenda is an area where cooperation is possible and vital. It is necessary that the industry takes a leading role in tackling the challenges that face it.

Recommendation 1: Coordination

Establish an industry-led group to coordinate the implementation of this report's recommendations, and develop training, education and Recognition of Prior Learning (RPL) in the sector. It is envisaged that this group would undertake the following:

- Appointment by industry representatives of a prominent figure to champion the development of the Skills Framework.
- Work in tandem with the forthcoming FETAC Standards Development Group for the Retail Sector both in terms of timelines and personnel in 2010.
- In parallel, the higher education sector would endorse the Skills Framework standards for Higher Education and Training Awards at levels 6-10 on the NFQ.
- Pull together this work to agree and establish the Skills Framework.
- Actively promote the framework within the industry.

Responsibility: Driven by Retail Ireland; Retail Excellence in conjunction with the relevant higher education institutions; VECs; FÁS; IBEC Retail Skillnet; FETAC; HETAC and NQAI

A Coherent Skills Development Offering

Development of the Skills Framework

The range of qualifications currently on offer through FÁS, IBEC Retail Skillnet, VECs and a number of higher education institutions, is close to being a coherent unified offering, covering the main retail skill areas at all relevant levels in the NFQ. The skills framework for the sector should act as a basis for making this unified offering a coherent reality, taking the illustration set out in this report as a starting point.



Recommendation 2a: Development of the Skills Framework

Develop a Skills Framework for the sector, focused on learning outcomes, and on the specific skill sets that are required in wholesale and retail. This should link with FETAC's work on migration of retail awards to the Common Awards System. This will effectively have the impact of establishing industry-agreed standards for FETAC awards at Level 4-6. Further input will be required by the Higher Education sector in completing the Skills Framework at Level 6 and above.

Responsibility: Driven by Retail Ireland and Retail Excellence in conjunction with the relevant higher education institutions; FÁS, IBEC Retail Skillnet; VECs; National Adult Literacy Agency, NQAI, FETAC; HETAC.

Once complete, the skills framework will form a valuable tool to:

- Promote training and education in the sector.
- Communicate careers opportunities in the sector to potential recruits and employees through: making visible the high skill jobs that require highly qualified people; making career progression routes visible; allowing people to see that retail can be the route to a good qualification; and helping potential recruits to distinguish between employers within the sector on the basis of the opportunities for learning and qualifications they provide.
- Assist organisations in planning for their skills needs.
- Assist providers of education and training in developing and promoting their offerings.
- More broadly, the Skills Framework has the potential to improve productivity and competitiveness within the sector through the development of the skills base, which can have positive impacts in the wider economy.

Recommendation 2b: Adoption of the Skills Framework

Invite providers of wholesale and retail education and training leading to nationally-recognised qualifications to endorse the skills framework. They would be entitled to draw attention to this in promoting their courses, for example, in their promotional literature and in contexts such as the Qualifax, Careersportal and Bluebrick web sites and to highlight the industry standard nature of their course, and the opportunities for progression to a qualification at a higher level within the framework.

Responsibility: Relevant higher education institutions; FETAC, HETAC, FÁS, IBEC Retail Skillnet; VECs and National Adult Literacy Agency, in consultation with Retail Ireland and Retail Excellence



3. Promotion

Upon establishment of the Skills Framework, many of the actions set out in these recommendations will only be successful through engaging the interest of people and groups outside the wholesale and retail sector, and of groups within the sector that have at most loose connections with the main bodies concerned with education and training for the sector. Success will require engaging their attention and interest. Industry must take the lead in pursuing this recommendation.

Recommendation 3a: Promotion

Agree and co-ordinate a promotional programme, with the resources for each element of the programme coming from the member bodies to which that part of the programme is most directly relevant. The promotional programme should at least cover:

- Promoting the sector as a good employer and responsible pillar of local communities.
- Promoting the sectoral skills framework and associated training and education, both within the sector, and as a part of the message to individuals and organisations outside the sector.
- Highlighting the benefits that entrepreneurially-focused management development for small and medium retail businesses can bring to the viability of centres of retailing to interested parties such as owners of retail property, local authorities and County Development Boards.

Responsibility: Retail Ireland and Retail Excellence

Rolling out the Skills Development Offering

The key goal for the coordinating group and its members is to roll out the adoption of high quality training and education initiatives, where possible leading to qualifications fitting into the sectoral skills framework, as far as possible.

Recommendation 3b: Rolling out the Skills Development Offering

Target provision across the whole industry, making high quality training and education available to all employees, and to all entrepreneurs.

Responsibility: Retail Ireland; Retail Excellence; relevant higher education institutions; FÁS; IBEC Retail Skillnet, VECs

4. Prioritisation within the Public Spend on Training and Education

Public funding for the provision of training in the sector should, in partnership with and facilitated by industry, focus mainly on enabling resource-efficient training provision.



Recommendation 4: Public Spend on Training and Education

Focus public expenditure related to education and training in the sector in the following areas:

- Provision of training through e-learning and blended learning delivery, along the lines currently being developed by FÁS. FÁS should specifically consider targeting retail modules for provision through blended/e-learning delivery.
- Delivery of training and assessment in the workplace by existing employees, with subsidised training-the-assessor/trainer and quality assurance inputs, along the lines currently operated at FETAC Level 5 by the IBEC Retail Skillnet.
- Provision of effective and efficient services for recognition of prior learning on a substantial scale, sufficient to reach some thousands each year.
- Continued support for training networks, where these can stimulate a good volume of learning activity.
- Support for innovative provision where proposed by industry, for example, accreditation of enterprise training programmes.
- Support for efficient models of delivery to reach small retail enterprises.
- Contributing towards promoting the importance of training for the industry, the attractiveness of careers in the sector and the wholesale and retail sectoral skills framework.

Responsibility: Driven by Department of Education and Skills in conjunction with FÁS; VECs; Skillnets; Retail Ireland; Retail Excellence.

Wholesale and Retail Professional Skills

At higher education and equivalent levels, there is already a diversity of qualifications at each NFQ level, and providers have access to mechanisms for certification. It is envisaged that bodies engaged in providing higher education for those employed in the sector, including DIT, UCC, DBS and IBEC Retail Skillnet, will most likely choose to endorse the skills framework, and use the skills framework in the promotion of course information.

Recommendation 5 - Wholesale and Retail Professional Skills

Ensure, that between them, providers of higher education have education modules available to address each of the professional disciplines set out in the proposed Sectoral Skills Framework and that they are highlighted on relevant careers and qualifications websites, for example, Bluebrick.ie, Qualifax.ie and Careersportal.ie.

These modules should be available:

- As core or optional modules in courses leading to major awards, whether in a full time, part time or executive education format.
- As standalone modules available where there is sufficient demand from individuals or industry.

Ideally, the main content of the modules would also be made available for individual study through self-directed and/or blended learning approaches.

Responsibility: Relevant Higher Education Institutions.



Recognition of Prior Learning

Recognition of Prior Learning (RPL) presents a key opportunity to develop learning in the wholesale and retail sector, particularly but not exclusively among retail assistants and distribution centre workers. Many retail assistants may already have developed the skills and competencies they would require to attain existing awards (major, minor, special purpose) at levels 3, 4 and 5 as currently provided by FAS, IBEC Retail Skillnets and the VECs. Many distribution centre workers have most of the competencies they would require to receive similar distribution-centre related qualifications.

Benefits of widespread use of RPL would include:

- Recognising workers' skills in a way that has educational and ideally job market currency;
- Encouraging employees and employers to round out existing skills to justify the award of a full qualification;
- Getting people onto the NFQ's with scope to move up the ladder through further study;
- Reinforcing the position of the NFQ and of the proposed sectoral qualifications framework.

Properly done, with good quality assurance, RPL is far from being a trivial process. However, there will be scope as assessment bodies gain experience, to make the process more efficient than it has been in the sector to date.

Widespread adoption of RPL will require the commitment and active involvement of both industry and bodies responsible for further education qualifications in the sector (currently FÁS, VECs and IBEC Retail Skillnet). While acknowledging there may be significant resource requirements, RPL can reduce elements of unnecessary training where participants already meet the required standards. RPL in the wholesale and retail sector provides the potential to upskill significant numbers of employees in line with the National Skills Strategy.

Recommendation 6 - Recognition of Prior Learning

The Department of Education and Skills and the industry's representative bodies should jointly commit to developing RPL in the sector and agree on a workable model to resource it.

Responsibility: Driven by the Department of Education and Skills in conjunction with NQAI; Retail Ireland; and Retail Excellence.

Labour Market Activation

The relative openness of many retailers to hiring people without a background in the sector, and relatively high labour turnover rates, mean that the retail sector is a good target for moving people into employment during a recession.



At the same time, steep job losses in the sector mean that many people with substantial experience of wholesale and retail are now unemployed. Many of these have no qualifications beyond Junior Certificate or Leaving Certificate. They would benefit over the long term from obtaining a further qualification, and a period of study would decrease the risk for some people falling in to long term unemployment.

FÁS and Skillnets together should consider how the Level 5 model could be adapted for training the unemployed, particularly given the low direct costs associated with the Retail Skillnet model of provision.

Recommendation 7 - Labour Market Activation

The Department of Education and Skills should give consideration to how best to enable those losing their jobs in retail and wholesale who do not have a good immediate prospect of re-employment to undertake substantial education and training courses, leading to:

- Recognised FETAC retail qualifications from Level 3 to 6; or
- Higher education qualifications, which are most likely to be in retail management or in more general business disciplines.

Any training in retail skills oriented towards labour market activation must be tied in with on-the-job practical experience.

Responsibility: Department of Education and Skills



Chapter 1 Introduction

1.1 Background

In March 2007, the Expert Group on Future Skills Needs published *Tomorrow's Skills: Towards a National Skills Strategy* (www.skillsstrategy.ie), which was adopted by Government and launched by the Minister for Education & Science and the Minister for Enterprise, Trade & Employment. The National Skills Strategy identifies Ireland's current skills profile, provides a strategic vision and specific objectives for Ireland's future skills requirements, and sets out a road map for how the vision and objectives can be achieved.

One of the key targets of the National Skills Strategy is to upskill an additional 500,000 people within the workforce by 2020, with the main focus being on raising the qualifications of people educated to the equivalent of upper secondary level or below.

More recently, with rising unemployment levels, labour market activation strategies have increased in importance, with a high policy priority on ensuring that people do not slip into long term unemployment.

The Expert Group on Future Skills Needs was requested by the Department of Enterprise, Trade and Employment to provide an in-depth study of the Wholesale and Retail sector. The main objective of the study is to assess the skills requirements of the Wholesale and Retail sector in Ireland over the period to 2016, particularly considering the upskilling targets of the National Skills Strategy, and the challenges of the recession and rising unemployment.

The aim of the study is to secure agreement between relevant stakeholders on a set of actions necessary to achieve significant engagement in upskilling and education and training to the mutual benefit of enterprises, employees and the State. The study is intended to contribute to improving dialogue and interactions between employers, employees and education and training providers, to enhancing perceptions of the sector as a rewarding place to work, and to increasing awareness of careers available in wholesale and retail.

1.2 Objectives of the study

The main objective of the study is to assess the skills requirements of the Wholesale and Retail sector in Ireland over the period to 2016, particularly considering the upskilling targets of the National skills Strategy. The ultimate aim is to secure agreement among relevant stakeholders (policymakers, enterprises, unions, and education/training providers) on a set of actions necessary to achieve to significant engagement in upskilling and education and training to the mutual benefit of enterprises, employees and the State.

The study has a number of specific objectives:



- Develop a clear understanding of the Wholesale and Retail sector through a comprehensive profile of the sector.
- Identify and establish the barriers and opportunities for human capital development within the wholesale and retail sector. This will be based on industry feedback through a set of interviews and discussions and desk research.
- Determine current and future skills supply and demand to 2016.
- A set of recommendations to progress skills development within the wholesale and retail sector.

1.3 Report Outline

The Report is set out in 9 chapters (together with an Executive Summary).

The first Chapter consists of this Introduction.

Chapters 2 -4 profile the Irish Wholesale and Retail sector.

Chapter 2 sets the sectors in the context of the Irish economy and also describes the changes that are taking place in the channels of distribution. An overview is presented on the skills sets in the sector before concluding by identifying the major subsectors and players in Irish retailing and wholesaling.

Chapter 3 presents a statistical profile of the wholesale and retail sector, having first set out an agreed definition of the sector. The main body of the chapter presents statistics on trends in sales, employment, the occupational mix; part time working; qualifications; pay; nationality, age and size of company. The chapter concludes with statistics based on a more detailed sectoral breakdown. The statistics presented are quite selective, as the most recent release of the data is from 2006 - before the current downturn started.

Chapter 4 describes education and training in the sector. Much of the training takes place within enterprises, without any intervention or participation by external providers. However, there has been a major increase in activity in the sector in recent years by FÁS, VECs, higher education institutions and a number of Skillnets.

Chapters 5-7 focus on the future position in terms of future skills required in the sector and the issues which face the industry

Chapter 5 discusses the main factors shaping future skills requirements of the wholesale and retail sector and also the impact of these trends on the economy in general

Chapter 6 reports on the findings from the survey of retail and wholesale companies, sector bodies and industry associations, educational bodies and state agencies. These findings are also set in the context a number of relevant studies addressing training and development issues in the retail and wholesale sector outside of Ireland.



Chapter 7 projects the future skills needs of the wholesale and retail sector in Ireland. Dramatic events in the wider economy are having, and will continue to have, a major impact on employment in the sector, and are creating new priorities for skills. The chapter concludes by modelling demand for skills in the sector up until 2016.

Chapter 8 draws conclusions from the research.

Chapter 9 makes seven recommendations based on these conclusions and findings.

1.4 Methodology

This report is based on the following research:

- An extensive review of literature.
- An extensive review of statistics, with the sources for data used in this report referenced under each figure. The Irish data are drawn from a range of CSO surveys, and the European data are drawn from Eurostat.
- Analysis of an extraction of data from the CSO's National Quarterly Household Survey, provided by FÁS Skills and Labour Market Research Unit.
- Approximately 30 interviews with prominent people from the industry, from providers of education and training to the sector, from industry representative organisations and from agencies including FÁS, Enterprise Ireland, the National Qualifications Authority of Ireland (NQAI) and the Further Education and Training Awards Council (FETAC).
- The methodology behind projections of future employment and of supply and demand for people is set out in Chapter 7.

The research was undertaken under the direction of a broadly based steering group (listed in the Appendices), and overseen by the Forfás. Publica Consulting and McIver Consulting were contracted through a competitive tendering process by the Expert Group to undertake research and consultations on its behalf, which underpins this report.



Chapter 2 Overview of the Wholesale and Retail Sector

2.1 Introduction

This chapter starts by describing the position that the wholesale and retail sector has in the Irish economy and Irish society. It then describes the channels of distribution operated by the sector and presents an overview of the main areas of skill within the sector. The Chapter concludes by identifying the major players in Irish retailing and wholesaling.

2.2 Dynamic and Innovative Sector with Good Long Term Prospects

The wholesale and retail sector is a dynamic and innovative sector, which employs 14.2% of those employed in Ireland, and accounts for 11% of value added in the economy. The sector makes intensive use of information, communications and other technologies to optimise the flow of goods from producers to consumers. Wholesalers and retailers invest heavily in technology to make their operations more efficient, to ensure that the goods consumers want are available when they want them, and to present and market goods that people will want to buy in ways that encourage them to buy.

Heavy investment by retailers and wholesalers in building and refurbishing retail space, in reconstructing physical distribution systems, and in technology, has greatly improved consumers' experience of shopping in Ireland over the last ten years, and has contributed to overall improvements in the economy's productivity.

The wholesale and retail sector is also a people intensive sector, employing very large numbers of people in customer facing roles.

The sector is currently going through a difficult period. The economic downturn currently underway has cut consumer spending. The effect of the downturn on consumer spending has been compounded by competition from Northern Ireland, driven particularly by the weakness of sterling. Jobs are being lost, profitability is being hit, and many businesses are in financial difficulty.

Despite these difficulties, the sector is resilient. As of Q3 2009, job losses have brought numbers employed in the sector back to around the level seen in mid 2005. The downturn has not stopped consumers from buying. However, they are more price sensitive, and many are cutting back on purchases - much more on non-food than food purchases. For most retailers, sales are tougher to make, but have not dried up.

Wholesalers and retailers have cut prices and invested in advertising and promotional activity to stimulate sales, and to compete more effectively with retailers in Northern Ireland. Many retailers are working hard to sharpen their identities so as to differentiate themselves more effectively from competitors, and give consumers positive reasons to shop.



The long term prospects for the sector remain positive. Wholesale and retail is an essential part of every economy, which responds strongly to trends in the wider economy. As the Irish economy pulls out of its current problems, consumer spending will increase, driving renewed growth both in wholesale and retail activity and in employment. A key purpose of this report is to help the industry position itself for the coming upturn.

2.3 High Skills, High Tech in Wholesale and Retail Sector

While the wholesale and retail sector does not have a high skill public image, the reality is that much of the employment in the sector is relatively high skilled, indicated by the trend that the proportion of those working within the sector with third level education and above increased from 12 percent in 1999 to over 21 percent in 2009. This is reflected, as seen later, in competitive levels of pay among those employed full time in the sector.

Key factors driving this are as follows:

- A significant number of the businesses in the sector are large, and require a significant cadre of senior level managers to lead them effectively.
- Large wholesale and retail businesses are complex organisations that are highly dependent on a range of professional skills. Some of these, such as accountancy, information technology, finance and human resource management, are similar to those in most other sectors of the economy. Others, such as supply chain management, retail marketing, category management and data mining of retail data are either specific to the sector, or are present in the sector in a very specialised form.
- Because many of the businesses in the sector are very small, it has large numbers of owner-manager entrepreneurs.
- Within retail stores and distribution centres, skill levels are frequently much more advanced than may be apparent to the public. Each has one or more managers, and typically also a significant proportion of senior staff with a broad range of skills.
- Most retail stores have significant numbers of non-management positions that require strong skills in areas including sales, customer service, staff supervision, training and back office work amongst others.

A key factor that shapes skills requirements in the sector is that wholesaling and retailing are highly technology-intensive businesses. This has major skills implications for the sector.

- Senior managers and other business leaders have to understand the opportunities and other business implications presented to wholesalers and retailers by developments in technology.
- Businesses need people with specialist technology skills to integrate (or oversee the integration of) new technologies into their existing systems, to customise them, to maintain them, and to administer their operation.
- Larger businesses now employ significant and growing numbers of people in professional roles that involve using the tools provided by technological innovation to best business advantage. Professionals involved in category management, supply chain management, customer loyalty,



area management and purchasing all need a combination of business and high level technology user skills to be effective.

- There is a pervasive need for basic skills of technological literacy throughout the sector, as most jobs, at all levels from retail assistant and distribution centre operative up, involve some use of computer technologies.

Another key factor that shapes skills requirements in the sector is its close focus on customers and marketing. Intense competition for business in markets that rely on differentiating on the basis of customer perceptions, and the fact that a majority of those employed in the sector are in customer facing roles, together make understanding of, and sensitivity to, customer needs critically important for many roles.

2.4 Economic and Social Significance of Wholesale and Retail Sector

The broad wholesale and retail sector (NACE Section G) accounts for approximately 11% of value added in the Irish economy, and, as of Q3 2009, for 14.2% of employment. The retail sector (NACE 52) employs 189,700. The broad wholesale sector (NACE 51), parts of which are outside the scope of this study, employs 48,100. While most of the motor trade (NACE 50) lies outside the scope of the study, motor fuel forecourts are within the study's scope. As a whole, the motor trade employs 33,900, but the majority of these are outside the scope of the study.

The retail industry accounts for more than a third of household spending, as can be seen in Figure 2.1, and plays a central role in the operation of the economy and society. Almost every person in the country buys from the industry regularly, and depends on it as the main channel through which they obtain both necessities and luxuries. As a consequence, the retail industry plays a central role in the operation of both the Irish economy and Irish society.



Figure 2.1 Consumer Spending in Ireland 2004-2005

Average Household Weekly Retail Spending	€	% total
Food at Home	€107	13.5%
Alcoholic Drink at Home & Tobacco	€24	3.0%
Clothing & Footwear	€43	5.4%
Household Non-Durables	€17	2.2%
Household Durables	€36	4.5%
Miscellaneous Goods	€24	3.0%
Motor Fuel	€29	3.6%
Retail-Spending Subtotal	€278	35.3%
Average Household Weekly Non-Retail Spending		
Food away from Home	€36	4.6%
Alcoholic Drink away from Home	€24	3.0%
Fuel and Light	€31	3.9%
Housing	€95	12.0%
Other Transport	€94	11.9%
Services & Other Expenditure	€230	29.2%
Non-Retail Related Subtotal	€509	64.7%
Overall Total	€787	100.0%

Source: Household Budget Survey 2004-2005, CSO

The industry's efficiency and its effectiveness in adding customer value make an important contribution to the productivity of the economy as a whole. Decisions on retail pricing impact on consumer prices, which in turn impact on pay expectations and ultimately labour costs throughout the economy.

The retail industry has a pervasive social influence, shaping many of the most densely populated and busiest parts of the built environment, providing a service that is often part-entertainment as well as functional in nature, and shaping as well as being shaped by patterns of settlement and transport infrastructure. The strength of the retail infrastructure is a critical determinant of the viability of towns and rural communities across the country.

While retailing employs substantial numbers of people in high skilled roles, it employs larger numbers of people with relatively low qualifications, providing one of the main economic outlets for groups with low levels of participation in higher level education, and for activation of people who have become detached from the labour force.

Wholesaling plays an important role in the supply chains of many retailers, although larger retailers mostly source directly from manufacturers. The wholesale industry also supplies non-retail customers in manufacturing, agriculture, services, catering and other industries, but this report is only concerned with those parts of wholesaling that supply goods to retail. Thus, for the purposes of this report, the primary importance of wholesale is as an enabler of small to moderately large retail enterprises.



As with retail, wholesale is important for the employment opportunities it offers to people with relatively low qualifications. It plays particularly important social role in:

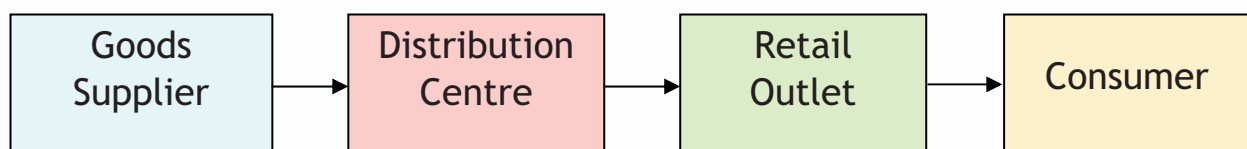
- Giving employment to males with relatively low qualifications.
- Giving small and geographically dispersed retail enterprises access to efficient supply chains that allow them to operate in the same marketplace (although usually with a different value offering) as large retail enterprises.

2.5 Channels of Distribution

Channels of distribution to consumers vary considerably in detail, but most goods go through the physical distribution model summarised in Figure 2.2.

- The supplier of goods delivers to a distribution centre, where the goods are stored.
- When the distribution centre receives instructions for a delivery, the goods are picked and assembled in preparation for delivery.
- The goods are loaded into a delivery vehicle, are driven to the retail outlet, and are shelved/merchandised there.
- The consumer collects the goods they require, brings them to be checked out, and transports them home.

Figure 2.2 Predominant Physical Distribution Model



Variations on this model follow three main themes:

- 1 **Vertical integration of distribution is common, but this can be organised in different ways, with different ownership structures.**

For example, major grocery retailers mostly own their distribution centres, making the distribution centre and retail outlet integrated parts of the same business. They integrate further upstream to some extent, working with suppliers to develop, brand and produce own-brand products, and arrange delivery to their distribution centres. They also integrate downstream to some extent, taking responsibility for delivery of goods purchased online.

In contrast, major grocery wholesalers sell to retailers that are independent. Most of these grocery retailers are members of symbol groups operated by their wholesaler, which offer substantial support in marketing, store design, information technology, training and other areas, and which provide supply chain management capabilities analogous to those operated by major grocery retailers.



In clothing, vertical integration can be more complete, with fashion design and management of contract manufacturers at least as central to the success of the enterprise as the downstream physical distribution and retailing model. Some clothing enterprises control their entire value chain, from design to retail sales.

Various activities within the distribution model may be contracted out, rather than undertaken under the direct control of the wholesaler or retailer. Examples include goods delivery and distribution centre operations. In some cases, specific retail outlets have agency arrangements with suppliers.

In some areas of retail, for example in DIY/hardware, independent retailers have formed groups that undertake functions such as joint buying and joint marketing.

2 There are many exceptions to the goods flows shown in Figure 2.2

Examples include:

- Direct deliveries to stores by the goods supplier still take place. In the case of grocery, which has mostly moved away from direct delivery, this can be a matter of efficiency in delivery of bulky goods (e.g. soft drinks), goods with a short shelf life (e.g. newspapers) or goods sourced from local suppliers. In the case of books, the need for frequent small deliveries can mandate the use of courier services. In DIY/hardware, direct delivery of bulky products can be necessary.
- While many sales in retail are made without an active intervention from sales staff, customer service, selling and product advice are present to varying extents. For example, selling is important at many fashion retailers and many hardware and DIY retailers focus on providing good technical advice.
- In some cases, there is a production process within the retail outlet. A butcher may prepare meat. Staff at a food service counter may, for example, prepare wraps or cook poultry. There may be an in-store bakery. A hardware store may cut timber or mix paint.
- In some cases, retailers or wholesalers may move goods between distribution centres.
- While Cash and Carry is much less common in grocery than in the past, some wholesalers still operate warehouses where retailers can pick and transport the goods they require. Picking up products from warehouses is not unusual in non-food sectors either.

These variations have only a limited impact on the types of skill required, although they do increase the range of skill combinations required.

For example:

- Where direct delivery takes place, drivers often also have significant responsibilities in merchandising, customer relations and sales.
- An in-store butcher or baker requires some or all of the skills of a general retail assistant, as well as meat-related product knowledge, skills in butchery and meat related food safety.



- 3 There are major variations in the efficiency and effectiveness of the physical distribution models.**
- Grocery in Ireland is mostly efficient and effectively managed, being predominantly made up of large players, many of them international, and smaller players that are members of symbol groups that give them access to efficient supply chains and to branding, store design, training and other supports.
 - The Irish operations of major international retailers are generally managed effectively, with efficient physical distribution, using practices similar to those employed in other countries.
 - There is considerable variation in the extent to which other non-food, and indeed specialist food, retail businesses are managed effectively. Many are subject to inefficient and haphazard supply chains. The quality of skills at all levels varies greatly.

2.6 Main Areas of Skill

2.6.1 Introduction

Wholesale and retail staff fall into the following main categories:

- Corporate/regional managers
- Retail and wholesale professionals
- Owner-managers and other small business managers
- Retail managers
- Retail assistants
- Specialist front line retail staff
- Distribution managers
- Distribution centre workers
- Drivers
- Professions not specific to retail

The paragraphs that follow provide indications as to the numbers involved, based on interpreting statistics derived from CSO data. Detailed occupational statistics based on the CSO data are provided later in the report, in Figure 3.3.

2.6.2 Corporate/Regional Managers

Larger businesses in the sector employ significant numbers of people in corporate/regional management roles requiring skills that are specific to the wholesale and retail sector. The best available indication of numbers is that the broad wholesale and retail sector employed 3,600 “general managers: large companies” in Q3 2009.

Key management areas include:

- General management of the business at corporate level;
- Regional and area management of groups of stores.



These roles are present in both the wholesale and retail sectors. The biggest wholesale businesses operate symbol groups, which provide regional and area manager services to retailers they serve. For wholesale managers in these roles, there is a substantial account management and business-to-business selling component to their work.

To varying degrees, corporate and regional managers require broader competencies in the wholesale and retail professional area than the retail manager and the distribution manager areas that are described below.

2.6.3 Specialist Wholesale and Retail Professionals

Wholesale and retail is a technology intensive sector that employs significant numbers of people with high level professional skills. Some of these are specialist professionals in areas specific to wholesale and retail. Some, also, are managers who combine specialist professional skills with wider responsibilities, or professionals in areas such as IT and accounting where the skills required are similar to those of the same profession in another sector.

The number of people required with specialist professional skills is growing quite rapidly, as the sector becomes more sophisticated, and as activities outside physical distribution and physical operation of retail stores become more important to the sector. Large retailers employ significant numbers of people with these skills. Wholesalers do too, particularly those who are integrated downstream into retail through running symbol groups, or in a few cases through running their own retail outlets. Ensuring that a sufficient number of people are available with high quality skills in these areas is important to the operation of the sector as a whole, and is important to the competitiveness of the Irish owned parts of the sector.

Key specialist professional areas include:

- Marketing and promotions
- Retail brand management
- Online marketing
- Purchasing
- Supply chain management
- Logistics
- Application of technology in the retail and wholesale context¹
- Category management
- Customer loyalty
- Location analysis
- Datamining on topics such as price sensitivity and optimising allocation of shelf space and optimising the yield from members of customer loyalty schemes



Each of these professional areas relates to one or more of the following themes.

- Connecting to suppliers;
- Connecting to customers;
- Improving performance, by connecting better to suppliers or customers, or by improving operational performance, typically leveraging technology to do so.

These roles are present in both wholesale and retail. The biggest wholesale businesses undertake many of these functions on behalf of many of their symbol group members, being heavily involved in managing their supply chains, in providing technology infrastructure, in providing and managing a shared brand, and in marketing initiatives such as advertising and product promotions.

The biggest single group of specialist professionals in the sector identifiable from the employment statistics is marketers. There are a number of important areas of skill within marketing in the sector.

- Developing and managing the business brand image.
- Working on promotions with suppliers, designers and printers of merchandising material, merchandisers, store managers (including owner-managers) and store operations.
- Advertising.
- Category management, including use of technology to optimise use of shelf space.
- Developing and making the most of customer loyalty programmes for promotional purposes.

It is not possible to be precise about the numbers employed in these occupations based on the available statistics, but as of Q3 2009 there were 6,600 marketing managers, 6,800 professionals (exclusive of accountants and pharmacists) and 3,600 in associate professional and technical occupations employed in the broad wholesale and retail sector, and a substantial share of each of these groups would fall into this specialist wholesale and retail professional occupational category.

2.6.4 Retail Managers

Retail managers are responsible for the day-to-day management of retail stores. Their precise responsibilities vary between businesses, with some giving store managers great responsibility to drive the business success of their store, and with others taking more decisions at a higher level in the organisation.

Core areas of skill required by retail managers include:

- Management and leadership
- Undertaking and managing customer service
- Retail back office
- Marketing and promotions
- Retail brand management
- Communications



- People management (including negotiation)
- People development
- Stock control
- Management of improvement
- Managing:
 - Payment/ point of sale
 - Merchandising
 - Selling
 - Security
 - Health and safety
- Day-to-day oversight of technology
- Effective working relationships

A large part of the role is about people management, including performance management, and managing relationships with customers.

More generally, retail managers need skills in managing their retail brand at store level, in marketing and selling, in managing the flow of products from ordering through to customer purchase efficiently. They also require skills in overseeing health and safety and security.

In addition, it can be useful for higher level managers to have at least an understanding of the specialist retail professional skills described above.

There were 28,200 “managers/proprietors of shops etc.” employed in the broad wholesale and retail sector in Q3 2009. This represents a total for the “retail manager” and “owner-manager” occupational categories.

2.6.5 Owner-Managers and Other Small Business Managers

Many of the managers in the sector are fully responsible for the management of a business, rather than just for the day-to-day management of a retail store. The broad retail sector (NACE 52) included almost 17,000 enterprises employing fewer than 20 people in 2006.

These managers require all the same skills as other retail managers, but also a broader range of skills in entrepreneurship and general management. They have major responsibilities in areas such as business strategy, branding, financial management, purchasing and human resource management, particularly where they are operating from outside the umbrella of a symbol group.



There were 28,200 “managers/proprietors of shops etc.” employed in the broad wholesale and retail sector in Q3 2009. Again, this represents a total for the “retail manager” and “owner-manager” occupational categories.

2.6.6 Retail Assistants

Retail assistants are known by a wide variety of terms across the retail industry, including “general assistant”, “sales assistant” and “co-worker”. Retail assistants undertake a variety of different roles in-store. Some are sufficiently skilled and experienced to undertake all the available roles. Others, particularly recent recruits and those working for retailers that prefer their staff to specialise, may only undertake a narrow range of roles.

Collectively, retail assistants account for more than half of all those employed by the retail industry. People with similar roles are also present in substantial numbers in the wholesale industry, and account for most of those employed at filling station forecourts.

Areas of work most commonly undertaken include:

- Customer Service and Managing Customer Relationships
- Retail Merchandising (including stocking shelves)
- Retail Stock Control
- Retail Selling
- Retail Payment / Point of Sale

In addition to skills in these specific areas, retail assistants need a wider range of skills to allow them to undertake their work effectively and safely. These include:

- Safety and Health at Work
- Retail Communications
- Effective Working Relationships
- Retail Security

In some cases, retail assistants also require specialist skills relating to the area in which they are working. These include:

- Product knowledge, particularly where products require active selling, or where customers need advice.
- Skills in the safe and effective handling, operation or management of equipment and products such as food processing equipment and food preparation and petrol pumps.

While there is considerable variation in the level of skill that retail assistants actually have, work undertaken for FÁS and work undertaken by the IBEC Retail Skillnet to underpin their FETAC retail awards (at Level 4 and 5 respectively) has shown that there is a high level of agreement in the industry about the skills that an experienced and well rounded retail assistant should have. The bullet-pointed lists of skills above are based mainly on their findings.

That does not imply that all retail assistant roles require identical competencies:



- Different areas of retail require different specialist skills and different product knowledge. One major dimension of variation is that while most retailers rely on self service, others emphasise product knowledge and selling. In between, some rely mostly on self service, but can provide product knowledge where it is required. Retailers emphasising selling include some mid-range and all high end fashion retailers, jewellers, high end specialist food retailers and large ticket electrical and electronic goods. Areas where businesses often emphasise product knowledge when requested include DIY retailers and book retailers, among others.
- Retailers often differ in how they approach any area of work, and want their retail assistants to reflect their company's brand image and way of doing things in their work. Bigger retail enterprises say that this is competitively important, giving them a way to differentiate them from their competitors.
- Some retailers have different priorities to others in terms of the emphasis they place on the various skill areas.

More experienced and higher performing retail assistants are often asked to take on additional roles in areas including the following, and require appropriate skills to undertake these roles:

- Supervision / Team Leading
- Training
- Retail Office work

In Q3 2009, there were 131,000 employed in sales occupations in the broad wholesale and retail sector, the vast majority in retail assistant roles.

2.6.7 Specialist Front-Line Retail Staff

Parts of the retail industry have significant numbers of staff with substantive specialist qualifications. These include butchers, pharmacists and trained pharmaceutical retail assistants.

This study is not concerned with the specific specialist skills required or how to develop them². However, all of the standard retail assistant skills described earlier are relevant to these roles.

As of Q3 2009, there were 4,400 “butchers/meat cutters” and 3,100 “pharmacists/pharmacologists” employed in the broad wholesale and retail sector.

2.6.8 Distribution Managers

Distribution managers are responsible for the day-to-day management of distribution centres, warehouses and deliveries. A large part of the role is about ensuring efficiency in, and compliance with, what is ideally a very tightly structured process. People management, performance management and quality assurance are key parts of the role. Managing relationships with suppliers and retailers is also important for those in supplier-facing and retailer facing roles.

² The Steering Group appointed by the EGFSN for the study decided at the start to focus on skills that are common across the sector, and against focusing on skills that are specific to a narrow part of the sector.



Core areas of skill required by distribution managers include:

- Management and leadership
- Managing product fulfilment
- Managing transport
- Interacting with suppliers and retail outlets
- Administrative work
- Communications
- Day-to-day oversight of technology
- People management (including negotiation)
- People development
- Stock control
- Management of improvement
- Effective working relationships

Distribution manager roles are present both in the wholesale and retail sectors, reflecting the fact that both operate distribution centres.

As of Q3 2009, there were 12,400 employed in management and administration roles in the Wholesale sector.

2.6.9 Distribution Centre Workers

After delivery by the supplier, goods in distribution centres are shelved, typically in cases. The distribution centre receives instructions for delivery to stores. The main effort in distribution centres goes into picking of goods for each delivery, and the primary measure of efficiency is the number of product picks undertaken per hour by each distribution centre operative.

Picking systems are increasingly computerised, and partly automated. At the most basic, an order is converted into a picking list, which the distribution centre operative follows. In some cases, distribution centre workers use a vehicle to move goods in other cases they work on foot.

The current state of the art in Irish distribution centres is voice picking, where a computer system determines the order in which products are to be picked, and the route the operative should follow. Operatives use a headset and microphone to take instructions by voice, and verbally confirm their actions.

After picking, products are brought to the loading bay, checked, often wrapped, and loaded into a vehicle for delivery to one or more retail outlets.

Distribution centre workers in supervisory roles also require skills in:

- Supervision / Team Leading;



- Training;
- Quality Assurance and
- Administrative work.

Distribution centre operative work is designed to be about following instructions accurately, at a fast pace, without damaging the goods, and with an eye both to personal safety and avoiding accidents involving goods. Reasonable physical strength and fitness are required for most roles. As of Q3 2009, there were 8,400 “warehousemen/women” employed in the broad wholesale and retail sector.

2.6.10 Drivers

The main specific skill requirement for drivers is that they have the appropriate license to drive a goods vehicle.

Those who have wider responsibilities, in sales, merchandising or goods handling, also require subsets of the skills of retail assistants and distribution centre workers.

As of Q3 2009, there were 7,400 “drivers of road goods vehicles” and 2,300 “roundsmen/women and van salespersons” employed in the broad wholesale and retail sector.

2.6.11 Professions Not Specific to Retail and Wholesale

Retail and wholesale businesses of any size employ professionals in a range of areas that are not specific to retail. They have skills that are required across a range of industry sectors. Key professional areas represented in the sector include:

- Accounting and financial management
- Human resource management, with some of the larger businesses having specialist training managers
- Information technology specialists.

These typically have general business or technology qualifications not specific to the wholesale and retail sector.

Again, these roles are present in both the wholesale and retail sectors. The biggest wholesale businesses undertake these functions on their own behalf and on behalf of many of their symbol group members.

The core professional skills they require are typically similar to those for other sectors, but knowledge of how to apply those skills in the wholesale and retail domain is also important. This knowledge is most frequently gained through experience.



In this context, the “information technology specialists” category does not include the broader population of managers and wholesale/retail professionals who need strong skills in applying technology. It refers to the much narrower category of people with professional technology skills. There were 2,800 “other financial managers n.e.c.” and 2,300 “chartered and certified accountants” employed in the sector in Q3 2009. It is not possible to pick out numbers of human resource managers and information technology specialists from the data.

2.7 Careers in Wholesale and Retail

Wholesale and retail are major areas of business. They employ substantial numbers of people in managerial and professional roles, as well as in other roles. As will be seen later on, the numbers they employ in professional roles are increasing rapidly.

This reflects a transformation of the sector into something that is more than the sum of its retail and wholesale outlets. The sector has become highly information intensive, and needs people with the skills to make best use of the information to improve supply chains, to market effectively, to apply technology to improve performance and to manage operations efficiently in order to serve customers well.

A key consequence of this is that the career opportunities in the sector have improved greatly, particularly with:

- Better opportunities for people to enter employment in the sector in a retail assistant (or similar level) job, and work their way up to store manager, distribution manager, wholesale/retail professional, corporate/regional manager level.
- Better opportunities for people to enter at graduate level, and experience rewarding careers.

Another significant consideration affecting career opportunities is that the strong position of overseas retailers in Ireland has given rise to sophisticated career opportunities, with scope for mobility and progression internationally. The emergence of Irish players capable of competing with the overseas majors has also contributed to the opportunities available in Ireland.

2.8 Wholesale and Retail as a Good Place for a First Job and for Re-entry into the Workplace

While the wholesale and retail sector provides good career opportunities, it is also the case that many of those who enter retail assistant positions eventually move on to employment in other sectors. On the whole, this is positive. It satisfies the sector’s need for flexibility among a part of its store level workforce.

It also benefits the employees concerned:

- It helps many young people to enter the workforce for the first time, overcoming what can be a barrier to participation in economic life for some. It also provides a straightforward route for



people who have been out of the workforce for a period, such as many home-makers whose children have reached school age, to re-enter the workforce.

- Particularly in retailers that place a strong emphasis on developing their people, it develops valuable generic skills (in areas including team working and communication) and commercial/selling skills that are transferable to employment in other sectors of the economy.

2.9 The Irish Retail Sector - Some of The Major Players

Grocery

Mintel estimate that the Irish food sector was €11.7 billion, but with the prospect of very slow growth for the period to 2010 as a result of the downturn in consumer confidence and collapse in economic growth. The food sector is highly consolidated with a strong role played by international retailers. The market leader, Tesco, is UK based, while Aldi and Lidl are German based. The major players in the market (based on turnover) are: Tesco, Dunnes Stores, Musgraves (including Super Valu and Centra), Superquinn, BWG Foods (including SPAR and MACE), Aldi and Lidl.

Both Musgraves and BWG are also major food wholesalers, through their Delivered Wholesale business and also through their Cash and Carry operations.

Clothing

The market is dominated by international retail chains, in particular United Kingdom chains. The major Irish based companies are Arnotts, Brown Thomas, Clerys, Dunnes, Heaton's and Primark/Penney's. The latter is managed out of Ireland.

Major international players operating in Ireland include: Arcadia Group³, Tesco, Debenhams, Marks & Spencer, Mango, Benetton, Next, Zara, H&M and TK Maxx.

DIY

The DIY sector is dominated by Grafton Group, which operates both the Woodies and Atlantic Homecare chains, and accounts for more than 25% of the market. Other important players in this market are the UK based B&Q and Homebase. Some 50% of the sector is accounted for a large number of domestic operators

Electrical

The major retail chains in this sector are DSGi, Harvey Norman, Argos and DID Electrical. DID is the largest Irish owned player). DSGi, which operates under a number of retail fascias including Curry's and PC World, is the market leader.

³ The Arcadia Group trades under several High street retail brands including Topshop, Miss Selfridge, Evans, Wallis and Dorothy Perkins.



Furniture

The market is fragmented and currently dominated by independent furniture stores and also the Department stores. The UK based Home Retail Group is also important in this sector through its ownership of Argos and Homebase. Other international retailers include Harvey Norman and IKEA has recently opened its first outlet.

2.10 Conclusion

The wholesale and retail sector is a dynamic and innovative sector, which employs 14.2% of those employed in Ireland, and accounts for 11% of value added in the economy. With some 35% of consumer spending accounted for by the Retail Sector, the efficiency and effectiveness of the sector makes a vital contribution to overall productivity in the economy.

The sector is highly technology intensive, making significant use of information, communications and other technologies to optimise the flow of goods from producers to consumers. The sector is also people intensive, employing very large numbers of people in customer facing roles.

The sector is currently going through a difficult period. The economic downturn currently underway has impacted on consumer spending. Despite these difficulties, the sector is resilient. As of Q3 2009, job losses have brought numbers employed in the sector only back to around the level seen in mid 2005.

Wholesalers and retailers have cut prices and invested in advertising and promotional activity to stimulate sales, and to compete more effectively with retailers in Northern Ireland. Many retailers are working hard to sharpen their identities so as to differentiate themselves more effectively from competitors, and give consumers positive reasons to shop.

The long term prospects for the sector remain good. Wholesale and retail is an essential part of every economy, which responds strongly to trends in the wider economy. As the Irish economy pulls out of its current problems, consumer spending will increase, driving renewed growth both in wholesale and retail activity and in employment.

While the wholesale and retail sector does not have a high skill public image, much of the employment in the sector is relatively high skilled. This is reflected in relatively high average levels of pay among those employed full time in the sector.

A key factor that shapes skills requirements in the sector is that wholesaling and retailing are highly technology intensive businesses. Another key factor that shapes skills requirements in the sector is its close focus on customers and marketing.



The retail sector plays an important role in employing a large number of individuals with relatively low qualifications. Because of the scale of employment in retailing and the high level of labour churn, the sector is an important economic outlet for the activation of people who have become detached from the labour force.

Channels of distribution vary for different parts of Wholesaling and Retailing, but there is increasing evidence of integration with major retailers exercising increased channel power.

The level of skills required varies by individual employer, but there is a high level of consensus around the core set of skills for individual roles. Work undertaken by FÁS and IBEC Retail Skillnet position these skills for a well rounded sales assistance at level 4/5 of the FETAC awards.

The increased level of consolidation and internationalisation of the Irish Retail sector is evident in the dominance of a limited number of individual companies in each of the sectors. The same forces have also impacted on the Wholesale sector, as is evident in the grocery sector where two major players dominate. In other sectors of Wholesale the increased role of the retailers has resulted in increased direct trade with suppliers, and the role of wholesalers focused on acting as a vital intermediary for smaller operators.



Chapter 3 Statistical Profile of the Wholesale and Retail Sector

3.1 Introduction

This chapter presents a statistical profile of the wholesale and retail sector. It is first necessary to start with a technical statistical discussion as there are some complexities associated with the definition of the sector. This is a necessary first step to arriving at an accurate understanding of the statistics presented later in the chapter.

Key points to note are that:

- While the majority of the motor trade is not covered by this study, statistics for the motor trade are included, in recognition of the fact that motor fuel forecourts now form an important part of the mainstream retail sector.
- Large parts of the wholesale sector, as defined statistically, are outside the scope of the study for a variety of reasons.
- As of the first quarter of 2009 the Quarterly National Household survey (QNHS) is now undertaken on a calendar quarter basis. Up to and including the fourth quarter of 2008 the QNHS operated on a seasonal quarter basis since its establishment in Q4 1997. Also from Q1 2009 NACE Rev. 2 has been introduced as the classification of industrial sectors.

The main body of the chapter presents statistics on trends in sales in the sector. After years of strong growth, sales have been falling through 2008 and 2009.

The main body of the chapter profiles the people working in the wholesale and retail sector, focusing on:

- Trends in employment (now falling with retail sales)
- Occupational mix (very large numbers of retail assistants)
- Part time working
- Qualifications
- Pay
- Nationality
- Age

3.2 Scope of Report and Choice of Statistics

For the purposes of this study, the wholesale and retail sector covers retail businesses selling goods to consumers, as well as wholesale operations that act as intermediaries between manufacturers and retailers.



This is a different definition than that used in preparing statistics nationally and across the European Union. The key differences are:

- Many businesses treated statistically as wholesalers supply industrial customers, agricultural enterprises, hospitality businesses and other non-retail businesses. In addition, many businesses classified statistically as wholesalers are actually the local sales and distribution operations of overseas manufacturers. These appear in the statistics for wholesale, but are not otherwise addressed in this report. It is estimated that approximately 42% of wholesale employment falls within the scope of the report.
- While the report does not cover the motor trade, motor fuel forecourts now account for a substantial and integral part of retailing in Ireland. As these are classified statistically as forming a part of the motor trade, some motor trade statistics are included in the report. It is estimated that approximately 24% of motor trade employment falls within the scope of the report.

Within retail and wholesale, the report focuses on skills that are common across large parts of the sector, rather than on very specialist skills. Thus, while the report encompasses the Pharmacy sector, it does not focus on the requirement for professional pharmacists, or for specialist pharmaceutical retail staff. Similarly, it does not focus on the requirement for skills in trades such as butchery that have a significant presence in food retailing.

In choosing from among the various statistical sources, it has been necessary to make trade-offs based on competing priorities.

- The most detailed statistical information published on many aspects of wholesale and retail is in the CSO's annual **Services Enquiry**. However, as the most recent year of publication is 2006 at the time of writing, and as radical changes have taken place in the industry since then, the report makes very limited use of that source.
- The report makes widespread use of the CSO's **Quarterly National Household Survey (QNHS)**, both published data and more detailed extractions (prepared with the assistance of the Skills and Labour Market Research Unit of FÁS) up to Q3 2009.
- The detailed extractions have been undertaken at NACE 2 digit level, under which:
 - **NACE 50** is Motor Trade
 - **NACE 51** is Wholesale
 - **NACE 52** is Retail

Published QNHS data comes at a higher level of aggregation. "**Section G - Wholesale and Retail Trade**" encompasses NACE 50, 51 and 52. This is also the level at which a considerable amount of comparative data on other EU countries is published by Eurostat.

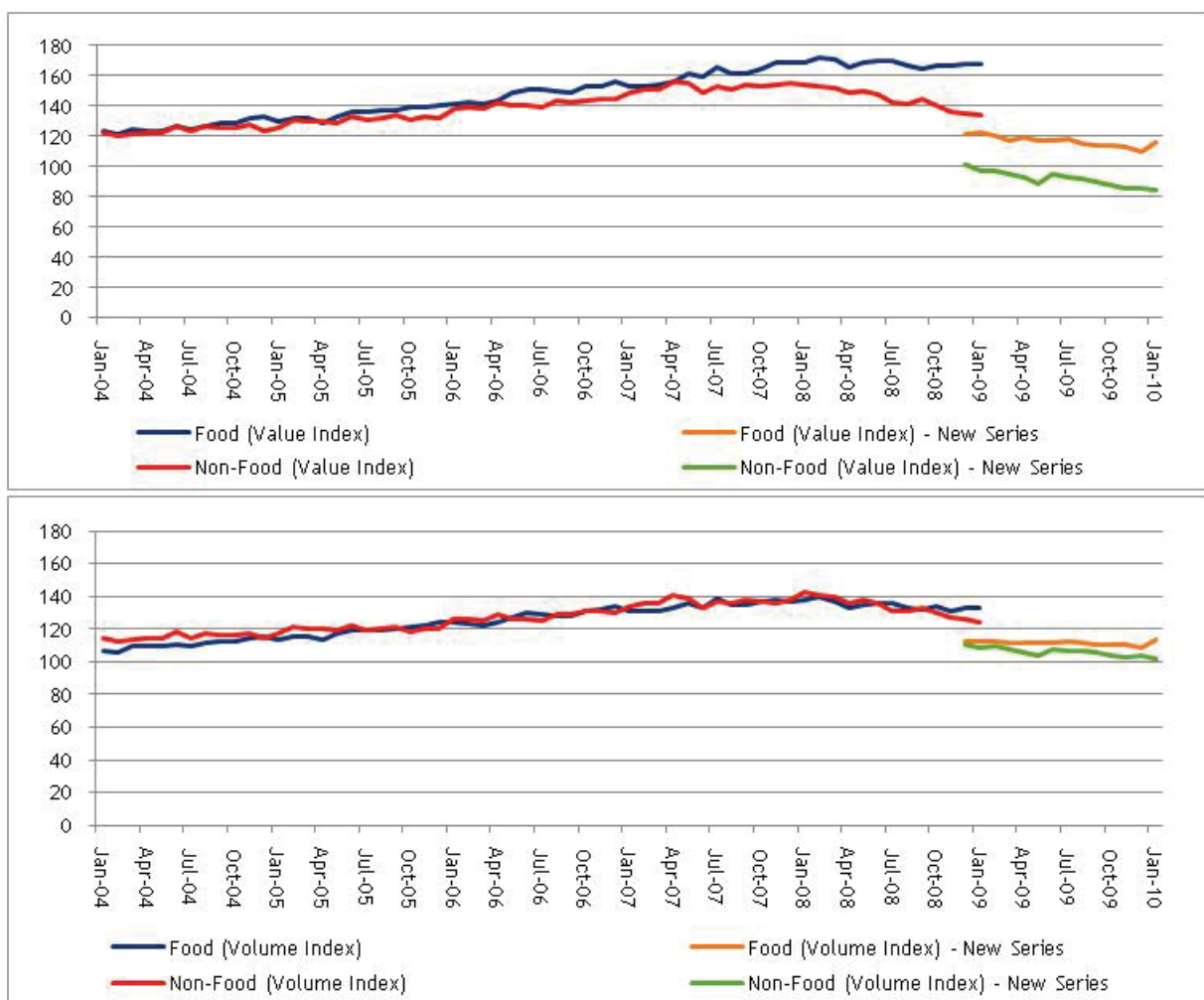
- The report also makes significant use of CSO **Retail Sales Index** data, which is difficult to align exactly with the NACE industry coding system. The Index is published in a number of different versions. The report makes use of a number of different versions of the Index, but does not use the broadest version (which includes pubs).
- The report uses data from various CSO surveys on pay.



3.3 Trends in Retail Sales

After years of rapid growth, the value of Irish retail sales peaked early in 2008, shortly after sales volume peaked in December 2007. As of the time of writing, both the value and volume of retail sales have fallen relative to these peaks. This can be seen in Retail Sales Index (RSI) data presented Figure 3.1. For reference, retail sales from the sectors covered by this study amounted to approximately €30bn in 2006⁴. Up to early 2009, the RSI was indexed to 2000. A new version of the RSI was introduced early in 2009, indexed to 2005.

Figure 3.1 Retail Sales Indices, Value and Volume, Jan 04 to Jan 09 (2000=100), Dec 08 to Jan 10 (2005=100)



Retail Sales Index is seasonally adjusted by the CSO

Source: CSO Retail Sales Index

The January 2010 Retail Sales Index showed that the total value of food sold fell by 6.2% on a year-on-year basis while volumes in January 2010 were 0.6 percent higher than in the previous year. This reflected a fall in food prices seen in Consumer Price Index figures.

⁴ Based on data from the 2006 Services Enquiry, CSO.



The fall in non-food retail sales was not evenly distributed between sectors of the retailing industry. Sectors particularly badly hit during the downturn to date have been:

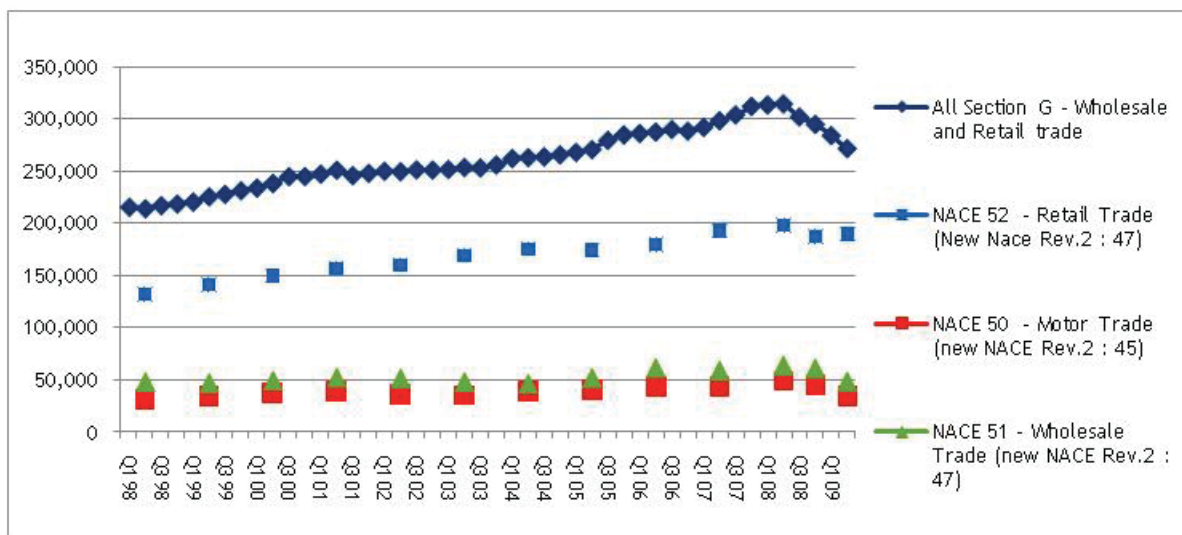
- Furniture and lighting
- Electrical goods
- Hardware, paints and glass
- Books, newspapers and stationery

Demand for the first three of these was linked to residential construction and renovation, and appears to be linked to the decline in activity in residential construction. Weak consumer confidence was also relevant - in times of economic uncertainty people still have to eat, but often reduce purchases of non-essentials and delay purchases of durable goods.

3.4 Trends in Employment

Broad wholesale and retail employment reached a peak of 314,600 in Q2 2008 (246,800 excluding the motor trade). Employment has been falling since, driven by falling sales, reaching 271,700 in Q3 2009. This has brought employment in the sector back to levels last seen in mid 2005.

Figure 3.3 Employment in Wholesale and Retail Trade (Section G), Q1 1998 to Q3 2009



Source: Section G employment totals from published QNHS, CSO. Employment totals for NACE 50, 51, 52 based on extraction by FÁS-SLMRU from holdings of CSO QNHS data.



3.5 Occupational Mix⁵

In Q3 2009, the broad retail and wholesale sector (Section G - NACE 50, 51 and 52) employed 271,700.

The largest high level occupational group within this was Sales Occupations, accounting for 48.2% of the total. Within Retail (NACE 52), Sales Occupations accounted for 113,500, or 86.6% of total employment. These occupations dominate employment in the sector. Even in Wholesale (NACE 51), there are 12,800 employed in these occupations. Very substantial numbers are also employed in management occupations - 19.9% of employment for the broad wholesale and retail sector. In Retail (NACE 52), there are 35,100, accounting for 12.9% of employment. 23,700 of these are in the managers/proprietors of shops category, with managers/owners of large numbers of small retail businesses (both fully independent businesses and independently owned businesses that form part of symbol groups) making a major contribution to the total, alongside managers employed by larger retail enterprises. Again, managerial occupations are a major focus of this report.

There are significant numbers employed in specialist professional roles in the sector:

- 2,300 accountants are employed in the broad sector. There are 4,000 employed as financial clerks.
- Among the management occupations, 6,600 are employed as marketing managers, some of whom have specialist marketing qualifications.
- While they cannot be distinguished clearly in the statistics, most larger organisations have significant human resources functions, headed by specialist human resources managers.
- There are 3,100 pharmacists employed in the sector.

The major role that logistics plays in the sector is reflected in occupational patterns.

- The broad sector employs 7,400 drivers of goods vehicles, and the sales occupations total includes 2,300 roundsmen/roundswomen and van salespersons.
- 8,400 are employed as warehousemen/warehousewomen in the broad sector. Substantial numbers are employed in both retail and wholesale, primarily reflecting the fact that many wholesalers and major retailers operate distribution centres, and delivery from distribution centres to retail stores.

The large numbers in craft occupations employed in the broad wholesale and retail sector is primarily a function of:

- 15,100 employed in the motor trade (NACE 50) in craft occupations such as mechanic and panel beater, who are outside the scope of this study.
- Some trades people employed in retail and wholesale, with 4,300 retail butchers forming the largest group.
- 2,400 are employed in security related occupations in retail, although security is typically a part of the function of all frontline retail staff.

⁵ Note that as with all other surveys, the Quarterly National Household Survey from which these numbers are taken is subject to sampling error. The size of the QNHS sample is such that employment data for occupations with small numbers is subject to significant error.



Figure 3.4 Occupational Mix in Wholesale and Retail Sector, Q3 2009

	NACE 52 (Retail)	NACE 50 (Motor)	NACE 51 (Wholesale)	Section G (All)		
Managers and administrators	35100	6600	12400	54100		
<i>Managers/proprietors of shops etc.</i>	23700	1300	3200	28200	19.9%	10.4%
<i>Marketing etc. managers</i>	3300	1100	2200	6600		
<i>Other financial managers n.e.c.</i>	1200	*	1000	2800		
<i>Garage managers and proprietors</i>	*	1600	*	2000		
<i>General Managers; large companies</i>	1500	*	1500	3600		
<i>Marketing etc. managers</i>	3300	1100	2200	6600		
<i>Transport managers</i>	*	*	*	*		
<i>Transport managers</i>	*	*	*	*		
Professional	4600	*	1500	6800		
<i>Chartered and certified accountants</i>	*	*	1100	2300	2.5%	0.8%
<i>Pharmacists/pharmacologists etc</i>	3100	*	*	3100		
Associate Professional and Technical Occupations	2500	*	*	3600	1.3%	1.3%
Clerical and Secretarial	16700	3900	9600	30100		
<i>Warehousemen/women</i>	4400	*	3500	8400	11.1%	11.1%
<i>Other clerks (n.o.s.)</i>	4800	1000	2700	8500		
<i>Accounts and wages clerks, other financial clerks</i>	2000	*	1300	4000		
<i>Cashiers bank and counter clerks</i>	4000	*	*	4300		
<i>Other secretaries</i>	*	*	1400	2900		
<i>Receptionists</i>	*	*	*	1100		
<i>Receptionists</i>	*	*	*	1100		
Craft and related occupations	6500	15100	2200	23800		
<i>Motor mechanics</i>	*	11100	*	11400	8.8%	8.8%
<i>Butchers, meat cutters</i>	4300			4400		
<i>Metal working production and maintenance fitters</i>	*	*	*	1700		
<i>Vehicle body repairers, panel beaters and spray painters</i>	*	1500	*	1600		
<i>Tyre and exhaust fitters</i>	*	*	*	*		
Personal and protective service	2400	*	*	2700		
<i>Security guards and related occupations</i>	1100	*	*	1200	1.0%	1.0%
Sales occupations	113500	4700	12800	131000		
<i>Sales assistants</i>	98100	3200	2800	104100	48.2%	48.2%
<i>Technical and wholesale sales representatives</i>	4500	1100	7100	12700		
<i>Other sales representatives n.e.c</i>	2300	*	*	3100		
<i>Petrol pump attendants</i>	*	*	*	1000		
<i>Merchandisers</i>	1600	*	*	2100		
<i>Roundsmen/women and van salespersons</i>	1200	*	*	2300		
<i>Retail cash desk and check out operators</i>	2600	*	*	2600		
<i>Retail cash desk and check out operators</i>	2600	*	*	2600		
Plant and machine operatives	2800	1200	7000	11100		
<i>Drivers of road goods vehicles</i>	2100	*	4600	7400	4.1%	4.1%
<i>Packers, bottlers, canners, fillers</i>	*	*	*	*		
Other occupations	5500	1500	1700	8700		
<i>Cleaners, domestics</i>	1400	*	*	2200	3.2%	3.2%
<i>All other labourers and related workers</i>	1300	*	*	2600		
<i>Shelf fillers</i>	1000	*	*	1000		
Grand Total	189700	33800	48100	271700	100.0%	100.0%

Source: Based on extraction from CSO QNHS data by FÁS Skills and Labour Market Research Unit

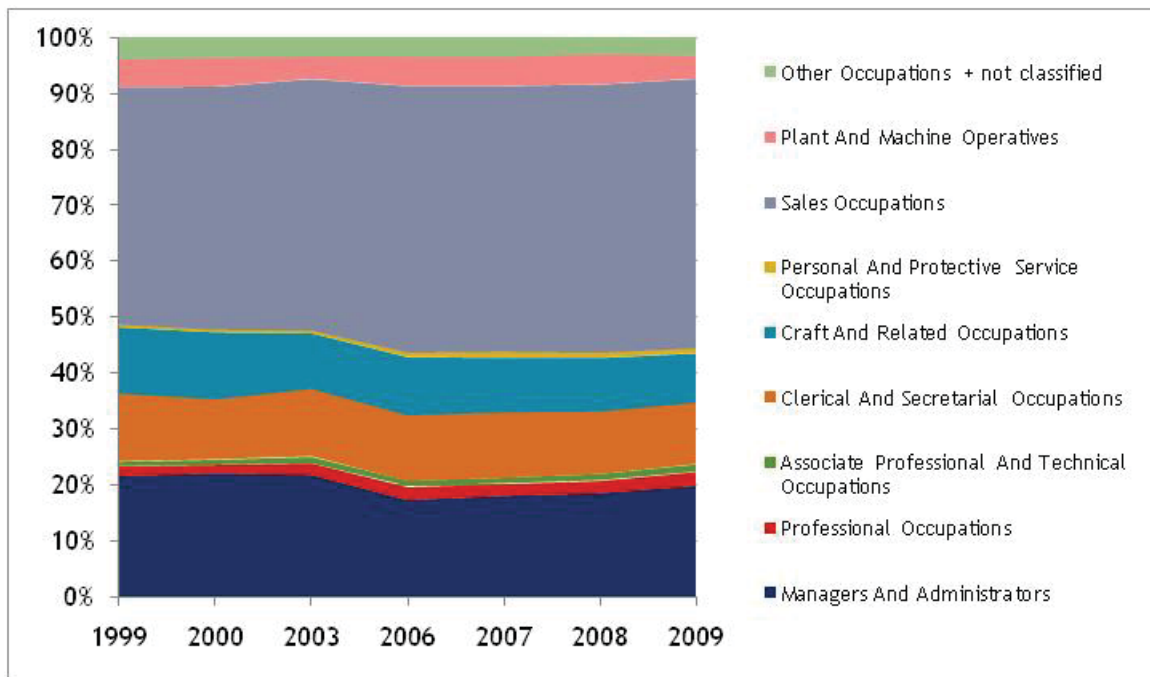


The mix of occupations in the sector is not fixed, and indeed it has changed significantly in recent years, as can be seen in Figure 3.5.

Key changes have been:

- An increase in the share of employment accounted for by sales occupations from 42% in 1999 to 48% in 2009.
- A fall in the share of employment accounted for by managers from 22% in 1999 to 19.9% in 2009.
- A fall in the share of employment accounted for by craft occupations (primarily motor-related and butchers) from 12% in 1999 to 8.7% in 2009.
- An increase in the share of employment accounted for by professional occupations from 1.8% in 1999 to over 2% in 2009.

Figure 3.5 Changes in Occupational Mix in Broad Wholesale and Retail Sector (Section G), 1999 to 2009



Data from Q3 of each year

Source: Based on extraction from CSO QNHS data by FÁS Skills and Labour Market Research Unit

3.6 Part Time Working

Part-time working is an important feature of employment in the sector, particularly in retail, as can be seen in Figure 3.6. Part time working is mainly a feature of lower level occupations.

This reflects two main factors:



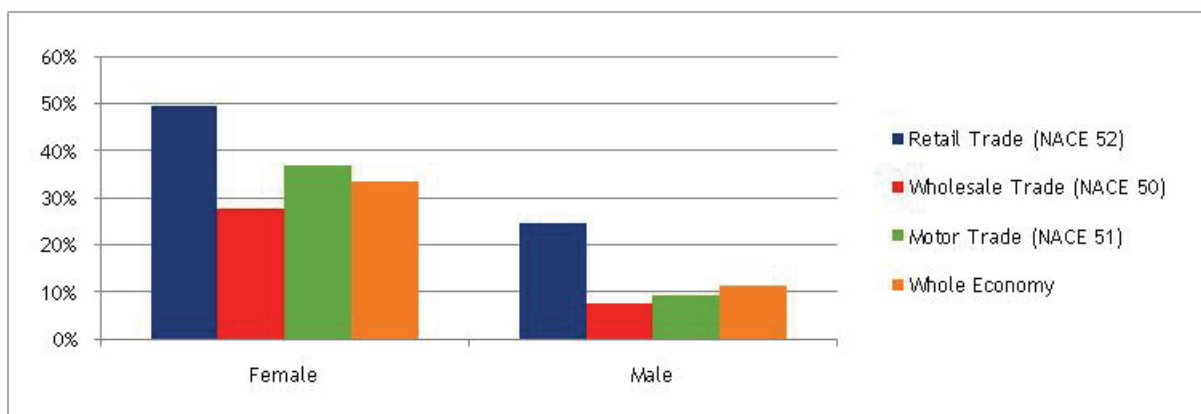
- A need for flexible working patterns to service demand from customers that can vary considerably over the week, and between different times of year.
- The desire of many of those working in the sector to fit their working hours around other responsibilities, particularly family responsibilities.

Part-time working is much more prevalent among female employees than among males, reflecting the facts that:

- Part-time working is more commonly seen as desirable by female employees than by males.
- Part-time working is mostly a feature of lower occupational levels in the sector, and females are particularly likely to work in these occupations.

QNHS data shows that the incidence of underemployment (people employed part-time who would like to work longer hours) in the sector was very low until recently, but there is evidence that the incidence of underemployment is rising as employers cut working hours.

Figure 3.6 Share of Employees Working Part-Time by Sex, Q3 2009



Source: Based on extraction from QNHS data by FÁS Skills and Labour Market Research Unit

Part time working is more prevalent in some parts of retailing than in others. Services Enquiry data from 2006 shows 60% of those working in “Non-Specialised Stores” (predominantly grocery stores, but also department stores) working part time. Part-time working in “Retail Sale of Automotive Fuel” (motor fuel forecourts, most of which retail a range of goods) was also relatively high at 42% of those employed. Part-time working in “Other Retail Sale of New Goods in Specialised Stores” (predominantly clothing, but also stores specialising in products such as jewellery, furniture, electrical goods or books) was 40%.

3.7 Qualifications

The most common level of qualification in the sector is upper secondary, but with substantial numbers having higher or lower levels of qualification, as can be seen in Figure 3.7. More than one in five of those employed in the sector have higher education qualifications. Post Leaving Certificate qualifications also have a significant presence in the sector.



- In Retail (NACE 52), the qualifications profiles of female and male employees are similar, except that a somewhat greater share of males are qualified to degree level.
- In Wholesale (NACE 51), males are more likely than females not to have completed second level education, apparently reflecting both the greater propensity of males to drop out of school, and the existence of goods handling jobs in the sector that have traditionally required manual strength but limited education.

Figure 3.7 Qualifications Mix in Wholesale and Retail, Q3 2009

	Retail (NACE 52)			Wholesale (NACE 51)			Motor (NACE 50)			Whole Economy Employed
	All	Female	Male	All	Female	Male	All	Female	Male	
No Formal / Primary	6%	5%	6%	6%	6%	6%	7%	3%	9%	7%
Lower Secondary	16%	16%	17%	17%	13%	18%	18%	6%	22%	13%
Upper Secondary	43%	44%	41%	30%	32%	30%	34%	35%	33%	25%
Post Leaving Certificate	11%	12%	9%	27%	23%	28%	13%	24%	9%	12%
Third Level - Non-Degree	11%	11%	11%	10%	19%	8%	15%	15%	15%	17%
Third Level - Degree	10%	10%	11%	6%	5%	6%	12%	13%	11%	23%
Other / Not Stated	3%	3%	4%	4%	2%	5%	2%	3%	2%	3%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

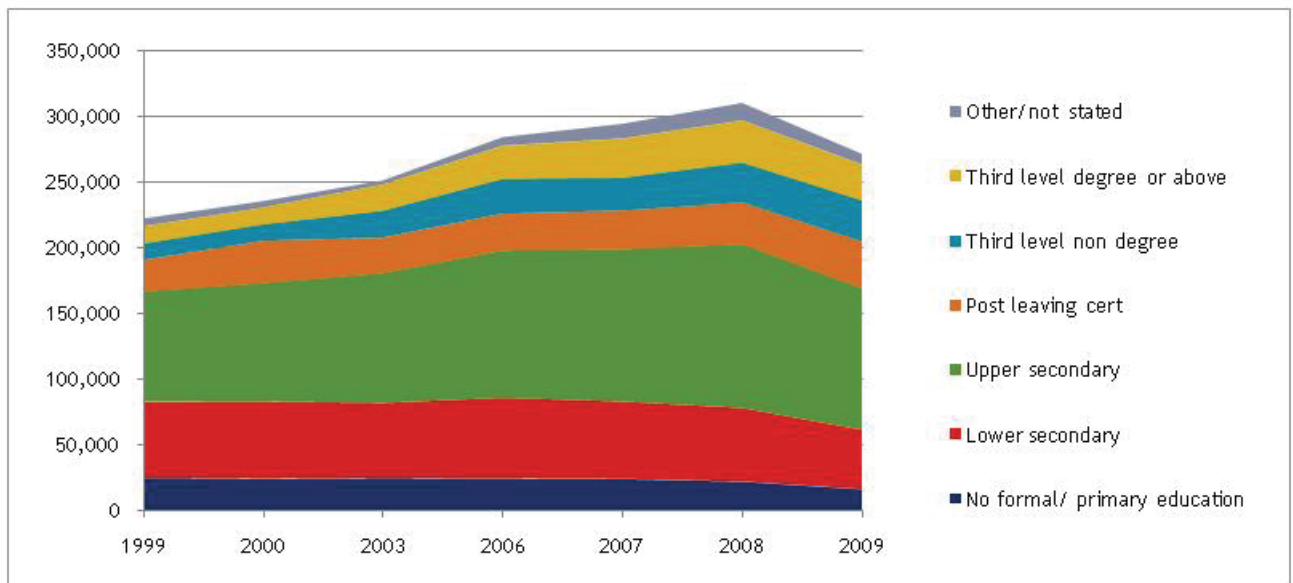
Source: Based on extraction from CSO QNHS data by FÁS Skills and Labour Market Research Unit

The qualifications profile of the sector has improved considerably over time, as can be seen in Figure 3.8.

- While numbers employed in the sector have been growing, numbers with lower secondary education and below have stayed approximately constant, and indeed fell significantly between 2006 and 2009.
- Numbers with at least upper secondary education have been growing strongly.
- There has been particularly strong growth in numbers with third level education employed in the sector, from 26,000 in 1999 to 58,900 in 2009. The share of employment accounted for by people with third level education has risen from 12% to 21%. The share with qualifications below Leaving Certificate level fell from 37% to 22% over the same period. This reflects a significant upward shift in the sector's skills.



Figure 3.8 Qualifications Mix in Broad Wholesale and Retail Sector (Section G), Q2 1999 to Q3 2009



Note that the chart does not provide data for all years.

Source: Based on extraction from CSO QNHS data by FÁS Skills and Labour Market Research Unit

The National Skills Strategy sets out the following core objective:

“... upskill 70,000 from NFQ levels 1 & 2 to level 3; 260,000 up to levels 4 & 5; and 170,000 to levels 6 to 10.”

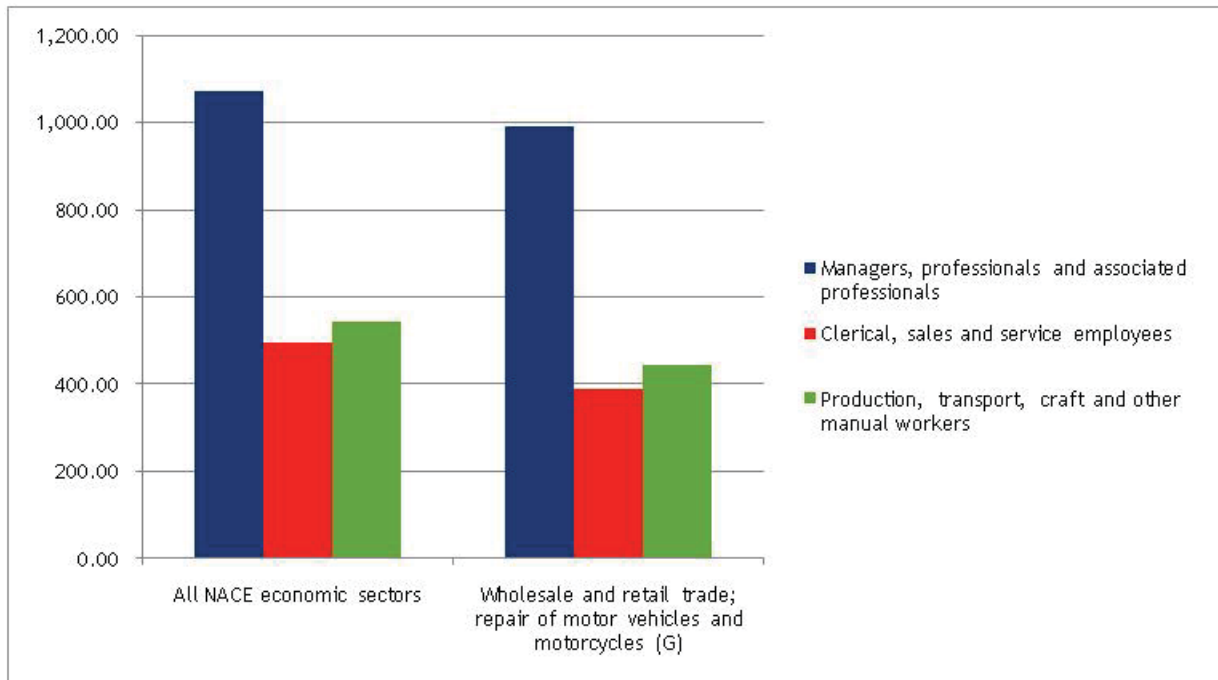
As the wholesale and retail sector is one of the main sectors employing substantial numbers of people qualified to Levels 3, 4, 5 and below on the National Framework of Qualifications, it is a clear target for upskilling under the National Skills Strategy.

3.8 Pay

While the wholesale and retail sector is sometimes described as a low pay sector, the reality is more complex than this. Average weekly earnings among those working in managerial, professional and associate professional positions within the sector are reasonably competitive with many other sectors on the basis of gross weekly earnings.



Figure 3.9 Earnings per week - All NACE sectors and Wholesale and Retail (NACE rev.2) Q2 2009



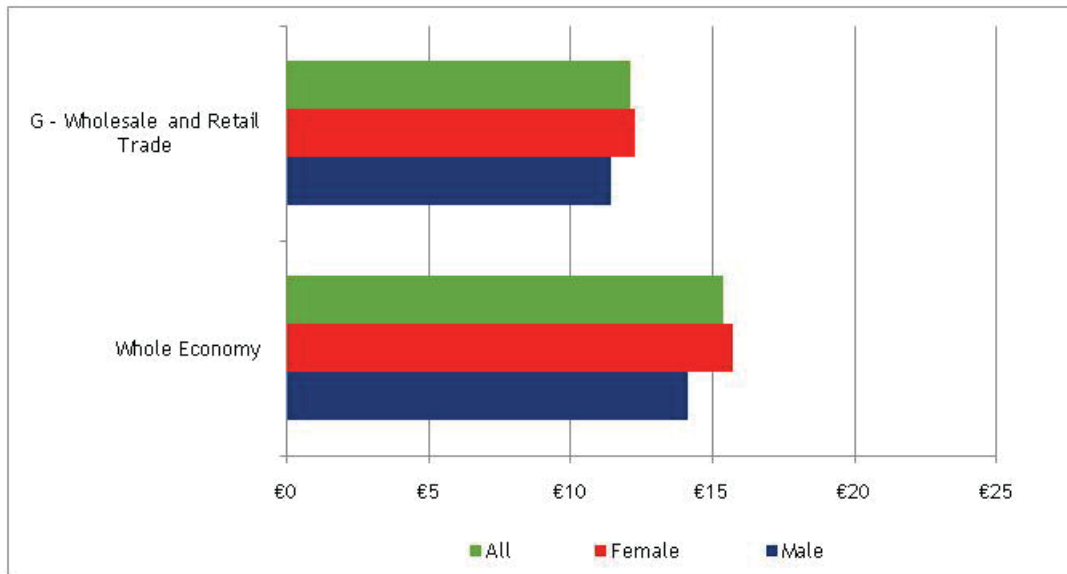
Source: CSO (Database Direct), Earnings and Labour Costs, Q2 2009

While average pay for managerial, professional and associate professionals employees is quite competitive, average weekly pay for other employees does not compare as well with other sectors.

Much of this has to do with the predominance of part-time work within wholesale and retail compared to other sectors of the economy as seen earlier. As of 2007, average part-time hourly pay is lower than for full-time in most sectors of the economy, including wholesale and retail. Average part-time pay in wholesale and retail was lower than average, as can be seen in Figure 3.10.



Figure 3.10 Average Part-Time Pay, € per Hour Whole Economy and Wholesale & Retail



Source: National Employment Survey 2007, CSO

This pattern of pay in managerial and professional occupations that compares reasonably well in terms of weekly earnings, and relatively low pay for those in part-time positions, broadly reflects a situation where core employees making a career in the sector are paid competitively compared to most other sectors, while those less attached to the sector are concentrated in relatively low paid roles. Some of those working part time are paid well, but not sufficient numbers to raise the average for part-time workers in wholesale and retail above that for hotels and restaurants.

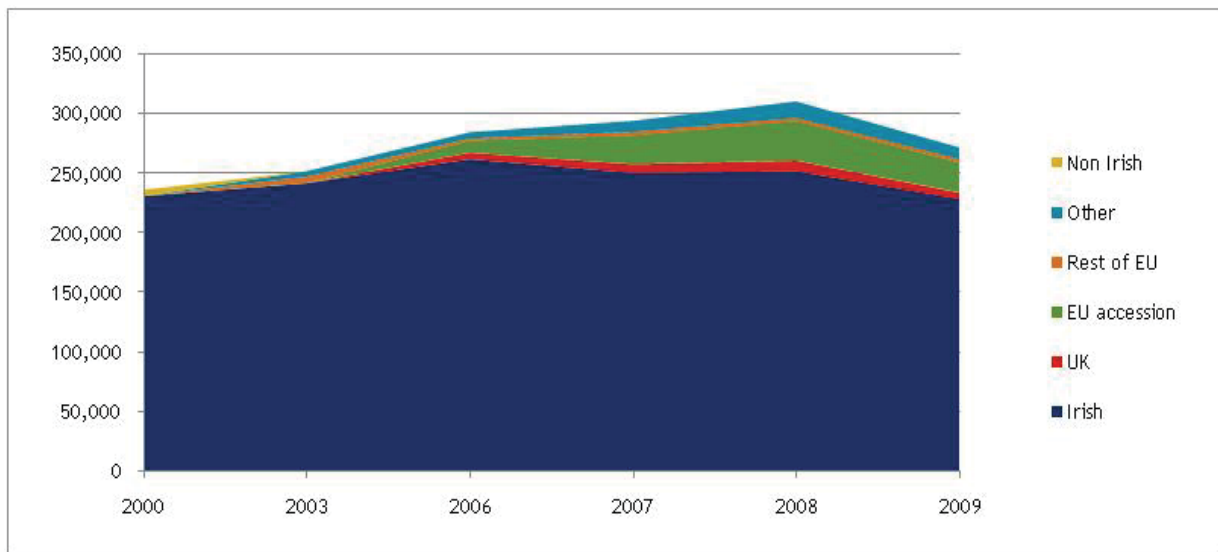
The fact that those making a professional career of retail and wholesale are paid competitively in relation to many other sectors may be a positive message for the wholesale and retail sector to communicate to potential employees.

3.9 Nationality

In 2000, Irish people accounted for 97.8% of those employed in the broad wholesale and retail sector. By Q3 2009, this fell to 84.0%, as the sector recruited substantial numbers of inward migrants.



Figure 3.11 Nationality of Employees in Broad Wholesale and Retail Sector (Section G), Q2 2000 to Q3 2009



Note that the categories available to describe non-Irish people vary from year to year, with a single non-Irish category for 2000, and with the number of categories available increasing over time.

Source: Based on extraction from CSO QNHS data by FÁS Skills and Labour Market Research Unit

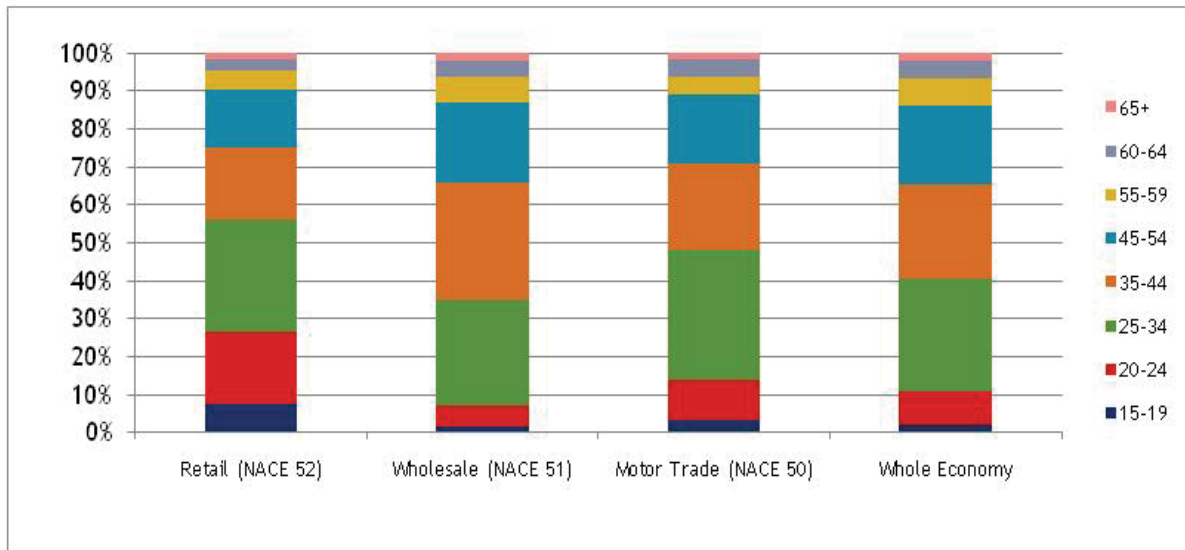
Over half of the growth in employment of non-Irish people was accounted for by nationals of recent EU accession states, who accounted for 9.2% of total employment in the sector in Q3 2009. Employment of nationals of the UK and nationals of countries outside the EU also increased substantially on a relative basis since 2000, accounting for 1.1% and 3.6% of employment in Q3 2009 respectively. Employment of nationals of long established Member States of the EU other than Ireland and the UK remained low.

3.10 Age

The sector employs people of all working age cohorts, with the cohort from age 25 to 34 contributing the largest numbers, as can be seen in Figure 3.12. Retail and the motor trade employ significant numbers of young people, from the cohort age 15 to 19. Approximately 90% of those employed in the sector are aged 54 or younger.



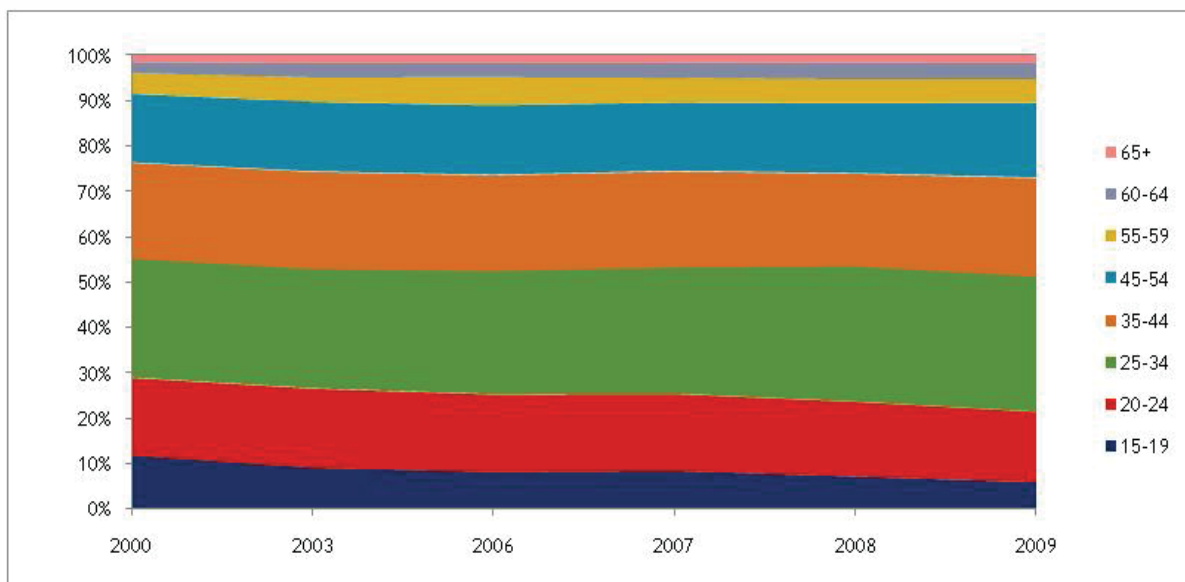
Figure 3.12 Age Profile of Retail, Wholesale and Motor Trades Sectors, Q3 2009



Source: Based on extraction from CSO QNHS data by FÁS Skills and Labour Market Research Unit

The main change in the broad sector's age profile since 2000 is that the share of employment accounted for by young people aged 15 to 19 has fallen from 11.8% to 6%, balanced mainly by an increase in the share of employment accounted for by people aged 25 to 34.

Figure 3.13 Age Profile of Broad Retail and Wholesale Sector (Section G), Q2 2000 to Q3 2009



Source: Based on extraction from CSO QNHS data by FÁS Skills and Labour Market Research Unit



3.11 Importance of Small and Family Businesses

While large businesses, many of them controlled from overseas, play a major role in the sector, smaller businesses also have a substantial presence. A 2005 CSO survey⁶ showed that more than half (15,763 out of 29,235) of all businesses in the broad wholesale and retail sector were family owned.

As can be seen in Figure 3.14, the 2006 Services Inquiry showed that the vast majority of businesses in the sector, accounting for a substantial share of all employment, are small.

Figure 3.14 Number of Businesses and Number of Employees, by Size Class of Business

	Number of Businesses			Number of Employees (including Part-Time)		
	Retail (NACE 52)	Wholesale (NACE 51)	Motor Trade (NACE 50)	Retail (NACE 52)	Wholesale (NACE 51)	Motor Trade (NACE 50)
1-9 persons engaged	15,010	7,110	4,719	35,648	25,732	9,918
10-19 persons engaged	1,870		698	24,119		9,353
20-49 persons engaged	703	564	331	21,405	17,710	9,812
50 or more persons engaged	379	263	85	93,016	38,938	8,672
Total	17,961	7,937	5,833	174,189	82,380	37,754

Source: Services Inquiry, 2006, CSO

Many of the smaller retail businesses, particularly in the grocery and convenience store area, have a close association with a larger business through a symbol group or other franchise-type arrangement.

3.12 Conclusion

The profile shows a pattern for both the retail and the wholesale sectors of a downturn in all levels of activity after sustained growth. Employment in the sectors peaked at 314,600 in Quarter 2 of 2008 and has since been falling on the back of falling sales.

The largest employment category within the sectors is accounted for by Sales occupations; with the proportion increasing to 48% in 2009. The proportion of employment accounted for by managers now accounts for almost 20% of total employment.

⁶ Family Business in Ireland - Services Sectors 2005, CSO, February 2008



Part-time work is also a feature of the sectors, in particular, retailing. The pattern of pay shows that, while pay of professional workers compares reasonably well with the national average, there are relatively low rates of pay for part time workers.

The most common level of qualification in the sector is upper secondary, but there are a significant number having higher and lower levels of qualification. The qualifications profile of the sector has improved dramatically, with the share of those employed in the sector having third level education rising from 12% in 1999 to 21% in 2009.

While large businesses play a major role in the sector, there are also very large numbers of small businesses that together employ very substantial numbers, thereby providing significant opportunity for entrepreneurship.



Chapter 4 Training and Education in Wholesale and Retail

4.1 Introduction

Most activity in training and education targeted on the wholesale and retail sector takes place among people already employed in the sector.

The main exceptions to this are higher education and further education courses that provide education to relatively small numbers of full time students, and FÁS courses providing training for the unemployed in retail skills, which again service relatively small numbers of trainees.

Much of the training in the sector takes place within enterprises, without any intervention or participation by external providers. However, there has been a significant increase in activity in the sector in recent years by FÁS, higher education institutions and a number of Skillnets. This forms an important part of the context for the study.

4.2 Patterns of Training and Education

In almost all cases, training is based on a combination of a tutorial component and a work practice component. Industry interviews reveal a spectrum of approaches to the tutorial component, with approaches varying between organisations, and with what is being taught.

Types of tutorial approach include:

- Classroom training.
- Training provided on the shop floor, and/or in a back office, by a supervisor or more experienced member of staff, who may or may not have been trained as a trainer (in some cases using standard training and/or assessment materials).
- Provision of training materials, either on paper, or in the case of some major retailers made available for printing through a company intranet, to be pursued by the individual.
- Provision of online computer-based training materials.

There are varying approaches to the work practice component, which include combinations of the following:

- Formal supervision and assessment work practice;
- Project and practical work undertaken during work practice and brought back to the classroom, or to the workplace trainer or supervisor;
- Informal work practice, subject to general supervision.

Cost and the operational impact of providing training are important considerations to retailers deciding on their approach to training and do much to shape the approach that retail and wholesale employers take to training and education.



While a classroom-based approach can have advantages, it involves paying a trainer, providing a classroom and either removing staff from their usual work for the duration of the training or possibly paying them for time when they would not otherwise be working. Where the class is conducted away from the workplace, it can also involve paying expenses.

Where businesses use classroom training, these considerations often influence the way in which it is delivered.

- Training may be delivered on-site in a temporarily repurposed area, rather than in a purpose-built area or hotel conference facility. At least one major organisation has a mobile training centre that is driven from site to site.
- Training is likely to be delivered on a day that minimises business disruption, and where feasible is usually delivered at times during that day that minimise disruption, such as before the premises open, after they shut, or at a time when customer traffic is reliably low.
- Higher education courses for people working in industry are usually delivered at a location that suits the participants and where possible at a quiet time of week.

When choosing approaches to training that do not involve a classroom or a professional trainer, businesses are influenced by the desire to minimise costs, and to have training take place at convenient place and at times that suit the business. Where training takes place in store, delivered by (or under the supervision of) supervisors or senior staff, trainees do not have to leave the workplace, and training can take place immediately before or after the working period, or between peaks in store activity.

4.3 Quantifying Training Activity

The sensitivity of wholesale and retail enterprises to the cost of training is reflected in the available statistics on training. According to the CSO's 2006 Employee Skills and Job Vacancies survey:

- The average cost of training undertaken during 2006 per employee in the broad wholesale and retail sector (Section G) was €115, in comparison with a whole economy figure of €254.
- The cost per attendee at training courses used by the sector was €349, in comparison with a whole economy figure of €564.
- The average number of paid training days per employee was 0.6, in comparison with a whole economy figure of 1.4.

Overall, employees in the broad wholesale and retail sector are less likely than those in the economy as a whole to participate in formal training courses. 34.3% of males in the sector participated in training in comparison with 45.2% for the economy as a whole. Just 25.4% of females participated in training compared with 45.0% for the economy as a whole. It seems likely that this gender differential mainly reflects less training for part time staff who are more likely to be female.

The wholesale and retail sector places a relatively heavy emphasis on training in health and safety, with 26% of training being in this area, in comparison with an average of 12% for other sectors.



Just 9% of businesses in the sector were found to have a training budget, compared to 12% across all sectors.

However, the same survey also reflects the fact that enterprises in the sector have an interest in developing skills in other ways.

- Enterprises in the sector are more likely (52.2%) than those in the economy as a whole (38.3%) to identify a need to address skills gaps among the “clerical, sales and service” workers that make up the majority of their employees;
- 37.2% of enterprises see on-the-job training as their preferred means of addressing these skills gaps, which is much higher than the comparable figure of 25.9% for the whole economy.
- 5.6% prefer self-directed learning for these employees, in comparison with 4.2% for the whole economy.

4.4 Training and Education Interventions for those Employed in Sector

4.4.1 Introduction

A number of bodies have developed interventions to develop training and education for those employed in the sector. The key types of intervention are:

- Certified training courses for retail assistants;
- Certified education and training courses for retail managers;
- Certified education courses for retail and wholesale senior managers and professionals; and
- Interventions that provide a mix of certified and uncertified learning opportunities.

A summary of FETAC retail-related awards by provider, level and type of award is provided in Appendix A.

4.4.2 Certified Training Programmes for Retail Assistants

Two bodies provide FETAC-certified training courses for retail assistants, which are delivered quite differently.

FÁS has created a training course certified at Level 4 in the National Framework of Qualifications, leading to a Certificate in Retail Skills. The course encompasses 60 hours of tutor-led training, and a further 364 hours of workplace study and learner activities.

The course includes ten modules, which are in: Retail Brand Awareness; Retail Product and Service Operations; Retail Health, Safety and Welfare; Retail Selling; Retail Communication Skills; Retail Customer Service Skills; Retail Point of Sale Skills; Retail Personal Effectiveness; Retail Security and Crime Awareness; and Retail Information Technology Skills.

The course is delivered by a number of training providers, including private providers and the trade union Mandate.



167 trainees received the full award in 2009 (FETAC data).

FÁS is working on alternative delivery strategies for many of its courses, including a blended learning approach that includes e-learning content with tutor support.

IBEC Retail Skillnet has created a training programme for retail assistants certified at Level 5 in the National Framework of Qualifications, leading to a Certificate in Retail Operations where all modules are completed.

The training programme is provided in the form of a set of training materials to be covered by the trainee. Support is provided from within the workplace by “assessors” who are themselves trained by IBEC Retail Skillnet, with the training leading to a minor FETAC award at Level 6. Assessors assist trainees in working through and applying the contents of the training materials, ensure that trainees have grasped the content, and then formally assess them against competency standards. IBEC Retail Skillnet undertakes quality assurance to ensure that assessors apply the standards correctly.

Most of the awards made for the training are minor awards, each made for a module.

The training again includes ten modules, which are in: Retail Customer Service; Retail Security; Effective Working Relationships; Retail Merchandising Retail Stock Control; Retail Selling Skills; Retail Payment Procedures; Safety and Health at Work; Work Experience; and Retail Communications. In total, there were 394 FETAC retail-related awards, primarily at Level 5, through Skillnets in 2009, including 24 major awards at Level 5 in Retail Operations.

IBEC Retail Skillnet operates the training programme directly and through a small number of contracted consultants.

Both FÁS and IBEC Retail Skillnet programmes primarily serve indigenously controlled retail businesses, most of them small or medium in size, including symbol group members.

4.4.3 Certified Education and Training Programmes for Retail Managers

Five bodies provide certified education and training programmes aimed at people working as retail managers.

Dublin Institute of Technology’s School of Retail and Services Management provides executive education courses at Levels 6 (Higher Certificate), 7 (Diploma in Retail Management) and 8 (BBS in Retail Management) in the National Framework of Qualifications. The courses at Levels 7 and 8 are undertaken as add-ons to the Higher Certificate courses.

These courses are commissioned by major Irish retail and wholesale enterprises. DIT’s principal clients are Musgrave and BWG, major grocery wholesalers which operate many of the main symbol



groups in the Irish market. The courses are targeted at managers of symbol group stores (which are mostly small or medium businesses), and at regional managers and other group managers employed by the wholesaler.

DIT provides executives with opportunities to advance further academically, with a part time MBS in Retail Management, and with programmes of research leading to an MPhil or PhD.

Course delivery is at locations convenient to the participants, and indeed often at premises provided by participants.

Course delivery is primarily by DIT academic staff, and also makes use of industry executives. The qualifications from these courses are all at higher education level, and are awarded by DIT.

University College Cork (UCC) provides an executive education Certificate in Food Retailing at Level 6 in the National Framework of Qualifications aimed at grocery retail managers. Admission is open. Graduates of the course can progress to a Level 7 Diploma in Food Retailing. The courses are provided when there is sufficient demand. Course delivery is primarily by UCC academic staff.

Dublin Business School (DBS) provides an executive education course at Level 7 in the National Framework of Qualifications, leading to an Ordinary Bachelor Degree. The course is provided to managers recruited by Lidl, as a core part of their induction and initial development.

IBEC Retail Skillnet provides an executive education course in retail management. Originally certified by the University of Ulster, it now leads to a Higher Certificate in Retail Management (Level 6 higher education qualification) certified by HETAC. Courses are provided to meet demand, and admission is typically open. An add-on course leading to a Level 7 qualification is also available. Course delivery is undertaken partly by employees of the Skillnet, and also by a panel of part time lecturers.

FÁS has developed a Level 6 course for retail managers leading to an Advanced Certificate in Retail Management (Level 6 further education qualification). The course was developed alongside its Level 4 course for retail assistants. The two courses are designed to complement each other.

The course includes nine modules: Management Effectiveness; Brand Management; Communication and Leadership; Retail Product and Service Management; Customer Relationship Management; Marketing and Selling; Point of Sale Management; Safety, Health and Welfare Supervision; and Retail Security Supervision. There were 39 major awards in Retail Management at Level 6 through FÁS in 2009. In effect, it covers the same areas as the Level 4 course, but at a level appropriate to a manager. As with the Level 4 course, this course is delivered off-site by professional trainers, with funding channelled through FÁS under the One-Step-Up initiative. The course is delivered by a number of training providers, including private providers.



Again, FÁS is working on alternative delivery strategies, including a blended learning approach that includes e-learning content with tutor support.

As at retail assistant level, the focus of the FÁS and IBEC Retail Skillnet retail manager courses is primarily on indigenously controlled retail businesses, most of them small or medium in size.

4.4.4 Certified Education Programmes for Retail and Wholesale Senior Managers and Professionals

Courses in retailing at Level 7, and more particularly those at higher levels, are mainly aimed at levels above the management of individual stores. They are aimed primarily at people in area management roles, in corporate management roles, and in retailing professional roles such as purchasing and marketing. As seen above, DIT, UCC, DBS and IBEC Retail Skillnet offer courses at these levels.

4.4.5 Interventions Providing a Mix of Certified and Uncertified Learning Opportunities

While IBEC Retail Skillnet focuses on providing a well-defined range of training courses of its own design, two other Skillnets offer wider ranges of learning opportunities.

The Retail Excellence Skillnet and the Irish Hardware Association Skillnet offer:

- Training courses chosen to meet the identified training needs of their members; and
- Learning opportunities that follow different approaches, including:
 - Case study visits to admired retailers in Ireland and overseas
 - Network meetings
 - Conferences
 - Awards ceremonies.

These complementary approaches to learning reflect good management development practice, as described in reports such as the Expert Group's Report on SME Management Development.

4.5 Training and Education in Retail for those Not Employed in the Sector

4.5.1 Introduction

While most education and training related to the wholesale and retail sector is targeted at people already employed in the sector, there are some courses targeted at people not yet employed in the sector. It is likely that more resources will be directed towards this cohort as unemployment has increased significantly in the past 18 months.

- There is a substantial volume of activity at higher education level, much of it centred in DIT, which is also one of the main providers of executive education for the sector.



- There is some activity among VECs, mainly at FETAC Levels 3 and 5. FÁS provides some training for prospective entrants to the sector who are currently unemployed at FETAC Levels 3, 4 and 6.

4.5.2 Full Time Higher Education

A number of higher education institutions provide full time courses in retailing.

Dublin Institute of Technology (DIT) provides:

- A Level 6 Higher Certificate in Retail Management and Marketing
- A Level 8 BSc in Retail and Services Management
- A Level 9 MBS in Retail Management (which, as seen earlier, is also available part time)
- A Level 9 Postgraduate Diploma in Fashion Buying and Management
- Research opportunities at MPhil (Level 9) and PhD (Level 10) levels

Waterford Institute of Technology (WIT) provides a Level 8 Honours Bachelor Degree in Retail Management.

Galway-Mayo Institute of Technology (GMIT) provides a Level 7 Ordinary Bachelor Degree in Retail and Customer Service Management (introduced recently).

The number of graduates produced by full time higher education courses is small relative to the size and total recruitment requirements of the retail and wholesale industry. Total graduations annually from Honours Bachelor Degree courses are running at about 50-60. Numbers graduating at Higher Certificate Level are about the same, with many progressing to degree level. This reflects the fact that the industry mostly recruits people without specific retail-related qualifications, and that management positions are predominantly filled through upskilling people originally recruited with lower qualifications.

Many graduates from retail management courses actually enter employment in other consumer-focused service industries, particularly retail financial services.

4.5.3 Training for Prospective Entrants

A number of VECs offer retail courses leading to FETAC Certification. In some cases, classes are shared with other business related courses. In 2008, there were 25 minor awards at Level 3 in Retail Sales delivered by VEC Adult Education Centres and the VEC Literacy Service. At Level 5, there were 36 Major Awards in Retail Studies delivered by VECs in 2009. There were also minor awards provided by the VECs in Retail Administration, Retail Merchandising and Retail Selling. The Retail Studies at NFQ Level 5 offers progression opportunities to higher education and training via the Higher Education Links Scheme.



Retail is one of the areas in which FAS provides training courses for the unemployed with a view to enabling them to enter employment. Courses typically lead to awards (mostly minor awards) at Levels 3 and 4 in the National Framework of Qualifications.

Courses are run either as a part of the regular recurring programme of training provision for the unemployed, or to train people in preparation for the opening of major new retail developments that will require substantial numbers of employees. As unemployment has increased rapidly in Ireland in the past 2 years, it is likely that FÁS will generally focus more on training people for employment rather than in-employment.

Initiatives to train people to work in major new retail developments are mainly effective where it is possible for FÁS to work with the developer, and with prospective retail tenants. Where FÁS can tailor the training provided to the specific needs of the tenants, and where retailers are prepared to build the output of tailored FÁS courses into their recruitment plans, this benefits all concerned. FÁS has had particular success in training people from areas of high unemployment to take up jobs in retail. An example of success was in the Mahon Point development in Cork, where FÁS courses delivered in consultation with the developer and retailer tenants gave a significant number of local residents the opportunity to take up employment.

4.6 Conclusion

The review of training delivered in the sector shows that a combination of approaches to training delivery are used, including classroom training that is tutor led, formal and informal training on the shop floor through to the use of computer based training for self directed training. CSO statistics on the level of training within the sector indicate that the sector is more reliant on on-the-job training and less reliant on classroom training than most other sectors of the economy. The analysis of the availability of training for those employed shows that there is a wide range of provision available, including programme for retail assistants, retail managers and other managers within retail and wholesale businesses. Programmes, a number of which are nationally accredited by FETAC, are provided in-company, through FAS or Skillnets and also through the Higher Education Colleges.

There is also a wide range of provision for those not employed, whether at Third Level or Further Education Colleges and also by FAS. The latter are particularly successful when focused on specific job opportunities associated with a major retail development.



Chapter 5 Future Skills Requirements in Wholesale and Retail

5.1 Introduction

This chapter discusses and projects the future skills needs of the wholesale and retail sector in Ireland.

It starts by addressing the main factors shaping the sector's future. These are addressed under two headings:

- Underlying trends within wholesale and retail that will continue to shape the requirement for skills into the future; and
- The impact of trends in the wider economy on wholesale and retail.

Dramatic events in the wider economy are having, and will continue to have, a major impact on employment in the sector, and are creating new priorities for skills. It is appropriate to discuss these separately from the major underlying trends that have been already shaping the sector over an extended period, and which will continue to contribute towards shaping its skills needs into the future.

5.2 Underlying Trends in Retail and Wholesale that will continue to Shape Skills Requirements into the Future

5.2.1 Introduction

This section addresses trends in retail and wholesale that have already been visible for a considerable period of time, which have not yet played out fully and which will continue to operate over the timeframe addressed by this report. While they are addressed separately, they actually interact with each other, and in many cases have mutually supporting effects.

For example, vertical integration in wholesale and retail is to a large extent driven by the commercial imperative for efficient supply chains. Efficient supply chains are in turn largely built on technological innovations. The effective application of technology in the retail and wholesale context depends in turn on a strong skills base, with increasing numbers of highly skilled and well qualified professionals and managers employed in the sector.

5.2.2 Rising Levels of Skill and Qualification

As with all other sectors of the economy, average qualification levels in retail are rising. Three quarters of those working in the sector are now educated to Leaving Certificate level or higher. More than a fifth of those working in retail are now educated to third level, as are about one in seven of those working in wholesale. As seen in Chapter 3, qualifications levels have been rising rapidly.



In part, this reflects a shift in the profile of the working population, which is becoming increasingly well qualified. With an increasingly well qualified pool of labour available, retailers can get access to more qualified employees than in the past.

However, it also reflects an ongoing shift in skills requirements. The shift is more complex than a simple increase in skills requirements.

- Viewed from some perspectives, the retail assistant role has suffered from deskilling over the last thirty years. Where retail assistants in major stores once had to go through a structured apprenticeship, with significant off-the-job training provided through VEC colleges, technological change and a shift from a personalised model of selling towards enabling customers to choose from standard products off shelves and racks, mean that it has become possible for people with limited specialist skills to be employed effectively as retail assistants at many retailers.
- However, as with many other occupations affected by automation and process simplification, factors such as multi-skilling, effective teamwork, initiative, good communication skills, an understanding of quality, basic technological literacy and the ability to follow instructions and undertake diverse simple tasks accurately and intelligently have become more important. As generic skills such as these tend to improve with education and training, those who are better educated are likely to be more productive.
- Many retailers and wholesalers are recognising that store management positions now require significant management training, where they might previously have been filled adequately by people who learned on the job after working their way up from retail assistant level. Responses include providing management training to people who are working their way up; recruiting people for a management track; and recruiting people who already have business qualifications.
- The requirement for strong, high level skills at regional management and corporate levels has been increasing for years, and will continue to increase. For large wholesalers and retailers, the need for strength in areas including marketing, purchasing, supply chain management, getting the most out of technology, property management, commercial management and general management is as great as in any other industry, and is increasing as fast as for any other industry. Fundamentally, this is a consequence of increasing complexity.

5.2.3 Supply Chain Management and Efficient Customer Response

One of the major trends in retail and wholesale over the last ten to fifteen years has been ever more effective and efficient management of supply chains. In Ireland, these developments have been led by international retailers and by major indigenous grocery wholesalers and retailers. Indigenous retailers and wholesalers in non-food sectors have, in many cases, made very limited progress, with reordering still mainly being handled manually and by fax, and with limited use of barcoding, rather than leveraging technology to remove costs and improve the performance of supply chains.



The main underlying driver towards improving supply chain management is economic, and businesses that do not take advantage of opportunities to improve supply chains are at a severe competitive disadvantage.

The main enabler is technology. Larger businesses are able to absorb the cost of investment in this area over larger volumes of sales, putting smaller and investment-averse businesses at a disadvantage.

The following are among the main practical areas where improvements to supply chain management have an impact.

- The less stock in the supply chain, the less working capital required to finance it and the less facilities required to hold it.
- The fewer times goods are handled, the less it costs to move them.
- Where goods can be moved and distributed in standard quantities (for example by the pallet), moving them and tracking them costs much less.
- The shorter the delay between perishable goods being manufactured and placed on shelves in-store, the further-off the “sell by”, “use by” or “best before” date seen by customers, and the less likely that the product will go out of date before being sold.
- The more effectively managed the supply chain, the better any store can be at avoiding out-of-stocks. Out-of-stocks can reduce sales directly and also encourage customers to go to competing stores.
- The shorter the delay between manufacture and being placed on shelves, the greater the scope to replenish stocks of goods with a limited sales window such as fashions and toys, and the less over-ordering of goods that will have to be marked down.
- Generally, the more intermediaries in a supply chain, the greater the costs they impose, and the harder it is to avoid waste. Efficiency in supply chain management often makes it necessary to remove intermediaries from the supply chain, which has resulted in wholesalers being removed from the path that many goods take between manufacturer and retailer.

Efficient Consumer Response (ECR) is an approach to improving supply chain management so as to get the goods in front of the consumer highly efficiently and without waste that has much in common with improvement strategies such as Lean Manufacturing and Business Process Re-engineering seen in other sectors.

ECR relies heavily on information and communications technologies, and also in many cases on physical redesign of the supply chain. One consequence of the latter has been that most goods are now delivered in large quantities to distribution centres by manufacturers, where they were previously delivered in directly to stores in smaller quantities.



Effective management of supply chains has pervasive skills implications.

- Every wholesale and retail enterprise that does its own purchasing must have a good management understanding of its supply chain and of what the options are to improve its performance.
- Every wholesale and retail enterprise of any scale needs specialist skills in supply chain management and supply chain improvement.
- Distribution centres are organised around effective supply chain management, which largely determines the design of every job.
- Where store level management still has responsibility for replenishing stocks (in many cases this is centralised or largely automated), managers and office staff need a good understanding of the supply chain as it affects their store.
- Even at retail assistant level, the need for effective supply chain management drives the need for skills in managing stocks, doing stock checks and operating check-out and information-capturing technologies.

5.2.4 Branding and Marketing

Clear retail brand identities, linked to clear value propositions and clear market positioning have become centrally important to retailer marketing. They assist customers in choosing between retailers, and give them certainty as to what the product offering, the service offering and the overall experience will be at different retailers. They allow retailers to target their offering at meeting the needs and desires of particular types of customer, allowing them to be leading players in at least a segment of the market.

Building brands is a key area requiring high level marketing skills. Maintaining brands has a pervasive impact on skills requirements in retail. Aside from brand consistency in retail store design and fit-out, the behaviour of every employee that a customer meets or sees impacts on their perception of the brand. Ensuring that employees present the desired brand image consistently is a significant challenge for training and for human resource management.

5.2.5 Vertical Integration

The retail industry has gone a long way towards eliminating the boundaries between wholesale and retail - with grocery and overseas-owned non-food retailers taking the lead. Major retailers have integrated back to own or control their own distribution centres, which are mostly supplied directly by manufacturers.

The major grocery wholesalers have developed symbol groups, controlling retail brands and supply chains, even though the retail outlets they supply are mostly owned independently. Some own significant numbers of retail stores.

Even outside the symbol group context, wholesalers increasingly act as partners with retailers, providing sourcing, distribution centre function and logistics functions that are well integrated with the retail operations and branding functions undertaken by the retailers.



There is also some integration back to the supplier level, with:

- Own brand products (groceries, DIY goods etc.) being produced by manufacturers for retailers, and sold under the retailer's brand.
- Vertically integrated chains for the supply of products such as clothing and jewellery, with production typically taking place on a contract basis, but with non-production aspects of supply (including design, supply chain management and product branding).

Vertical integration, and the scale that goes with it, allow enterprises (and in the case of symbol groups, groups of enterprises) to benefit from joint investment in a range of competitively important areas, including:

- Strong supply chain management and purchasing
- Centralised retail brand management
- Integrated technology
- Common training and development.

5.2.6 Breakdown of Boundaries between Wholesale and Retail

While there have of necessity always been close links between retailing and wholesaling, one of the consequences of economic development has been the shift in power along the distribution channel from manufacturer to wholesaler to retailer.

This shift is most clearly seen in the food sector, where many retailers have bypassed the wholesale stage in the distribution channel, and work directly with major suppliers. Traditional functions undertaken by wholesalers, of selling, holding stock, account management and distribution have been radically changed.

In developing economies where modern retailing is emerging, the wholesale function remains important, but is quickly reduced with the arrival of modern retail.

These changes in the distribution channels are most developed in food and are deepening with the growth of private label product, whereby the retailer is becoming a proxy manufacturer. This same pattern is increasingly evident in other sectors of retailing, with retailers becoming increasingly active in managing their sourcing. In the fashion industry the most advanced companies in controlling the full chain were initially Benetton and more recently Zara. The latter's business model links has integrated all parts of the chain from design, manufacturing, distribution and retail. Similar patterns of integration can be seen in all sectors where consolidation has occurred and major retailers have emerged.

The wholesale role remains critical in sectors where consolidation is less developed and also in providing a range of services, including buying, training, marketing and other functions, to independent retailers, to allow them to compete with large scale retail concerns. Examples of



wholesalers providing such services can be found in food wholesaling, toys and hardware. These developments have necessitated consolidation within the wholesale sector and the development of new skills by the wholesale companies in marketing, merchandising and buying.

The changes in the industry structure have seen an increasing focus on managing an increasingly complex supply chain. Many retailers have decided to outsource the supply chain management to specialist logistics companies, which have emerged as a new industry.

A key consequence of the breakdown in boundaries between wholesale and retail is that both increasingly require similar skills, because both increasingly undertake similar work. As wholesalers take on functions such as IT development and support, marketing, retail brand management, training services and area management on behalf of smaller retailers, the skills they require to do so are similar to those required by major retailers to carry out the same functions to service the stores that they control. As major retailers have moved to sourcing products directly from manufacturers, they have increasingly needed procurement skills similar to those of wholesalers.

While the skills required by wholesale and retail are similar, the mix of skills is different. As wholesalers mostly do not actually operate retail stores, they mostly do not require store level retail operations skills.

While skills requirements are similar, they are not in all cases identical. There is a business-to-business selling and account management aspect to many roles in wholesale, where a direct management approach is appropriate in the equivalent retail role.

5.2.7 Blurring of Channels

Within retail there is also a blurring of channels, with traditional food retailers pursuing non-foods, non-food retailers targeting convenience. We also see a blurring between retail and online retail.

Many retailers use the opportunity offered by online retail and in-store kiosks to widen their product offer, and provide customers with a much wider range than is available within the individual branch. Shoppers can view a catalogue, view and buy online and have the clothes delivered to the door. Should they wish to return once tried on they can send through the post or return to store.

New technological innovations continue to present new opportunities in the future for this type of mixing and matching in retail.

5.3 Technology and Skills

5.3.1 Technological Developments

Technological innovation plays a central role in wholesale and retail, driving productivity improvement, underpinning effective marketing decisions, removing inventory and working capital from the system, eliminating stock-outs, matching staffing levels to workload, driving decisions on



stocking and space utilisation, and improving sourcing and purchasing decisions. Information and communications technologies play a central role in innovation.

Some of the areas where technology-enabled change is affecting retailing and wholesaling are as follows:

- Innovation in customer payment
- Innovation in customer purchasing
- Innovation in the use of technology
- Tapping into the information that is available
- Data mining on customers
- Supply chain management
- Category management

5.3.2 Innovation in Customer Payment

There are various innovations in payment being implemented or piloted internationally.

One that is being piloted is the separation of the scanning from payment, on the basis that the shop assistant will be faster scanning, and delays are introduced at the payment stage. On completion of the scan, the customer receives a receipt and bar code, which is taken to a payment tower where payment can be made by cash or by plastic.

One emerging option for payment is finger print technology. This technology was pioneered by the well named 'Pay by Touch' from the US. While 'Pay by Touch' has experienced problems, other companies have progressed with the technology, and are succeeding in penetrating the German Grocery sector.

Another recent technology is the use of 'Near Field Communications' whereby payment can be made without contact. The card may be waved at the reader. This technology is currently being rolled out on a pilot basis in the UK. The significant benefit is the speed of transaction. Because of the lack of personal identification there is a limit placed on purchase value of about €20.

This same technology can be applied to mobile phones, with an updated chip.

5.3.3 Innovation in Customer Purchasing

While self checkout is no longer new technology, it is interesting that it is not yet used much outside the Grocery sector, and particularly in stores with extended hours. The fact that its use has not penetrated wider is surprising in view of how common place self-service technology is becoming. Consumers increasingly use self service to withdraw cash, to top up phones, to collect tickets at cinema or theatre, to check in on air or rail. Self service petrol stations and automatic vending machines are also becoming more widespread.



While self checkout is well developed and the major trends in this technology is to reduce the footprint and add functionality, including recycling of cash, there are interesting developments in self scanning.

Two innovations include the development of smaller hand held devices which also function as Personal Shopping Assistants (PSAs). The PSA offers suggestions in relation to promotions or previous shopping patterns.

Another development is the use of a mobile telephone with a special chip which acts as both a telephone and also a personnel scanning device. Payment can also be simplified.

5.3.4 Innovation in the Use of Technology

The last decade has seen significant advance in retail technology following an extended period where changes were gradual. In many ways the last radical move in the retail industry was the introduction of self service.

Kroger was one of the pioneers in introducing **self checkouts** in the United States and after 10 years most retailers offer a self checkout solution.

Electronic shelf labels were again pioneered some 10 years ago or longer, but have really only found traction in France, where the legislation on having the price on the shelf matching the price at the till is particularly demanding. All the larger French Hypermarkets have implemented this technology, which has also penetrated Belgium. Outside Belgium and France the take up has been slow.

With the improvement in the label technology and the reduction in price, there will be a great expansion in the application of this technology with current evidence suggesting a payback of less than 3 years.

Distribution centres are moving towards increasingly sophisticated methods for picking products. The current state of the art is **voice picking** (now in use in some Irish distribution centres), where the picker works to a computer-optimised plan, taking voice instructions from the computer system and responding when a product is picked through a headset. Distribution centres achieve much higher picking rates as they improve their technologies. Cases where Irish distribution centres achieve picking rates of the order of 180 per hour were mentioned in interviews.

At the same time, **databases of codes** linked to the specifications of products they identify are being developed, which are accessible to wholesalers and retailers worldwide. This will make it easier for retailers and wholesalers to source globally from non-traditional sources: it will be easier to find suitable products, and there will be far less scope for unpleasant surprises when buying from a new supplier.



In-store media (such as screens displaying news, entertainment and advertising) has generated considerable interest, as retailers and the major brands see opportunities to influence purchasers at the point of sale. However, in the current economic downturn, consumers are increasingly making buying decisions in the home, and preparing shopping lists, thereby reducing the scope for impulse purchases.

Internet protocol (IP) cameras offer significant advances over traditional analogue technology. The store manager can view the store from a remote office, from their home or even while travelling. By linking camera technology to the Point of Sale, it is possible to monitor individual transactions to ensure that full payment is made and that all goods are scanned.

The IP camera also offers the potential for a wider set of applications:

- It can be used to monitor consumer reaction to specific layouts or promotional offers.
- It can be used to track how customers move through the store.

In addition to its use in payment, **finger print technology** has wider applications, including its use for employee attendance.

Various new technologies help customers make decisions without the assistance of shopping assistants. Examples include:

- **Special fitting rooms**, where it is possible to try a combination and test alternative combinations without leaving the fitting room.
- **Virtual make up units**, which allow the individual to test different colours.

5.3.5 Barcoding, Radio Frequency Identity (RFID) and Supply Chain Management

As seen earlier, one of the major areas of focus for innovation in wholesaling and retail is improving management of the supply chain, reducing the level of stock in the system, minimising the costs associated with moving goods around and ensuring that sufficient goods are in stock when they are needed.

Barcoding and associated technologies play a central role in enabling progress in this area. In addition to barcodes familiar to consumers, there are also barcoding systems that carry considerably more information. The standards are set by GS1, a not for profit organisation dedicated to the design and implementation of global standards and solutions to improve the efficiency and visibility of supply and demand chains globally and across sectors. GS1 standards cover globally unique identification numbers (GS1 barcodes), and standards for RFID (Radio Frequency Identity) tags and systems. GS1 also provides solutions for efficient exchange of master product data and e-commerce tools.

These technologies enable businesses to track and manage the flow of goods efficiently, capturing information that enables them to optimise the flow of products and improve the operation of the



supply chain from end-to-end. The technologies are designed not just to improve the flow and management of goods within a business, but also along the full chain from manufacturer to customer. They facilitate the communication, not only of unique identifiers for each type of product, but also (where required) much more detailed information about the product specification, batch, source etc.

Information technology is centrally important to this. As time goes by and as technologies improve, ever more data is captured and the challenges of extracting most value from it increase. The sector already records all sales electronically, and is progressing towards recording every movement of goods prior to sale. Vast amounts of information are captured through Point of Sale technologies (cash registers / scanners), and through tracking of products (generally through scanning bar codes, or increasingly with RFID) as they flow from producer to retailer. This information allows the flow of goods to be managed scientifically and allows retail outlets to move from manual towards automatic ordering.

Such thorough capture of data allows a considerable amount of automation in areas such as planning goods flows and generating picking lists for distribution centres. It also provides hard information on the performance of the supply chain, which can be used to highlight opportunities to eliminate waste or improve performance.

Effectiveness in this area can make a major contribution to competitiveness. Businesses that have not made much progress are at a significant competitive disadvantage to businesses that have invested. Looking globally, Walmart is recognised as the leader and the advanced management of its supply chain is recognised as perhaps its key source of competitive advantage.

Implications for Ireland

International retailers operating in Ireland are mostly well advanced. Smaller retailers outside the grocery sector are mostly at a significant disadvantage. Larger indigenous retailers and the major grocery wholesalers that operate symbol groups have made good progress, but it is an area that needs a substantial ongoing focus to keep them competitive with their international competitors. Grocery retailers that are members of the major symbol groups benefit from supply chain integration orchestrated by the wholesaler operating the symbol group.

This is an area where there is scope for the indigenous industry to markedly improve its competitiveness, by taking out cost and by getting the products that consumers want onto store shelves for when they want to buy.

5.3.6 Tapping into the Information that is Available

With the introduction of scanning, Point of Sale (POS) systems and Back Office systems, retailers have considerable information that they can use to help manage their business. Leaders in the use of POS scanning data have been fashion retailers, such as Benetton and more recently Zara, which



tailor their production to the products that are selling, and have organised their supply chain to respond rapidly, thereby reducing the number of lines that have to be cleared in sales.

POS data is also used to prepare suggested or automated orders in food retailing. The use of the real sales data helps develop forecasts, based on previous years' sales for the sale period, current sales patterns, inputs on special promotions, and also information on other variables that impact on sales such as forecasts of weather.

The benefits arising from suggested forecasting include freeing up time in store, greater transparency through the supply chain, reduced holding of stocks in the supply chain, and reduced working capital. The opportunities for rogue buying are reduced.

Retailers are increasingly using the information available in the system regarding the pattern of sales, timing of deliveries, scheduling of work on promotions etc. to plan manpower allocation in store more scientifically, with a view to having the right amount of labour available at the right time to undertake the task. Some US retailers have used these systems for a decade. Wider adoption is more recent, as retailers are increasingly seeking to improve the management of wage costs. The greater transparency possible in relation to deliveries has played an important role.

5.3.7 Data Mining on Customer Behaviour

One of the main purposes of loyalty cards is to provide information to allow retailers to market directly to customers. While many retailers have launched, and indeed re-launched, loyalty cards, relatively few have managed to use the vast amounts of information they capture very effectively. Tesco, which has used the technology in widening the services it offers customers, is recognised as a world leader in the area.

5.3.8 Category Management

Category management involves managing the presentation of products in a retail outlet by product category, so as to maximise the return that the outlet gets on the space it devotes to each category.

The detailed data that retailers collect on sales offers major opportunities to improve a retailer's understanding of its customers, allowing it, for example, in combination with broader market intelligence, to take a scientific approach to category management, optimising its use of shelf space using specialised shelf planning software.

5.3.9 Web Presence and Web Sales

The Internet is still increasing in importance for the retail sector both as a tool for marketing and as a platform for selling. Increasing broadband penetration and IT literacy mean that the web is increasingly central to the way in which people buy.



While there are some successful Irish online retailers (such as kennys.ie), many Irish consumers go to UK sites such as amazon.co.uk, play.com and ebay.co.uk for pure online purchases.

More commonly, Irish retailers use an online presence to complement their physical stores. Even where there are facilities for online purchase and delivery, for most retailers the online presence is at least as much about engaging with, and attracting, customers who may visit the physical store(s).

Success in this area requires considerable skills in online marketing and IT applications. In many cases, technology skills are contracted in from providers of web development and other information technology services. Where physical delivery is involved (mostly in grocery), it requires considerable skills in the design, optimisation and operation of fulfilment and returns systems to pick and deliver products, manage the logistics, manage customer relationships and providing good customer service (by e-mail, by web chat, by phone and - where appropriate - in-store).

5.3.10 Technology and Skills

As can be seen from the review of technological trends above, wholesaling and retailing make heavy use of technology. This has four major skills implications for the sector.

- Senior managers and other business leaders have to understand the opportunities and other business implications presented to wholesalers and retailers by developments in technology, if they are to lead the development of their businesses effectively.
- While wholesalers and retailers mostly acquire or license technologies, rather than developing them from scratch themselves, they need people with specialist technology skills to integrate (or oversee the integration of) new technologies into their existing systems, to customise them, to maintain them and to administer their operation.
- Wholesalers and retailers now employ significant and growing numbers of people in professional roles that involve using the tools provided by technological innovation to best business advantage. Professionals involved in category management, supply chain management, customer loyalty, area management and purchasing all need a combination of business and technology user skills to be effective. Developing these skills and honing them to a high level is one of the major skills development challenges facing the sector.
- There is a pervasive need for basic skills of technology literacy throughout the sector, as most jobs, at all levels from retail assistant and distribution centre operative up, involve some use of computer technologies. Lack of basic computer literacy is a problem for many of those employed in the sector.

5.4 Impact of Trends in the Wider Economy on Wholesale and Retail

5.4.1 Introduction

The performance of the wholesale and retail sector is linked inextricably to that of the wider economy. Consumer spending, a major macroeconomic variable, is one of the key drivers of the sector's performance. As seen earlier, retail spending accounted for 35.3% of average household spending in 2004/05.



Consumer spending has been falling, and all projections currently available are that it will continue to fall for some time. At the time of writing, the latest estimate (from the ESRI's Quarterly Economic Commentary for Winter 2009), is that consumer spending fell by 7.0% in 2009, and a further 1.0% in 2010, having fallen by 1.0% in 2008⁷. The resulting fall in demand is driving a reduction in numbers employed in the wholesale and retail sector.

However, the ongoing fall in consumer spending, and the shakeout that it is impacting on retailing will undoubtedly come to an end. ESRI currently projects a return to a modest level of economic growth mid-2010. Most of the wholesale and retail industry will survive, and most employment will be preserved. When growth in the wider economy resumes, growth in wholesale and retail will resume too.

5.4.2 Underlying Drivers behind the fall in Consumer Spending

The decline in consumer spending is not being felt uniformly across the retail sector, and is being shaped to a significant extent by the factors underlying the decline.

Key among these are:

- After increasing rapidly for well over a decade, growth in the adult population slowed sharply in 2008⁸. It appears from QNHS data that the working age population has decreased somewhat through emigration and reduced participation rates between Q3 2008 and Q3 2009.
- Balancing the impact of emigration on the population to some extent will be the progressive impact of a baby boom on the number of children in the country. Births in Ireland have been rising since 1994, when there were 48,300 live births in the country. As recently as 2005, this had risen to 61,400, which rose to 75,100 in 2008. However, there will be a long delay between increased numbers of births and any increase in the working age population capable of generating an increase in consumer spending.
- The amount of money that consumers have available to spend is falling at the time of writing, driven by falling employment levels, falling take-home pay and a sharp reduction in net new consumer borrowing.
- Consumer sentiment is very weak.
- As seen earlier, retail spending on furniture & lighting, electrical goods and hardware, paints & glass has suffered. The fall seems to be associated in large part with the fall in construction activity, which reduced the number of new and newly-renovated properties needing to be fitted out and decorated.

Taking all these factors together, the recession in the wider economy has a number of important implications for consumer behaviour.

- There is a sharp reduction in what consumers can spend, and a sharper contraction in what they choose to spend, which is affecting all parts of the retail sector and will continue to do so for some time to come.

⁷ i.e. Total sales in 2008 were 0.8% below those for the whole of 2007. As seasonally-adjusted sales ramped up during 2007, and down during 2008, the fall-off from peak was greater than 0.8%.

⁸ Based on Quarterly National Household Survey data on the population aged 15+, CSO.



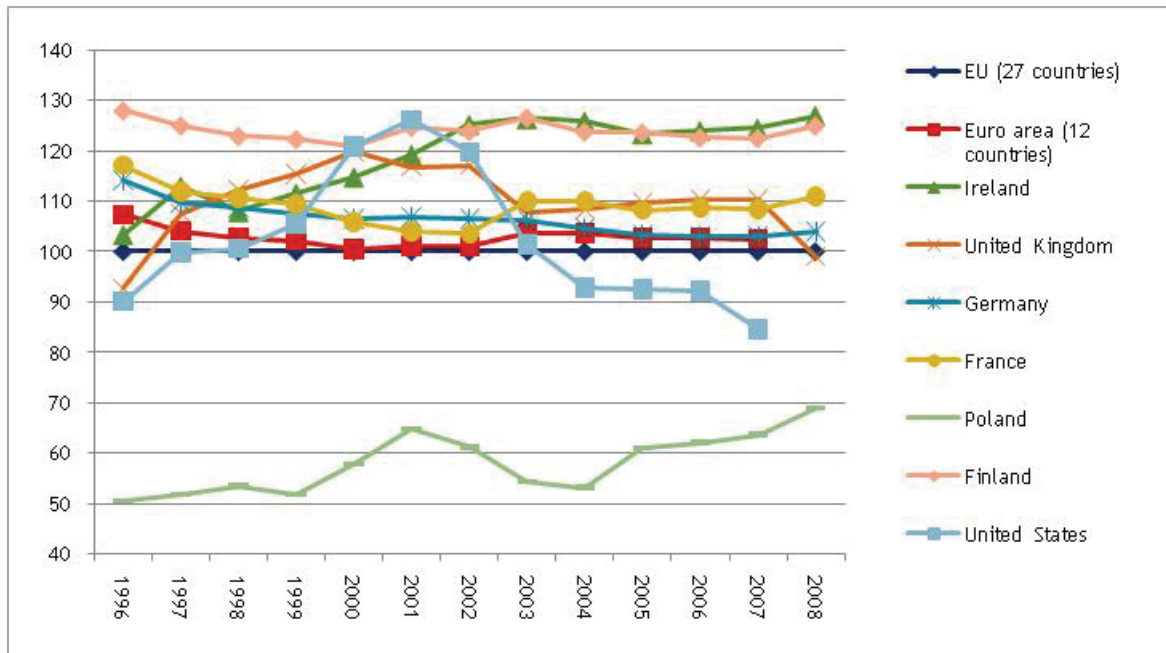
- The reduction in spending is not uniform across sectors.
 - Consumers still need to eat and feed their families.
 - They have traded down across many product categories and between different retailers.
 - They are postponing or eliminating spending on consumer durables.
 - Falling residential construction has cut the number of units that need to be decorated and fitted out, reducing retail demand for furniture, electrical goods and DIY materials.
- Economic conditions have driven consumers to become much more sensitive to price and value for money. It is affecting retailer behaviour, with most retailers positioning themselves as offering improved value for money through promotions, lower prices, discount brands or well-priced own-brand goods.
- Consumers are also moving business towards retailers seen as offering better value for money. For example, discount retailers are increasing their share of the grocery market.

5.4.3 International Retail Price Differentials

Consumer prices in Ireland are high by international standards. Data from Eurostat (from which a selection is shown in Figure 5.1) shows Irish consumer prices in 2008 to be the highest in the EU, at 24% above the EU average, just ahead of Finland.



Figure 5.1 Comparative Price Levels of Final Consumption by Private Households Including Indirect Taxes (EU-27=100)



Source: Eurostat

The differential in consumer prices between Ireland and other countries has been the subject of comment for a number of years, but has only had a major impact on Irish shopping patterns starting in the latter half of 2008. Three factors combined to encourage many more shoppers to cross the border to Northern Ireland.

- Sterling weakened dramatically against the euro. Typically, sterling prices held steady, widening the existing gap in prices between Northern Ireland and the Republic. In January 2009, a euro was worth 28% less in sterling terms than it was in January 2007.
- VAT changes late in 2008 widened the VAT differential between Britain and Ireland from 3.5% to 6.5%, widening price differentials. The Irish VAT rate was increased from 21% to 21.5%. The UK VAT rate was reduced from 17.5% to 15%.
- Under deteriorating economic conditions, Irish consumers became much more price sensitive, and responsive to price differentials.

However, the gap between prices in Northern Ireland and the Republic has moderated for many products as retailers in the Republic have reduced prices to compete more effectively with Northern Ireland Retailers and with each other.

Moreover, the 2009 VAT changes in Ireland and the UK were reversed in their respective 2010 Budgets, with the Irish VAT rate reverting to 21% and the UK VAT rate to 17.5%. Furthermore, excise duty on alcoholic beverages has been cut in the Republic.

Overall, the evidence suggests that cross-border shopping is having a significant impact on retail sales in the Republic, but that the impact has moderated, and that its impact on the country as a whole is much less than that of the general fall in consumer spending.



5.4.4 Turbulent Economics of Retail and Wholesale

Retail Economics

The recession is affecting retailers in a number of important ways.

- Sales volumes are falling, most steeply in non-food areas.
- Prices are coming under pressure, again particularly in non-food areas.
- The prices at which businesses can buy goods for resale are behaving differently for different retailers - even for retailers offering similar goods.
- The costs of “other goods and services” are also behaving differently for different retailers.
 - Property-related costs including rent form the greater part of this cost category. While the value of Irish retail property has fallen steeply⁹, property investors are endeavouring to maintain rents. Their varying determination and success in doing this in the face of the retail downturn means that property-related costs are holding steady for some retailers and falling dramatically for others.
 - The cost of energy has remained at a high level to date, but the falling prices of gas and oil will be reflected in energy costs to retailers and wholesalers as these are reviewed by the Commission for Energy Regulation.

In the main, retailers are able to respond to falling sales volumes by cutting purchases of goods for resale, and cutting staffing levels. Employment levels in the sector are falling approximately in line with falling sales. Reductions in operating staffing levels, closures of significant numbers of retail outlets and reductions in opening hours are contributing to the fall.

Some retailers are cutting working hours, in some cases leaving part time workers with fewer working hours than they wish to work. However, many retailers are having difficulty in reshaping the economics of their business to survive.

- In some cases, it is not practicable to keep the business operating if staffing levels are cut in line with falling sales volumes.
- In many cases, any substantial cut in turnover or margin causes operating losses, with unchanged fixed costs (rent, energy, interest on loans etc.) coming out of a smaller total margin on sales.
- Many smaller retailers are having difficulty in obtaining finance for seasonal stock purchases, such as with seasonal collections in fashion retailing.
- Many retailers attempting to source products through UK channels, so as to gain access to UK pricing, are having difficulty in doing so.

The extent to which these challenges are important and the extent to which they are surmountable, varies between retailers. As a consequence, retailers differ in the extent to which they are succeeding in improving their competitive position.

⁹ “Capital growth” data from the SCS-IPD Index for the 18 months to June 2009 suggests that retail property values fell by almost 54% over that period.



However, it is important to recognise that the tough conditions that currently exist in the industry are not permanent. The decline in sales, and the resulting elevated rate of retail business failures, will come to an end. Employment levels will stabilise, and are likely to return to growth as retail sales improve.

Wholesale Economics

As with retail, reductions in wholesale volume are likely to drive reductions in employment levels. However, changes in sourcing patterns may have a substantial impact on wholesalers - both on wholesalers as defined for this study, and for the many Irish sales and distribution operations of overseas manufacturers that are outside the study's scope but are included in broad wholesale (NACE 51) statistics.

As some retailers move to sourcing international brands from the UK, rather than from the Irish sales and distribution operations of international manufacturers, this will put pressure on these operations. It is likely that many will continue to operate, but may reduce employee numbers, and that some may close and transfer their functions to Britain. A possible alternative is that some international manufacturers may choose to bring their Irish prices closer into line with UK prices.

The likelihood is that Irish wholesalers will have to start sourcing more of their products, particularly international products, from the UK, in some cases sourcing "grey" products intended for sale in other countries. While this may lead to significant operational changes, it should not have a major impact on their skills requirements. The most significant grocery wholesalers already have UK operations that can easily facilitate sourcing goods from UK suppliers.

Again, a significant strengthening of sterling against the euro could largely eliminate the pressures. As with retail, it is important to recognise that the tough conditions that currently exist in the industry are not permanent.

5.4.5 Independent Retailers

Difficult economic conditions are forcing significant numbers of retailers out of business, many of them small, some of significant size. At the same time, others are seeing opportunity in the downturn, and are establishing small retail businesses in significant numbers.

Key factors driving this are:

- There is a substantial excess supply of retail space, much of which will be offered to new tenants on very attractive terms, rather than having it lie empty with no rental income, with security and maintenance costs and risking dereliction.
- One consequence of the downturn is that many entrepreneurial people are being made redundant, with sufficient lump sum compensation to allow them to start a business.
- There are many niche types of retail business that have potential to be viable in bad economic times, with well-located premises available at low rent, potentially with low debt (perhaps financed by a redundancy payment), and operated by the proprietor (and often family) who can



be flexible about pay. Business types such as second hand bookshops, niche clothing stores, hobby shops, health food stores and tattoo parlours are re-emerging from marginal locations, and increasing in number.

5.5 Conclusion

Changes in the sector in areas including technology, supply chain management and marketing are driving a much greater need for high level skills to exploit them. The sector now offers considerable opportunities for highly-skilled, technologically literate people who can bring together an understanding of both business and technology to improve business performance.

The pervasive presence of technology in the sector is driving a widespread need for at least basic technology literacy. Senior managers and other business leaders have to understand the opportunities and other business implications presented to wholesalers and retailers by developments in technology, if they are to lead the development of their businesses effectively.

Trends in the wider economy are affecting the sector and will continue to do so. Prices are coming under pressure. The sector's economics are in turmoil because of falling sales volumes, differing extents to which retailers and wholesalers can source goods cheaper from outside the jurisdiction, and divergent ways in which falling prices in the property market are impacting on businesses.

While difficult economic conditions are forcing many retailers out of business, they are creating opportunities for new entrants, with substantial volumes of retail space available at relatively low cost.

The tough conditions that currently exist in the industry are not permanent. The ongoing fall in sales currently underway will come to an end, and conditions in the industry will improve. Numbers employed in wholesale and retail will stabilise, and are likely to return to growth as sales improve.



Chapter 6 Industry Interviews and Literature Review

6.1 Introduction

The terms of reference for this study placed great importance on securing the agreement of all the relevant stakeholders on a set of actions necessary to achieve significant engagement in upskilling and education and training to the mutual benefit of enterprises, employees and the State. It was therefore important that an extensive survey of stakeholder views was undertaken addressing each of the relevant stakeholders.

The principal findings arising from these interviews are set out in this Chapter. These findings are also set in the context of the findings from a number of relevant studies addressing training and development issues in the retail and wholesale sector outside of Ireland, with the objective of identifying areas of common ground.

In reporting on the findings, it is proposed to report firstly on the feedback from employers. The sample of employers was designed to include a mix of companies broadly representative of the retail and wholesale sectors. Thus the survey panel included major multinational retailers as well as Irish owned operators, addressed a number of sectors from food through to hardware and also include large employers and SME's.

6.2 Industry Interviews

The face-to-face interviews undertaken as part of the study sought to identify what training is currently carried out, to determine how training is perceived within the sector and any barriers to training. Companies were also invited to identify and discuss issues facing the retail and wholesale sector as a whole.

Overall findings from the interviews are broken down into three sections:

- Current training systems
- Issues surrounding training
- Major issues facing the sector.

The findings under each of the sections are set out in the following paragraphs.

6.2.1 Review of the Current Position in Relation to Training

The most developed and structured training systems are most evident within the larger organisations, particularly the international players. These larger organisations have the scale to allow for dedicated training budgets, training staff and in some cases dedicated training centres.

With these larger organisations, all training is done internally and there is limited or no engagement with Skillnets or FAS. All the larger companies place great emphasis on delivering Induction training to new staff, which not only addresses standard housekeeping issues but also explains the corporate culture. In general all new staff, whether senior or junior, are required to complete this Induction.



For new shop floor staff, the next stage of training is delivered in store and largely consists of on the job training with a degree of mentoring, for example, a ‘buddy system’.

Smaller organisations, for example independent retailers in the newsagent/ convenience sector or the hardware sector are far more likely to rely on FAS or a Skillnet to provide training programmes and funding. Industry associations play an important role in organising this training and do so through FAS and or a Skillnet. This training has some state subvention, with the individual paying approximately 50% of the total cost. Aside from training associated with the various interventions described earlier in the report, almost all training provided by the retail and wholesale sector has no formal qualification/ accreditation by FETAC, HETAC or any third level institution. While the benefit of some form of accreditation is recognised by employers in terms of developing the individual and providing opportunities for progression, such accreditation is not seen as greatly beneficial to the employer. In fact, the scale of costs involved and additional administration are seen as not being viable for industry, particularly in the current economic climate.

Recent initiatives in relation to the Recognition of Prior Learning (RPL) are seen as important, but are demanding in terms of providing the necessary evidence.

One leading Department Store is also evaluating the implications of having their extended induction programme accredited by FETAC. The objective in the first instance would be to seek to align the programme and then assess the implications of accreditation.

While all retailers handle the training of shop floor personnel in-house, the position in relation to Management Training is more varied. Some retailers have an in-house training programme. This is particularly the case for some international retailers who can draw on the programmes that have already been developed. A number of retailers offer opportunities for graduates to enter a management development programme.

A number of companies have formed a partnership with higher education colleges for management training, which is accredited. Examples of such programme, which are delivered on a modular basis have been developed with Dublin Institute of Technology (DIT) and also Dublin Business School (DBS). The programmes have been developed by the colleges to meet the specific needs of the retail and wholesale companies and are accredited. In one case a Retail Management Degree (HETAC Level 7) is awarded following a 3-year programme, while a Diploma in Retail Management (Level 6) is offered for the 2 year programme.



6.2.2 Issues which Impact on Training

In seeking to identify the issues which impact on training, a number of common themes were identified by all interviewees. These issues relate to:

- The difficulty experienced by retailers in freeing up staff for training, in particular for on the job training.
- The challenge for training personnel to persuade management of the value of training at a time when there is severe pressure on margins.
- The lack of training personnel in most stores.
- High labour turnover is no longer an issue.
- The negative perception of training.
- Limited use of e-Learning.

One of the major problems that came up repeatedly was the issue of time. The inability of retailers and wholesalers to release staff to undergo training was discussed by almost all of those interviewed. In the current economic environment most retailers are looking to reduce staff numbers in order to reduce operating costs, which in turn accentuates the problem of finding time to train staff.

The current economic downturn was also to the forefront of discussions regarding issues facing the sector. A downturn in consumer expenditure has eaten into profits and has led to a massive cost cutting exercise for all involved in the sector. Many of those interviewed felt that the challenge in today's market was survival and that training in the current climate could be viewed as discretionary. It was recognised that the challenge for Human Resource Management under these circumstances is to underline the importance of carefully tailored training interventions to support differentiation from competitors, for example, through excellent customer service. The skills obtained through training should be viewed as an investment in social capital rather than as an operating cost.

Historically the staffing complement of larger stores included a number of training positions. This was particularly the case in the multinational companies. Over time this situation has changed and the training role has been greatly reduced - in number and also as a consequence in scope, with the focus on training administration rather than training delivery.

The barriers to training are often greater in smaller businesses. Large businesses can afford to invest in developing and updating training material and methodologies because they can spread the costs over a large number of trainees. Small businesses mostly cannot afford to do a good job on this for themselves. The work that FÁS and IBEC Retail Skillnet have done on developing retail training material has made an important contribution to addressing this, which will increase if their materials can be used more widely.



In the smallest businesses, time pressures on owner-managers also create barriers to training that can be resolved through delegation in businesses of any significant scale.

One of the major barriers to training in the past was high staff turnover, with employers reluctant to train staff for the benefit of another employer. With the economic downturn however the position has changed dramatically as people opt to stay in their jobs for the medium to long term. Thus the challenge for employers is to ensure that the necessary skills are in place. The current downturn therefore presents an opportunity to train/ up-skill staff in the confidence that they will stay on in the longer term. Both employer and employee stand to benefit from investment in training.

Training as a term was perceived negatively by many of those interviewed on the basis that employers saw training as a cost while employees saw training as a burden. 'Upskilling' as a term was viewed more positively within the industry. It was emphasised that in selling training/upskilling to the industry, it was important to make the connection between upskilling and the retailer's objectives of growing sales, increasing profit and compliance with the law. Retailers and wholesalers will not place an emphasis on training if they cannot see the benefits for them as an organisation.

The penetration of e-learning is very limited within the sectors, with only two of the organisations actively engaged with e-learning. In both cases one of the primary drivers was the reduction in costs associated with switching to e-learning. One of the multinational retailers has switched most of their training to a combination of e-learning, with staff accessing material from the corporate intranet and with some limited mentoring support. E-learning is also a focus for FAS, which recognises the benefits associated with training that can be done remotely. FAS has provided e-learning through its e-College programmes.

6.2.3 Major Sector Issues Impacting on Training

Many of those interviewed identified the poor image of the industry as a major barrier in attracting the quality of entrant. The issue of accreditation was seen as important from a national viewpoint but not for the individual retailer. In terms of skills, the key skill identified by a number of retailers is the need for enhanced selling skills.

The poor perception/ image of the retail sector was highlighted as a major issue by almost all those interviewed. Among the factors seen as contributing to this poor perception are the unsociable hours and the idea of retailing as just 'a job in a shop', the low status attaching to working in retail and relatively low levels of pay in some positions. All of these factors dissuade young people from thinking about retailing as a future career. A number of those interviewed believed that the industry needed to be more proactive in promoting retailing as a career. It was suggested that there was an opportunity for cross -industry initiatives championing careers in retailing, focusing in particular on career guidance in schools. While a number of individual retailers have linked very



effectively with the Higher Education Colleges on work placement, there is scope to deepen these links and, as a result, achieve greater recognition of retail as a career at third level.

Accreditation of training was also recognised as one means of improving the industry's image and building awareness of it as a career. Individual retailers, however, were generally unwilling to make the necessary investment associated with achieving this recognition. A number of factors were identified. For most retailers the focus was on undertaking the necessary level of training to give the individual the required set of skills. Aligning this training with a national award was seen as adding cost and complexity.

Ireland is facing economic uncertainty and all sectors have been affected by the global recession. The retail sector, in particular, is vulnerable as consumers limit their spending and cut back on discretionary expenditure. This uncertain future is seen as a huge issue by most interviewed but, as discussed above, this could provide an opportunity for retailers and wholesalers to differentiate from competitors through offering improved quality and service. Upskilling could form the cornerstone of this new image with improved customer service and product knowledge. In particular there is a need for selling skills to be developed. These skills were less of an issue in recent years when Ireland benefitted from a consumer boom, but in a difficult trading environment the challenge for many retailers is converting footfall to purchases.

6.3 McKinsey on Making the Best of a Slowdown in Retail in the US

With the Irish economy facing the prospect of the continued decline of economic output into 2010, management in Irish retailing and wholesaling is faced with the challenge of not only managing in a prolonged downturn, but also ensuring that their business is positioned to take advantage of the upturn.

McKinsey & Company recently reported on research that they had undertaken into the performance of US retailers in the upturn following the last two major recessions¹⁰. Based on their findings they identified some key steps that should be taken to ensure that retail companies emerge from recession prepared for the upturn.

The research shows that during the last 2 recessions in the United States, in 1990/1991 and 2000/2001, that retailers did not recover and grow as quickly as other parts of the economy. While consumer confidence is an important factor influencing any upturn in retail sales, McKinsey identified a number of factors which they believed accounted for the fact that retailers were not positioned for growth.

A key reason identified for this failure is that many retailers took the easy option during the downturns of taking easy, familiar options such as cost cutting, rather than tackling more challenging objectives that would improve their competitive positioning during the upturn.

¹⁰ McKinsey Quarterly, September 2008.



- For relatively healthy companies in markets with good growth potential, McKinsey argue that the priority is to invest in gaining strategic advantage over competitors. Examples of actions are to: refresh stores; acquire other retailers with depressed valuations; recruit talent; and work hard on winning at local store level.
- They argue that relatively healthy companies in mature retailing markets should also go on the offensive, taking action to drive traffic into stores. Examples of actions are: to communicate values, for example by adjusting pricing and promotions to increase customers' perceptions of value; to use promotional and marketing tools to drive traffic to stores; to ensure that they never miss a sale by avoiding out-of-stocks and increasing store labour during peak hours; and to improve conversion of web visits into customer sales.
- For companies which are financially weak, they argue that the priority during a downturn is to cut costs and improve labour productivity. Examples of areas where they can take action include: rationalising inventory (and freeing up working capital), renegotiating terms with suppliers and applying lean techniques to redeploy labour away from non-customer facing tasks. They emphasise that the key is to get more from sales resources - not just to cut people hours, and that sales are the key driver of business economics.

The key message from the McKinsey study is that managing through a downturn in retail is not all about cost cutting. This applies to human resource management, as much as to other areas. Some specific points that McKinsey makes about people management are as follows.

- As staff costs are a major component of total costs, staff layoffs and a cutback in training is often a first step in reducing costs. Rather than a freeze on all hiring and employee development programmes, companies should use this period as an opportunity to upgrade talent and better engage existing staff. This means reinvesting a percentage of the capital liberated from cost cutting into, for example, selective recruiting and development programmes and in efforts to safeguard the culture and to redesign jobs so that they are more engaging to remaining employees.
- Before undertaking widespread layoffs, companies should use their performance-management processes to help identify strong employees. They should assess which types of talent drives value today and which will drive it in three years from now. Downturns place companies' talent strategies at risk. As deteriorating performance forces increasingly aggressive headcount reductions, it is easy to lose valuable contributors inadvertently, damage morale or the company's external reputation among potential employees, or drop the ball on important training and staff-development programmes.

More generally, the strategies highlighted by McKinsey depend heavily on well motivated, well skilled people, with the creativity, initiative and capabilities to raise performance by moving away from business as usual.

This requirement exists at all levels, from retail assistants upwards. The need is particularly acute at retail professional and senior management levels. Actions such as refreshing stores, acquisitions,



driving traffic to stores through marketing and promotions, rationalising inventory and applying lean techniques depend on access to strong professional and managerial skills.

There is evidence of retailers in Ireland applying many of these lessons.

- There is currently evidence in all areas of Irish retail of the focus on driving revenue growth by offering value and lower prices to consumers.
- There is extensive evidence of retailers seeking to reduce costs through renegotiation with suppliers, sourcing value offers, reducing opening hours, reducing total labour costs through careful management of overtime and also seeking to reduce the cost of retail space and services. Other measures to reduce costs include re-configuring the supply chain and steps to focus on fast moving goods and reduce the proportion of write downs.

6.4 Lessons from US Retailing

6.4.1 Introduction - Winning through Differentiation

This section looks at a number of US retailers that stand out for their success in establishing a strong position in the market, and distinguishing themselves from their competitors.

The importance of differentiation is well understood in all retail markets. Unless a business is able to build differentiation into its product /service proposition for its target customers, there is no compelling reason for customers to build a bond with that business. This bond may be to a particular brand or alternatively to a retailer. Differentiation becomes all the more important in highly competitive markets.

Differentiation in retailing can be by:

- Format - department store, supercentre, mass market, specialist, supermarket, warehouse club, discount, convenience, drug stores
- Geography - Nationwide, regional or local
- Retail channel - Bricks and mortar, bricks and clicks, on-line, TV shopping, catalogue
- Market position -Premium, middle or low.

The intensification of competition and the openness of the market to new entrants has seen a blurring of boundaries, with considerable overlap in what retailers sell. Wal-Mart started as a mass merchandiser of non-food products and over time has added food. Supermarkets have seen the attraction of having an in-store pharmacy, while in turn drug stores carry an ever increasing range of food products. Major premium clothing lines are part of the offer of Costco Warehouse Clubs, while Wal-Mart has become a major player in the Christmas toy market.

Retailers also seek to establish differentiation on the basis of product combined with customer service. This requires a focus on the development of people to deliver consistent high quality service. In the following paragraphs there is a discussion of the steps that some retailers have taken to build differentiation through product and service.



Among the retailers discussed are Nordstrom, a Department store; Wegmans and HEB Central Market, two regional supermarket chains; Whole Foods a national wide chain of Natural and Organic Foods, and Trader Joes a unique discount format. The businesses all place a major emphasis in recruiting on seeking an attitude that matches the business's retailing proposition.

6.4.2 Nordstrom

Nordstrom is an upscale department store chain founded by John W. Nordstrom. Initially a shoe retailer, the company today also sells clothing, accessories, handbags, jewellery, cosmetics, fragrances, and in some locations, home furnishings.

Nordstrom has grown from one downtown Seattle shoe store into a nationwide fashion specialty retailer, with renowned customer service, generous size ranges and a wide selection of apparel, shoes and accessories for the entire family. Known for its wide aisles, use of back wall displays, tasteful fixturing, seating for shoppers and its trademark live piano players, Nordstrom epitomizes specialty retail department store shopping. Currently, Nordstrom operates more than 100 full-line department stores. Currently Nordstrom have 50,000 full and part time workers of which 72% are female and in 2009 received more than 400,000 job applications.

Nordstrom is well-known for its customer service. For many years, new employees were given a copy of the famous Nordstrom's Employee Handbook - a single 5 x 8-inch (200 mm) gray card containing 75 words, welcoming the employee, indicating that the first goal is to provide outstanding customer service, instructing them to set their personal and professional goals high, expressing confidence in them, and saying the employee should feel free to ask department, store or division managers any question at any time. The single stated rule was to use good judgment in all situations.

Nordstrom, which is listed in the Fortune Magazine '100 Best companies to Work For' is widely recognised for its customer service. In hiring new people, the company has a simple philosophy - they want to hire people who love to sell, have an interest in fashion and want to provide great service to customers. The real success of Nordstrom is that they have found a way to deliver on this service to customers consistently.

Managers are trained in behavioural interviewing techniques to help gain the best insight into a person's ability to sell and a clear focus on the needs of the customer. Since Nordstrom has a long standing practice of promoting from within, people are hired with a focus on the long term. Basic traits and personality are seen as important, as is a willingness to learn.

Nordstrom provides a significant amount of training for salespeople through continuous coaching and mentoring provided to new staff, and through on-going support provided to staff by managers and senior management. Mentoring and coaching is seen as part of everyone's job reflected in the 'each one teach one' approach of managers as servant leaders - that a great leader is first a great servant to those who depend on her or him.



While employees enjoy pay some 50% above the average for retail sales people, sales staff at Nordstrom are paid on a commission basis, reflecting a commitment to pay people for their performance. While competition between sales people might be expected, the atmosphere at Nordstrom is one of people helping each other to reach higher sales targets.

Nordstrom also offer retail internships to college students interested in a career in fashion. These students, from relevant retail programmes, receive mentoring and training, and upon successful completion of the programme will be offered an assistant manager or salesperson position. In their literature to students the focus is on the career paths in the exciting world of fashion.

6.4.3 Wegmans

Wegmans, a family owned business on the east coast of the United States, has been listed in the top 10 of the Fortune '100 Best Companies to Work for' the past 12 years. They were ranked No 1 in 2005. There is a strong link between this excellence and the customer service experienced in the store. Wegmans currently operates 73 stores and employs 37,200 staff. Each year they receive 160,000 job applications.

The stores are large, averaging 100,000sq ft with a prodigious range of products and services. Wegman's hourly wages are at the higher end for the industry and it also provides attractive benefits. The company also pays scholarships to full and part time workers to support their studies. For the academic year 2009/2010 some 1,423 employees have been awarded college tuition assistance totalling \$6million.

Wegmans also invests in developing product knowledge and expertise of its staff. One cheese manager was sent on a study tour to cheese makers in England, France and Italy. The company believes that it needs knowledgeable staff to provide customers with the product understanding they need to buy, so it has to invest in employee product knowledge.

Management seek to establish an emotional connection between customers and Wegmans. This emotional connection is achieved through motivated and informed staff. Not all Wegman employees are food connoisseurs, but passionate customer service sets them apart. The company empowers employees, and creates an environment in which employees can excel.

Indicative of the commitment to outstanding customer service is the decision to not invest in self checkout. This is based on the belief that the check out is the last opportunity to have a customer contact and to undertake service recovery if a customer has experienced a problem.

To ensure that this culture is embedded in all its stores, the chain only expands slowly, and the company never opens a new store until the employees are fully prepared. Many of the managers are drawn from existing stores.



The Wegmans training programme is based on the belief that ‘at Wegmans, we believe that good people, working towards a common goal, can accomplish anything they set out to do’. In this spirit Wegmans’ goal is to be the very best at serving the needs of customers. They believe that every action should be made with the customer in mind, but this can only be achieved if the needs of their staff are fulfilled.

6.4.4 HEB Central Market

H.E. Butt Grocery Company (HEB) was established in Texas more than 100 years ago and has developed a network of stores throughout Texas. It also has a presence in Mexico. The company currently operates in excess of 300 stores and has 63, 000 employees.

HEB has successfully co-existed with Wal-Mart since the early 1990’s, as the latter has increased its presence throughout Texas. HEB has enjoyed this success as a result of the strength of its management, its relationship with its customers and by tailoring its offer to the local market. It has also been committed to investment in new stores and remodelling existing stores and innovation. One of the new formats it has developed is the Central Market with a sales area of 90,000sq ft.

As part of its strategy to underline the positioning of Central Market as a different retail experience, HEB has focused on people and products. HEB decided to put more people back into the store, contrary to the general trend of reducing the number of staff on the shop floor in food retailing. The principle is to have knowledgeable employees who love food. It has also introduced an extensive tasting programme, with specially recruited staff called ‘foodies’.

HEB places particular focus on attitude when it recruits. It increasingly focuses on the interaction of staff with customers as being a critical element of the total retail experience. Once an employee joins HEB, the opportunities to develop a career are in place. On offer are: on the job training, classroom training, online computer training; rotation assignments and tailored development plans.

6.4.5 Whole Foods Market

Whole Foods is the world’s leading retailer of natural and organic products. It is highly selective about the products that it sells, and has a deep corporate commitment to sustainable agriculture.

Products are sourced from specialist producers from all over the world. The commitment is to offer the highest quality, least processed, most flavourful and naturally preserved foods.

Whole Foods was founded in Austin, Texas in 1980 and currently employs 54,000 employees. As is the case with Wegmans and Nordstrom, it has regularly been ranked in the Fortune ‘100 Best Companies to Work For’. It also won the ‘2009 Socially Responsible Retailer Award’ for its



excellence in integrating social responsibility into its business. The company currently operates some 330 stores.

Whole Foods Market matches its product philosophy with a dedication to customer service. The company seeks to recruit the best people to become part of its team. It empowers them to make their own decisions, creating a respectful workplace where people are treated fairly, and are highly motivated to succeed. Whole Foods looks for people who are passionate about food.

The company places a major emphasis on training, and has put in place a network of trainers at store and regional level. Stores have to ensure that all team members understand the business and the philosophy of the company. In recruitment, Whole Foods places a focus both on the individual and also on the ability of people to work in teams. Before confirming an offer of employment, new potential team members work in a section of the store, and the team makes an assessment of their suitability as a team member.

The focus of Whole Foods Market on people is reflected in its mission, which addresses “whole foods, whole people and whole planet”. In addressing Whole People, the mission statement says that the business recruits the best people it can, and empowers them to make their own decisions. It creates “a respectful workplace where people are treated fairly and motivated to succeed”. It looks for “people who are passionate about food”, and who are “well-rounded human beings who will help build locations into profitable and beneficial members of their communities”.

6.4.6 Trader Joes

Trader Joe's has over 320 stores. Its stores are located most densely in Southern California, but the grocery company has locations in 24 other states and in Washington, D.C. Trader Joe's was founded by Joe Coulombe, and is currently owned by a family trust set up by German billionaire Theo Albrecht, one of the two brothers behind the German supermarket chain Aldi.

The first store named “Trader Joe's” opened its doors in Pasadena, California in 1967. Trader Joe's total sales for 2008 were estimated at \$7.2 billion.

The May 2009 issue of Consumer Reports ranks Trader Joe's the second-best supermarket chain in the US, after Wegmans, while in June 2009, MSN Money released its third annual Customer Service Hall of Fame survey results with Trader Joe's ranked 2nd in customer service.

Trader Joe's describes itself as “your neighbourhood” or “your unique grocery store”. Products sold include gourmet foods, organic foods, vegetarian food, unusual frozen foods, imported foods, domestic and imported wine and beer (where local law permits), “alternative” food items, and basics like bread, cereal, eggs, dairy, coffee and produce. Non-food items include personal hygiene products, household cleaners, vitamins, pet food, plants, and flowers.



By selling almost all of its products under its own label, Trader Joe's "skips the middle man" and buys directly from both local and international small-time vendors. Trader Joe's promises that anything with a "Trader Joe's" logo contains no artificial colours, flavours, or preservatives, contains no MSG or trans fats, and is sourced from non-genetically modified ingredients.

According to Business Week, Trader Joe's pays above wages and bonuses. It also contributes into a company-funded retirement plan.

As the above profile indicates all aspects of Trader Joes are unlike competing retailers. The range is different, the penetration of private label is very high, and the store fit out is different. Instead of using PA systems, Trader Joe's employees use a simple bell system to communicate. One bell lets the crew know when to open another register. Two bells means that assistance is needed at the checkout stand. Three bells means that a manager is needed for assistance at the checkout stand. The focus on differentiation carries through to the people recruited, who are valued for individuality and interest in the unusual assortment offered by Trader Joes.

6.4.7 The Role of People in Creating Differentiation

In all of the mini-case studies above, the leading US retailers described rely on their people contributing to differentiating them from their competitors. They show very different approaches adopted by retailers in their approach to differentiation. Common to all is the clearly defined vision of the role of employees or team members in delivering a differentiated product/service, with a strong focus on recruitment and training.

6.5 Retail and Wholesaling - European Perspective

In 2007 a wide ranging European study of trends and drivers of change in relation to the wholesale and retail trade in general was carried out.¹¹ This mapping report addressed how companies are responding to the challenges of increased competition, complex supply chains, changing demographics, increased migration, changing consumer and media trends as well as the ability to attract skilled labour. An important development identified is the move towards retailer co-ordinated value chains. Costs are taken out of the chain and value generation has been redistributed between retailers and suppliers.

The growing trends of flexibility in working hours and the greater extension of work with increased hours of store openings which is increasing throughout Europe, though is long established in Ireland, is seen to present two challenges:

- From an efficiency viewpoint - using customer demand information, to avoid under and over-scheduling of labour resources.
- There is a need to harmonise this growing trend of flexibility with worker preferences.

¹¹ 'Trends and Drivers of change in the European commerce sector: Mapping Report' Published by the European Foundation for the Improvement of Living and Working Conditions.



In looking at skills gaps and training issues in the sectors, it is argued that the largest retailers and wholesalers in Europe are around the most successful of all businesses in Europe and are global players. These are leading edge companies with strong training and development and a significant level of recruitment. Large companies in retail and wholesale train their workers in-house. The practical skills are of more value added to the company than formal qualifications. There is evidence of good practice in in-house training activities.

At the other end of the scale are smaller retailers and wholesalers who are less able to train their staff and struggle to attract staff with the required customer service and communication skills. SME's face barriers including lack of time, cost of training and the lack of availability of training.

For retail and wholesale organisations, the key future challenge was identified as leveraging the workforce in order to differentiate the customer experience. This will be the key to increased profitability and cannot be achieved on price and product assortment alone. It is therefore argued that the workforce will be the most strategic asset of wholesale and retail organisations in the future.

The general skills identified as being important to employers included:

- Good communication and interpersonal skills
- A good level of numeracy and IT skills
- Negotiation and persuading skills
- Evidence of leadership and management skills
- Drive and enthusiasm
- Good risk assessment skills
- A well developed commercial awareness
- A flair for creativity
- The ability to work well under pressure and to tight deadlines.

The study also identifies retail as an attractive sector for students providing an opportunity to combine study with a job and income. Many who go onto a career in retail will have developed an interest through part-time work. This is a useful introduction to the sector.

6.6 Retailing Skills - UK Perspective

A study in the East Midlands¹² identified skills gaps associated with retail employees in SMEs and multiple retail companies and investigated the potential training and business implications that arise from these skills gaps. The skills gaps were from the point of view of retail employers.

The key issues identified were: the industry image and its impact on recruitment and retention; employee and management skills gap; and barriers to training. The findings highlight the need for

¹² Employer perceptions of skills gaps in retail: issues and implications for UK retailers. International Journal of Retail and Distribution Management Vol 35 no 4 2007.



the UK retail industry to raise the image of the sector, to identify the skills sets for specific roles, and to clarify the retail qualifications and training required delivering these. The following main issues were identified:

- *Industry Image:* The poor image of the retail sector was confirmed as severely impacting on the ability of retailers to recruit suitable applicants with the appropriate skills. Retail was seen as being of low status, having anti-social hours and low paid.
- *Recruitment and retention:* The negative image impacts on recruitment, which has been a particular issue in areas where there is low unemployment.
- *Skills Gaps:* Employers report a lack of basic skills in the recruitment pool, in particular communication skills and a lack of people skills/customer service awareness. Multiple retailers also identify a need for ability to work in a team and interpersonal skills.
- *Training:* Spending on training by retail organisations consistently lags that of other sectors. Training offered tended to be in-house and work-based learning. SME's were found to face barriers in terms of training and skills development, with training strongly seen as a cost.

The survey also showed that awareness regarding the provision of public qualifications-based training provision was relatively low, with employers becoming increasingly confused by the variety of qualifications on offer.

The discussion of the findings highlights a number of potential solutions to the skills issues identified.

1. Firstly, it is important that retail is made a more attractive career choice for workers of all ages. Retail as a whole needs its profile raised and a serious rebranding and marketing campaign is required to raise the awareness and image of retailing as a first choice destination career. Retail needs to illustrate the variety and challenges of the career paths open to potential employees. To achieve this, recruitment processes need to become more professional to compete for and attract the best applicants with the right attitude and skills set.
2. Secondly retail needs to become a priority, not a last resort. Retail accounts for a large percentage of the overall workforce, and it is vital that essential skills for retail are taught to potential employees, either as part of the new 14 - 19 years agenda or through the use of in-house training programmes. The introduction of skills workshops into schools and more focused, relevant work experience programmes could provide the kick-start that the industry needs.
3. Thirdly, close the management skills gap. The qualifications, funding and training for retailing need to be made more accessible and understandable to all levels of employees and managers. Clarification and dissemination of the qualification framework for retail is also needed to overcome the barriers to training particularly for smaller retailers.
4. Fourthly, students provide an increasing if transient workforce for retail. This segment provides an opportunity for retailers to raise skills levels and increase retention by converting students into permanent positions. Furthermore, retailers are missing a valuable source of graduate management recruits.



6.7 Initiatives Undertaken by Skillsmart Retail

Skillsmart Retail has launched a number of initiatives including a skills passport, skills shops and retail ambassadors.

The Skills Passport was launched in the United Kingdom by Skillsmart Retail, the Sector Skills Council for the retail sector. This Passport is designed to keep track of employee skills by having a complete record of all the training and skills individuals acquire throughout their career. This passport was piloted in early 2006 and rolled out industry wide in September of the same year. The passport costs £10 per year per individual and is transferrable between employers. The cost can be paid by the employer or the individual.

In 2008, Skillsmart Retail launched the National Skills Academy for Retail, the objective of which is to be the place where everyone can go to find out about retail careers and the skills needed to be successful. The National Skills Academy together with the national network of Retail Skills shops, provide drop in centres, where people interested in retail can learn more about the career and also about training for retail. There are currently some 30 Skills Shops throughout Great Britain, which form the first point of call for retailers, large and small. Each Skills Shop is operated by a partnership of local training providers, local agencies, developers and retailers offering careers advice on occupations and careers available in the retail sector and information on up skilling in retail through a range of initiatives to raise skills levels.

As part of their work in promoting careers in the industry, Skillsmart Retail have also developed an Ambassador programme of retail workers willing to share their experience and to help create awareness of the variety a retail career can offer to new entrants.

Skillsmart Retail and NVQs

A national framework of awards has been long established in the UK. National Vocational Qualifications (NVQs) are work based awards in England, Wales and Northern Ireland that are achieved through assessment and training. In Scotland they are known as Scottish Vocational Qualifications (SVQ).

To achieve an NVQ, candidates must prove that they have the competence to carry out their job to the required standard. NVQs are based on 'National Occupational Standards' that describe the 'competencies' expected in any given job role. Typically, candidates will work towards an NVQ that reflects their role in a paid or voluntary position.

Skillsmart Retail have set out a framework of 8 levels of awards relating to retail operations, progressing from entry level (Level 1), through to Masters and PhD (Level 8)¹³.

¹³ <http://www.skillsure.net/skillsmart>



6.8 Northern Ireland Skills Agreement 2008

Sector Skills Agreements are contracts between employers, their Sector Skills council and the providers/funders of education and training. The agreement is designed to ensure that 'the skills the sector gets are the skills that the sector needs' The Agreement for the retail sector in Northern Ireland was completed in June 2008 and is designed to address 4 major themes:

1. Improve store management skills in multiple retailers
2. Enhance the skills of those who are managers and proprietors of independent stores
3. Upskill all employed in sales occupations in both multiple and independent stores
4. Ensure a sufficient number of people of the right calibre are attracted to the sector

The detailed Action Plans set out the programme to address each of the themes.

In relation to improving store management skills in multiple retailers, which is often cited as a 'problem area' in both the literature and in interviews with retailers, the following are the expected areas of expertise: Conflict management, Customer handling skills, Delegation skills, Entrepreneurial skills, IT user skills, Literacy skills, Motivational skills, Negotiation skills, Organisational and planning skills and Self-confidence.

Enhancing the skills of managers and proprietors of independent stores is also a priority as owner managers are under unprecedented competitive pressures from larger companies. At the same time consumer expectations continue to grow. As a result, the depth and breadth of skills and expertise required to compete efficiently have continued to expand.

The successful independent retailer of the future will be required to have well developed strategies and business plans, as well as people management and customer handling skills. It is also clear that managers and proprietors will need to have a range of practical skills around visual merchandising, facilities management, website development and internet use.

Upskilling those employed in sales occupations is particularly important because for many this may be their first job. Many will combine full-time study with part-time retail employment, for others it will be their main job.

Aside from customer handling, communication skills and team working it is also important to have technical skills including; selling skills, merchandising and product knowledge. The ability to understand and respond to customer needs will continue to be a key skill required within the sector, regardless of whether it is online or a traditional store-based approach.

Ensuring sufficient numbers of people of the right calibre are attracted to the sector is critical and the continued poor perception of retail is an issue for the industry.

Research shows that while the retail sector is broadly perceived as an accessible sector, which provides a diverse range of opportunities for people with diverse skills, background, qualification



levels and willingness to work hard; it is also associated with negative perceptions of poor pay, long/ unsocial hours and limited career prospects.

Among the initiatives undertaken in Northern Ireland by Skillsmart Retail has been the organisation of a Retail Careers Fair and the development of a DVD on careers in the industry.

6.9 Retail Sector Responding to the Issues

Research has shown that the issues identified by the retail sector in Europe, the United Kingdom and Northern Ireland are not much different to those identified by the Irish industry.

It is important to underline the importance of retailing as an attractive first employment for many young people. This may be a part time job and can be a very positive experience or a highly negative experience.

This first contact between the industry and the individual can create the basis of a longer term relationship, even if only for the duration of the time that the individual is a student. Wegman's, a regional food retailer on the east coast of the United States, which is a 'Fortune Top 10 Employer for each of the last 10 years, sees students as an important part of their part-time workforce. They seek to support their students by tailoring hours and also providing scholarships.

In responding to the constant challenge of recruitment, many US retailers invest in having a computerised information point at the entrance to the store inviting customers to consider working, at times that suit them, for their local retailer.

Recognising the reality that many young people are transient workers, McDonalds pioneered a Skills Passport, whereby training delivered in one outlet can be recognised in another McDonalds thereby encouraging a transient workforce to work within the McDonalds worldwide network. The skills passport developed in the UK is an interesting adaptation of this concept.

6.10 Retail and Wholesale Sector Feedback - A Summary

The commitment to the training and development of staff is most evident in larger establishments, with the training typically delivered in-company. In the case of smaller establishments use is also made of external training. On -the -job training plays an important role in all companies in retailing and wholesaling.

Most of the training is not accredited, though there have been a number of initiatives in promoting accreditation. While companies recognise the benefits of accreditation, they believe that the business can benefit from the increased skills of the employee without undertaking the administrative and cost burden of accreditation.



FAS and Skillnets have played an important role in supporting the provision of training within the sector. There is also increasing evidence of partnerships being formed with Third Level colleges to address the training needs of management.

Wholesalers and retailers report barriers to training in the business. These barriers relate to the pressure on margins, the cutback in staff numbers, which makes it increasingly difficult to free up staff and the cut back by most firms in their training staff. In the case of retailers high staff turnover was a major barrier deterring staff from investing in their people. With the current decline in retail sales, labour turnover is no longer an industry issue.

It was also reported that e-learning has made little impact, despite the significant cost advantages that can be achieved.

A major theme of all employers was the poor image of the industry which makes it difficult to attract good applicants. This was particularly an issue during the recent boom, but is still seen as an issue.

The Desk Research showed considerable common ground with the findings that emerged in studies on the sector in Europe and the United Kingdom. The pattern of major retailers and wholesalers investing in training was repeated, while the position in the case of SMEs is seen as a challenge, if these businesses are to grow and develop. The negative image of the industry was also highlighted.

The findings of a study by McKinsey on the US retail Sector highlights the importance of continuing to invest in people during an economic downturn. Their study found that US retailers had lagged the rest of the economy in returning to growth following the last two major recessions. Their analysis shows that retailers took easy familiar options such as cutting costs rather than balancing such necessary action with steps which would prepare the business to take advantage of the upturn. McKinsey argue that companies should seek to use a downturn to upgrade talent and engage staff.

The importance of recruitment and the development of people was underlined in the discussion of the success of a number of US retailers. Common to the widely different set of retailers was the role of employees in delivering a differentiated product and service.



Chapter 7 Modelling Future Skills Demand in Wholesale and Retail

7.1 Introduction

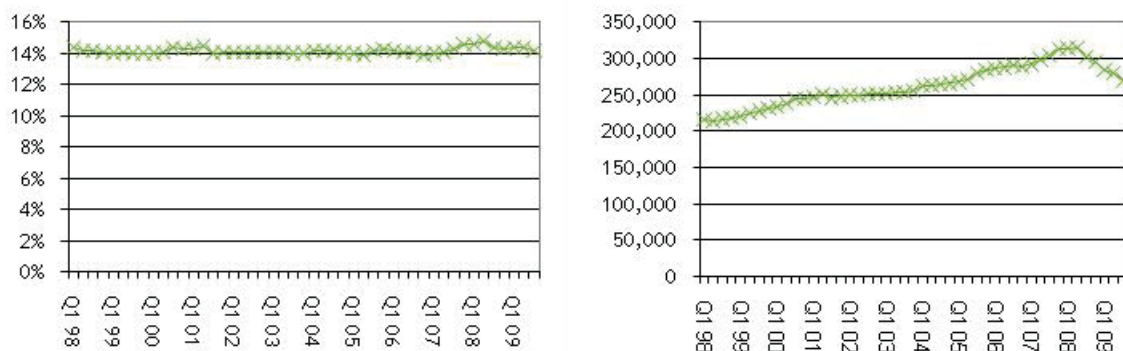
This chapter models demand for skills in the sector into the future. It bases its projection on a model describing future employment in the sector. It assumes that the occupational mix in the sector remains unchanged, and it makes a number of explicit assumptions about the need for the sector to replace people who change occupation or move out of employment in the sector.

7.2 Projecting Employment

Employment levels in wholesale and retail are very sensitive to a wide range of other economic influences. A number of approaches to modelling employment in the sector were considered, including a model driven by projections of consumer spending. Such projections are published by bodies such as ESRI, the Central Bank, the OECD and the European Commission.

A simple approach to modelling was chosen. It is based on the trend that employment in the broad wholesale and retail sector (Section G) has remained almost constant as a percentage of all employment in Ireland for more than ten years, despite major changes in the absolute numbers, both up and down. The core projection assumes that this relationship will continue to hold, and that employment in the sector will be approximately 14.2% of total Irish employment over the projection period. A variant scenario explores the possible impact of an increase in the share of employment accounted for by wholesale and retail.

Figure 7.1 Employment in Broad Wholesale and Retail Sector as % of All Irish Employment and in Absolute Numbers



Source: Based on data from QNHS, CSO



A review of earlier Irish data, relating to the economic downturn of the 1980s, shows that, while the percentage of all employment accounted for by wholesale and retail varied more over that period, there was no clear correlation with the performance of the wider economy.

A review of data for other EU countries shows that:

- There is no correlation¹⁴ between unemployment levels and the share of employment accounted for by wholesale and retail (Section G), which suggests that there is no reason to expect the share of employment in Ireland accounted for by the broad sector to change significantly as Irish unemployment rises.
- For most other EU Member States (not all), the share of employment accounted for by the broad wholesale and retail sector (Section G) is just as steady as for Ireland, which points towards the steady Irish pattern being more than a coincidence¹⁵.
- The share of employment accounted for by wholesale and retail (Section G) lies between 12% and 16% for almost all other EU countries, making Ireland's 14.2% share (Q3 2009, QNHS) both typical and close to the 13.6% EU15 average.

The core scenario is based on a view of future employment in the economy. As of the time of writing, the most recent ESRI Quarterly Economic Commentary¹⁶ projects that total employment in Ireland will average 1.85m in 2010. While the QEC projects an overall fall in economic activity for 2010, the projection envisages that this will encompass a modest resumption of economic growth in the latter half of the year. The scenario assumes that this is reflected in a bottoming out of employment in the economy as a whole, and by implication in the wholesale and retail sector.

The longer term outlook is still quite uncertain at the time of writing. The scenario assumes a gradual recovery in employment levels for the economy as a whole, with employment increasing by 30,000 from 2011 through to 2016.

Figure 7.2 presents the projection for employment in the broad wholesale and retail section (Section G) that falls out of these assumptions. The projected recovery in employment that starts in Q1 2011 is driven by strong growth in exporting industry employment, which returns to 2007 levels in 2014, and surpasses the historical peak in 2015.

Two variant scenarios are presented in Appendix C. It is considered that the core scenario presented here is the most suitable for planning purposes.

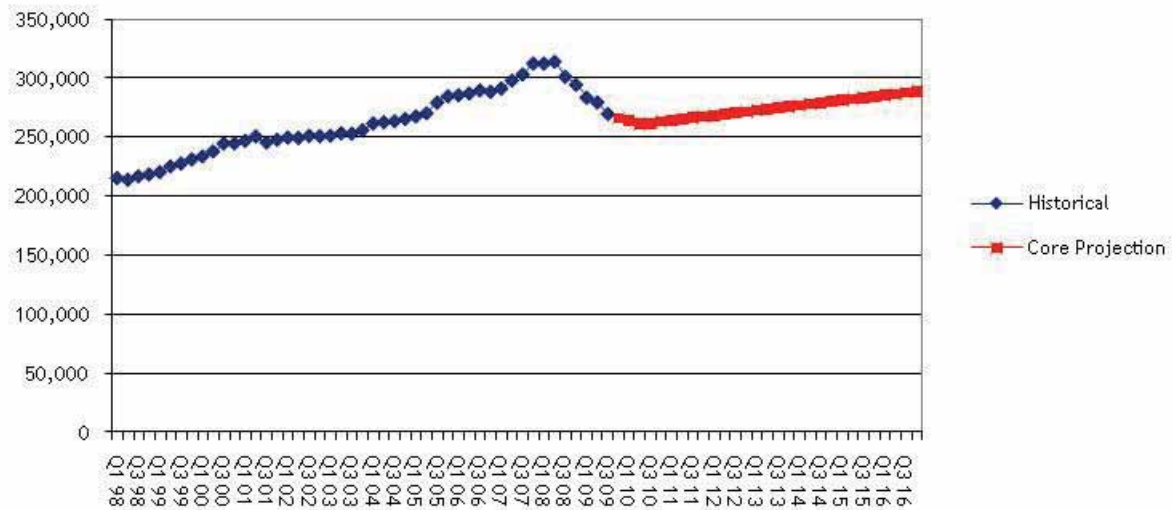
¹⁴ The calculated correlation is marginally negative, but close to zero.

¹⁵ Aside from central European accession States, Greece is the only EU country that has experienced a significant rise in the share of employment in the broad wholesale and retail sector (from 16.8% to 18.4% between Q2 1998 and Q4 2008). Aside from Luxembourg, whose retail sector is dependent on shoppers from outside the country, only Italy (down 1% and Belgium (down 1.6%) among EU 18 countries showed a significant decrease.

¹⁶ Winter 2009



Figure 7.2 Employment Projection for Broad Wholesale and Retail Sector (Section G) based on Assumptions Stated in Text



Source: Model developed for study

The key point to note under this scenario is that while employment in the sector is likely to continue to fall for a period, it does bottom out, and growth resumes in the latter half of 2010.

7.3 From Employment Projections to Demand Projections

Demand for labour is the sum of two main factors:

- Demand arising from growth in employment; and
- Demand arising from the need to replace people who leave the occupation, by moving to another occupation or leaving the labour force.

Considerable numbers of employees in any occupation move from one employer to another. We do not have Irish data on this, but Bureau of Labor Statistics data from the US shows that 27.6% of “retail salespersons” had to be replaced after leaving their job in 2005-06¹⁷. Figures for “cashiers” were a little higher at 34.5%. Turnover of “first-line supervisors/managers of retail sales workers” was much lower at 12.5%.

Turnover among front line warehouse occupations in the US is similar to that for retail salespersons.

¹⁷ Table V-3. Total and net replacement rates and annual average projected replacement needs, 2006-2016, BLS



Labour turnover is high in Ireland too, and the evidence from interviews with the industry is consistent with a similar turnover history in Irish retailing, and significantly higher in some parts of the sector.

- Some parts of the sector are seen as more attractive than others, encouraging lower turnover.
- Some employers make a greater effort to retain retail staff than others.
- According to many of those interviewed for the study, once employees stay with a retailer for two or three years, they become much less likely to leave, so turnover is likely to be lower than average in mature retail settings.
- There has been a steep fall in turnover among retail employees since the economic downturn started. With alternative employment opportunities scarce, those employed in the sector are much less likely to leave than in the past. While high labour turnover caused difficulties for many retailers during the fast-growth years, some are now missing the flexibility that a more moderate rate of employee turnover would give them.

However, from a labour demand perspective, what matters is not the total numbers needing to be replaced, but the net requirement to replace employees because they have moved to a different occupation, or have left the industry, rather than moved from one employer to another. Data for the US shows that most of those who leave jobs in retail and distribution related occupations remain available for employment in the sector. While turnover of “retail salespersons” is high at 27.6%, the Bureau of Labor Statistics projects a net replacement requirement of 30.8% over the ten years 2006-2016. This is equivalent to 3% per annum. The annual net replacement rate for cashiers is higher at 4.0%. That for “first-line supervisors/managers of retail sales workers” is lower at 1.9%. That for “Stock clerks and order fillers” is 2.1%.

For Ireland, it is estimated that net replacement requirements in wholesale and retail have been higher than this in Ireland in recent years, with large numbers of people without retail experience being recruited, and with high turnover among this group boosting inflow into the sector. However, alternative labour market opportunities will be in somewhat short supply over the period addressed by the study, and this is likely to bring Irish patterns more closely in line with those projected for the US.

Drawing on this logic, the demand projections have been constructed on the assumption that the industry could operate on a net replacement rate averaging 3.5% per annum for sales, security and “other” (shelf fillers, cleaners etc.) occupations, and 2.5% per annum for other occupations - including supervisory and management occupations - over the period to 2016¹⁸. That is not to say that the net replacement rate will necessarily be this low. Employers may sometimes choose to hire people new to the sector, even where it is practicable for them to recruit people with experience.

¹⁸ In the model, the replacement rate is applied to the employment total for the previous period where employment is rising and to that for the current period where employment is falling. (There is no need to replace people leaving jobs that are disappearing)



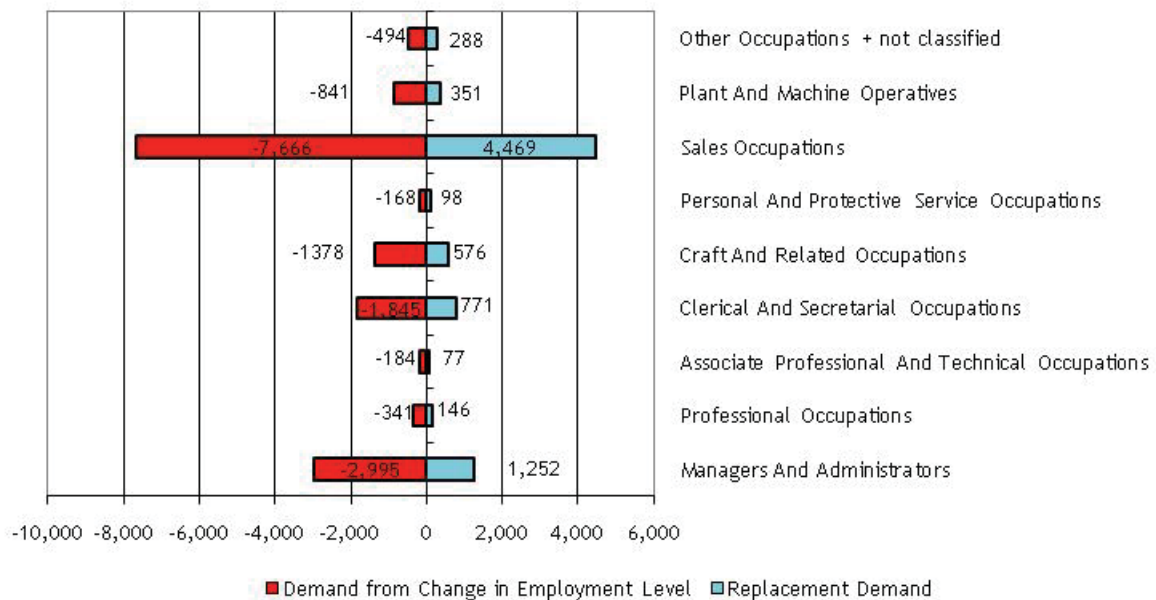
Employment in professional occupations in the sector has been increasing, and this is expected to continue. This is reflected in the model by a gradual increase in the share of employment in the sector accounted for by professional occupations, from 2.1% in 2008 to 3% at the end of 2016.

Figures 7.3 and 7.4 present the resulting demand projections (based on the core projection), disaggregated by major occupational group (SOC1), and between demand arising from the change in employment level and that arising from the need to replace people leaving the occupation or industry.

Figure 7.3 presents the average for 2009 and 2010, the period over which the employment projection shows employment falling. Figure 7.4 does the same for 2011 to 2016.

Total net job losses per annum from 2009 to 2010 (shown in Figure 7.3) are 15,910. Even while these job losses are occurring, the projections show a replacement demand of 6,968 in the sector each year. In practice, some will be replaced by people who have lost their jobs elsewhere in the sector; others by new entrants.

Figure 7.3 Average Annual Skills Demand, 2009-2010, Broad Wholesale and Retail Sector (Section G)



Source: Developed for study

Demand is dominated by the main occupations - primarily sales occupations (mainly retail assistants) and management and administrator occupations (mainly retail store managers, but also area/regional, corporate and distribution centre managers).



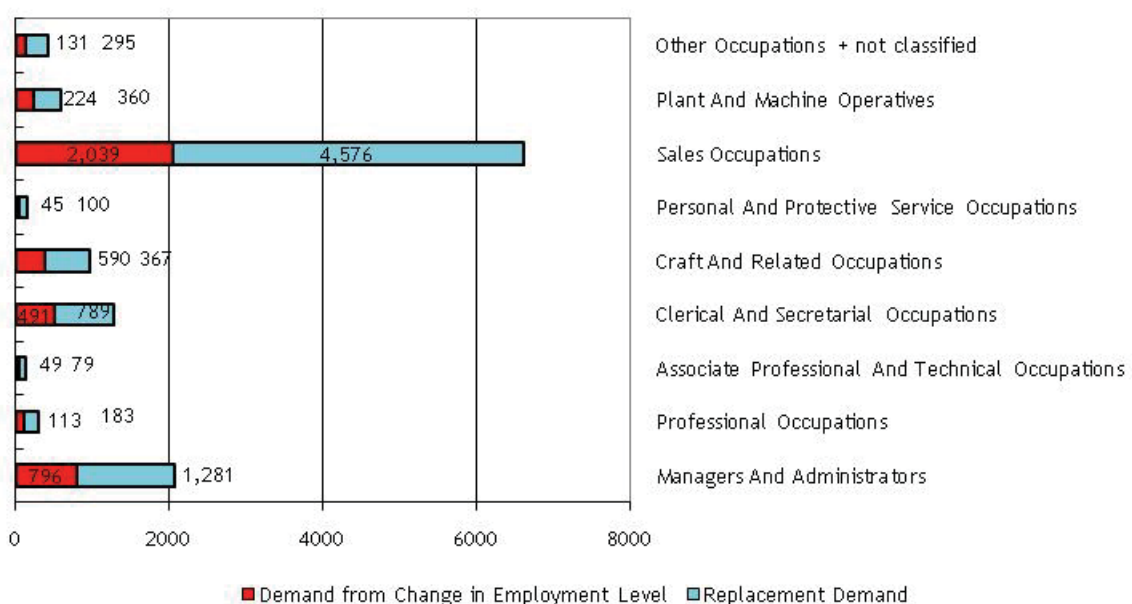
Demand projections for sales occupations are somewhat more difficult to estimate than for the other occupations, as the actual rate at which people in these occupations leave the sector and have to be replaced is likely to vary considerably depending on opportunities in other sectors, on the propensity of employers to recruit new staff without prior retail experience, and on the degree of attachment that part time workers feel to the sector, all of which may vary significantly from year to year.

Of all occupational areas, professional occupations do best under both scenarios, as the share of all employees who are in these occupations increases.

Demand projected for craft level occupations is dominated by parts of the motor trade outside the scope of the study, but includes some butchers required by retailers.

Total net job gains per annum over the period of employment growth (shown in Figure 7.5) are 4,308. Another 8,088 of those employed in the sector have to be replaced each year.

Figure 7.4 Average Annual Skills Demand, 2011-2016, Broad Wholesale and Retail Sector (Section G)



Source: Developed for study

As with the earlier period, demand is dominated by the main occupations - primarily sales occupations (mainly retail assistants) and management and administrator occupations (mainly retail store managers, but also area/regional, corporate and distribution centre managers).

Demand projected for craft level occupations is again dominated by parts of the motor trade outside the scope of the study, but again includes some butchers required by retailers.



7.4 Implications for Demand and Supply

7.4.1 Introduction - Shortages versus Deficiencies

When considering the adequacy of the supply of labour, it is necessary to consider two related issues:

1. Whether there will be a big enough supply of people available to fill vacancies; and
2. Whether the skills of the people who are available will be of sufficient quality to meet the sector's needs?

If the answer to the first question is in the negative, then a shortage is expected. If the answer to the second is in the negative, then skills deficiencies are projected.

Therefore, if, for example, there is no shortage of suitable recruits for retail assistant work, but those that are available need some training and experience post-recruitment to bring their skills to the required level, this represents a skills deficiency more than a shortage.

On the other hand, if businesses had difficulty in recruiting enough people with the skills required to be recruited as an accountant or an IT professional, this would represent a shortage.

This section specifically addresses skills shortages. Skills deficiencies are addressed at a number of points elsewhere in the report.

The FAS SLMRU Recruitment Agency Survey of April 2009 identified no wholesale and retail occupations as being "Difficult to Fill", indicating a lack of widespread shortages at this time.

7.4.2 General Shortages are Unlikely - But May be Shortages in Wholesale and Retail Professional Areas

It is unlikely that there will be a general shortage of manpower supply available to the wholesale and retail sector over the period to 2016. All current economic forecasts foresee unemployment remaining at a relatively high level for at least a few years. The employment projection provided in this Chapter implicitly assumes that Ireland will not have regained full employment by 2016.

Except for some specialised professional roles, which require only small numbers of new recruits each year, Irish wholesale and retail enterprises generally have no specific qualification requirements for their new recruits.

They expect to have to train recruits into **retail assistant** roles in the skills required for the role. Even where the person recruited has experience of working in a similar role at another employer, they still have to be trained in the working practices, technology and customer service approach of the retailer that has recruited them. At this level, many recruiting employers prefer at least a



Leaving Certificate, and some see experience at another comparable retailer as a positive, but most place a higher priority on the personal qualities of the recruitment candidate.

Employers recruiting for **distribution centre jobs** have a stronger preference for experienced people, as skills are more directly transferable between employers. Indeed, agency workers, who may be moved between employers, have a significant presence in the sector. Again, employers mainly look at the personal qualities of the candidate. The work is repetitive, has to be performed at a high work rate, involves little or no contact with customers, and typically has little room for initiative in following picking and packing instructions generated automatically, which limits the skills required, but makes it important for employers to choose people with the personal qualities needed to perform in such a challenging environment.

Senior roles in retail stores and distribution centres are mostly filled through promoting and upskilling people originally recruited as retail assistants or into low level distribution centre roles. However, some major retailers report difficulty in finding enough people with both the potential and the motivation to fill these promotional roles. Many retail assistants do not find promotion to management level attractive, whether out of a lack of ambition or because the work is highly demanding, and can require long and unsociable hours.

Some retailers and wholesalers also recruit at a higher level into **management track**, or actual **management** roles. There is no specific qualification requirement for this, although many recruit at graduate level or recruit people they see as having potential to advance to graduate level through executive education programmes such as those described earlier in this report. Graduates from full time retail management courses at higher education institutions are positioned well to be recruited into these roles, having a good background in business generally, a good knowledge of retail and supply chains, and much needed skills in applying retail technology. However, graduates from other disciplines (particularly other business disciplines) are also likely to be considered. Because the pool from which enterprises draw is broad, and because the outlook is for a weak employment market over the period to 2016, it is unlikely that there will be a shortage of possible recruits.

Wholesale and Retail Professional Occupations

However, it is inevitable, that skills shortages will exist or emerge within the wholesale and retail professional group of occupations. The most effective parts of the sector are embracing rapid change in technology, supply chain management, marketing and customer service. This drives changes in the skills they require that are hard to predict sufficiently accurately to ensure in advance that enough people with the right professional skills are available exactly when they are needed.

Examples of areas where shortages may exist from time to time include: category managers across all retail sectors, supply chain modellers, professional buyers in fashion, Geographic Information Systems (GIS) and location analysts, price sensitivity analysts and systems analysts with specialist knowledge of retail.



The requirement here is not to predict the demand in detail. It is that providers of professional level education and training for the sector (primarily higher education providers, but also providers of professional training such as GS1) should stay in close contact with the industry to identify emerging skills requirements, so that they can:

- Build appropriate content into their full time education provision;
- Have appropriate content ready to build into executive education courses as demand materialises; and
- Provide stand-alone modules to give existing and aspiring wholesale and retail professionals the skills they require to move into the new professional roles as they emerge.

7.4.3 Attractiveness of Wholesale and Retail as a Sector for Employment

While it is unlikely that there will be shortages of suitable people over the period to 2016, there remains an issue that the wholesale and retail sector is not widely admired as an employer. In the past, this has created difficulties for enterprises in the sector in recruiting very talented staff. It is likely that this has contributed to the difficulties that some retailers have found in developing a sufficient supply of managers internally.

Weak labour market conditions will undoubtedly make it easier for wholesalers and retailers to recruit the talent they need over the period to 2016, but there will still be a need for enterprises in the sector to improve their image as employers if they are to be able to consistently recruit and retain staff of the calibre they require.

There are already very positive messages that can be given.

- As seen earlier, the wholesale and retail sector pays full time workers making a career in the sector relatively well. There is low pay, but it is mainly experienced by people in part time, flexible employment, at the lower skills levels within the sector.
- The sector offers good opportunities to work and progress as a manager, whether entering on a management track (perhaps as a graduate), or progressing from sales assistant or distribution centre worker levels.
- The sector offers opportunities suitable for highly able graduates in managing and developing retail businesses at head office and regional level, both in professional areas applicable across other businesses (e.g. IT infrastructure or human resource management), and in areas requiring a specialist understanding of retail such as supply chain management, purchasing and the application of retail technologies.
- There are significant entrepreneurial opportunities, either as a fully independent retailer or as a member of a symbol group.

At the same time, there are negatives.

- Many jobs in the sector require working unsocial hours, and, for store level managers, often both long and unsocial hours.



- For a sector that relies exceptionally heavily on training people it already employs to develop the skills it needs, the sector is weak on recognising those skills formally, and on providing visibility to potential recruits of the job and skill progression routes that will be open to them. Perhaps partly because of this, employers in the sector frequently do not give great weight to skills and experience gained with other employers, which takes away from the viability of a retail career.

Whatever about the first of these, which matters less to some people than to others, there is much that can be done about the second, both by individual employers and by the sector as a whole. This is one of the major themes of the report's recommendations.

7.4.5 Recruiting Employees without Previous Retail Experience - Labour Policy Implications

From a labour market policy perspective, the willingness with which many retailers recruit new employees without prior retail experience has both positives and negatives. On the negative side, much of the training that occurs in the sector is wasted to both the enterprise and the sector, as employees leave, and as those that move from one enterprise to another often do not have their prior learning recognised.

On the positive side, however, it gives rise to a labour market policy opportunity that is relevant during the current period of high unemployment.

Labour market activation is given a high level of policy priority at times such as this. It is primarily about intervening to ensure that people do not become long term unemployed. While short term unemployment gives rise to significant problems for both the individual and society, long term unemployment often has more serious outcomes. People who are unemployed over the long term often become detached from working life to the extent that they find it very difficult to regain or hold down a job even once economic conditions improve, and full employment has effectively returned. In many cases, detachment from the labour market outlasts the individual concerned, and is renewed generation after generation, making a major contribution to social exclusion, and imposing substantial social and economic costs.

There is a particular issue among younger adults who, if they do not enter employment or college soon after leaving school, can experience great difficulty in integrating into the workforce later in life.

The willingness of much of the retail sector to employ people without a background in the sector, and the fact that significant retail employment turnover is likely even in a weak economic environment, mean that the retail sector has better potential than most other sectors of the economy as a target for labour activation policy.



One of the big challenges now facing Irish labour activation policy is getting the people it targets, in many cases with an investment in training, actually into employment. The barriers to achieving this in retail are lower than in almost any other industry.

7.5 Conclusion

The future trajectory of employment in the sector is too uncertain to make a forecast. Within this constraint, the employment projection presented is plausible. It is based on stated assumptions, and on a simple model of employment in the economy.

The projection sees employment in the broad wholesale and retail sector bottoming out during 2010 at 261,000, down by 53,000 from the Q2 2008 peak. It then sees a gradual recovery, reaching 289,000 in Q4 2016.

Projections of demand from the sector for new entrants are made, based on the employment projection. They show significant levels of demand from the sector even during the downturn, with a substantial increase once the recovery starts.

The main conclusions are that:

- Shortages are unlikely.
- The wholesale and retail sector will be reasonably attractive for employment for the foreseeable future, and there are actions that can be taken to reinforce this.
- Because retail sector employers are often prepared to recruit people without previous experience of the sector, labour market activation initiatives targeting the sector have the potential to be more effective than for most other sectors of the economy.



Chapter 8 Skills Development Priorities

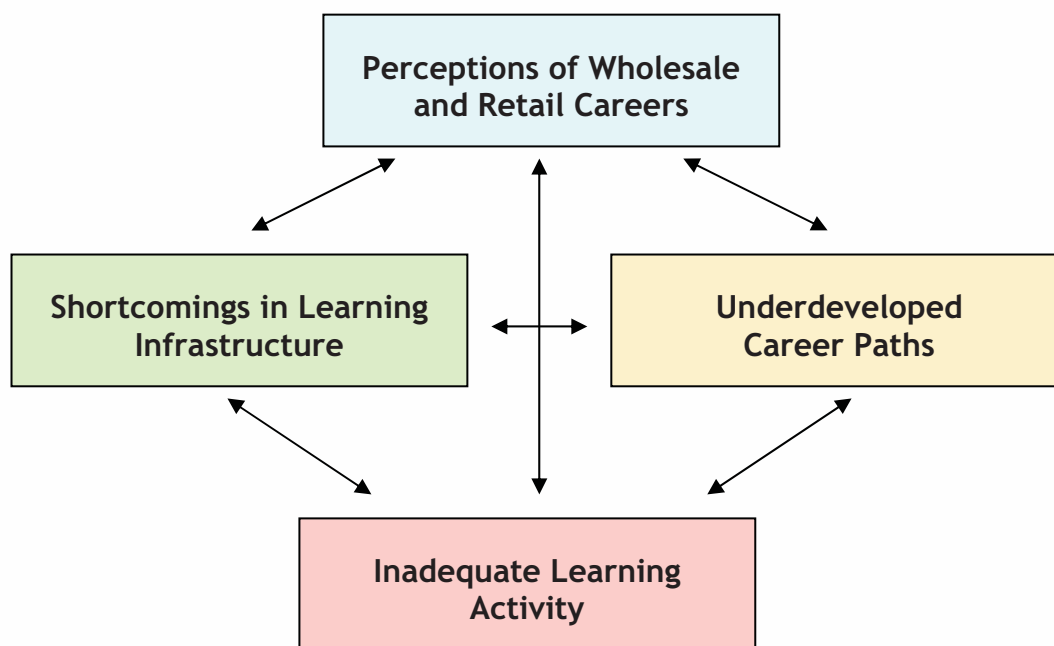
8.1 Introduction

This chapter sets out the key skills issues facing the sector, and the priorities for action on skills identified as arising from those issues. It then sets out more detailed objectives for skills development in the sector, and addresses the roles that different players should take in the context of current resource constraints.

8.2 Key Skills Issues Facing the Sector

The wholesale and retail sector must tackle the four major interlinked skills issues summarised in Figure 8.1.

Figure 8.1 Four Main Skills Issues Face the Wholesale and Retail Sector



Perceptions of Wholesale and Retail Careers

Businesses consulted for the study identify perceptions of careers in the sector held by potential recruits, the wider public and even some employees as a major barrier to recruiting the best people.

- The fact that the sector employs large numbers in relatively low skilled occupations obscures the significant number of jobs requiring high level skills and qualifications, which are every bit as challenging and transformative as high level jobs in other sectors. The wider public does not see that the sector is information intensive and technology heavy. The public does not see the highly skilled marketing personnel, category managers, supply chain managers, information



technologists, accountants, financial managers and other professionals who drive the sector's performance forward.

- The fact that many part time, flexible workers in retailing experience low pay and very limited opportunities to learn and progress obscures the substantial number of retail assistant jobs that are relatively well paid, and may offer good learning opportunities and good opportunities to progress to management level. Retail offers opportunities for motivated people with limited existing formal qualifications to build a good career in management, and sometimes in professional roles. It also offers opportunities for people with limited qualifications to develop skills and experience that they can exploit later in other contexts.

However, another part of the perceptual challenge is better grounded in reality. With some notable exceptions, the sector does not perform as well on learning as it should, both to its own direct detriment and that of its employees. In addition, while some wholesalers and retailers offer well structured careers, when the sector is viewed as a whole, paths for career progression are not well charted, and the learning requirements for career progression are poorly defined.

Inadequate Learning Activity

The amount and quality of learning activity in the sector is very uneven.

- There are some businesses that invest heavily in training for people at all levels and in all functions, providing a combination of classroom and on-the-job training, often with individual training plans.
- More commonly, even businesses with well developed and good quality learning strategies respond to the relatively high cost of, and high level of disruption caused by, classroom based training by limiting its use. They use approaches such as provision of training by more experienced staff on the shop floor, mentoring, online libraries of training materials, and informal on-the-job training where possible. Many of these businesses seldom undertake off-site classroom based training (apart from initial induction training) with people at retail assistant level, or at equivalent levels in distribution, but do use it with more senior employees and with high skilled retail and wholesale professionals.
- However, the more common position is of retailers and wholesalers not training adequately either for their own business purposes or those of their employees. Training ranges from patchy to non-existent beyond the minimum required by regulatory requirements, including food safety and health & safety. This is particularly the case among smaller businesses.

Even among some of the big players that otherwise have well developed learning strategies, there is evidence of skills gaps that constrain retail and wholesale businesses from making the best possible use of the large volumes of data they collect to optimise marketing, retail space allocation, distribution operations and other information-intensive functions.



Many of the differences are associated with business characteristics.

- Training in the food retailing/grocery sector is relatively well developed. The large players have sufficient scale to allow them to develop and implement human resource development strategies that meet their needs. Most medium and small grocery retailers are members of symbol groups which have invested in giving their members access to good training resources.
- Overseas-owned retailers, both food and non-food, mostly reproduce the training they use elsewhere in their Irish operations, adapting it to some extent for the Irish legal and regulatory environment, and sometimes also responding to differences in commercial conditions. This allows them to provide training and learning opportunities that meet their business needs.
- Training is not as well developed among most Irish non-food retailers, which is partly a consequence of their relatively small scale in comparison with overseas owned competitors, and the very limited extent to which symbol groups have developed in non-food sectors of the economy. The resulting shortcomings in skills are serious at all levels, including business management, operational management, retail professional skill areas, and among sales assistants.
- Training is particularly poorly developed among very small retailers. Management skills are as likely to be deficient as among owner managers in other sectors of the economy. Training of retail assistants is typically unstructured, and is often very limited.

Shortcomings in Learning Infrastructure

The infrastructure for learning in the sector has developed significantly in recent years, and it is well to recognise what has been achieved before dwelling on what remains to be done.

- Major Irish wholesale and retail businesses have invested in developing training systems, and in providing training for their employees and for the employees of symbol group members.
- Learning practices have also improved substantially at many medium sized retailers. FÁS and the three retail focused Skillnets have played a key role in this. FÁS and the Skillnets have subsidised training among these businesses (and among larger wholesale and retail businesses). The Skillnets have played a co-ordinating role for their members, enabling them to source training jointly, facilitating them in planning their training, and providing a network environment in which they can learn from each other.
- The stronger presence of overseas-owned retailers has increased the share of the retail industry that uses learning systems derived from overseas.

On the supply side:

- Higher education institutions have strengthened their capabilities, and become more deeply involved in executive education for the sector. They have also broadened their initial education provision.
- FÁS has developed courses at Levels 4 (retail assistant qualification) and 6 (retail manager qualification) in the National Framework of Qualifications. The courses are delivered by other bodies. FÁS has more recently been working on new ways to deliver them, including online and



blended delivery facilitated by FÁS' e-learning infrastructure. The VECs also have some provision at Levels 3 and 5.

- IBEC Retail Skillnet has developed and rolled out a programme of training aimed at retail assistants positioned at Level 5 in the National Framework of Qualifications, which is delivered and assessed on site by trained fellow-employees, overseen by the Skillnet. The Skillnet also contributes to the supply of higher education courses.
- Irish Retail Excellence Skillnet and the Irish Hardware Skillnet undertake a more conventional Skillnet role, commissioning training to meet the needs of their members, and running events to facilitate networking among their members.
- Training consultancies providing specialist training in retail related skills have grown. Along with other bodies, such as the Mandate trade union's training service, these play a key role in delivering the FÁS Level 4 and Level 6 courses, and in supporting the operation of IBEC Retail Skillnet's training offering that leads to a Level 5 retailing qualification.

Despite these very positive developments, substantial shortcomings remain. All of the improvements described only reach parts of the sector. The “inadequate learning activity” described above is the other side of this coin.

Another major weakness in the learning infrastructure is that Recognition of Prior Learning is in its infancy in the sector. A considerable amount of training and other learning activity takes place in the sector in a wide variety of formats. While the best of this develops competencies similar to those against which retail related qualifications are awarded under the National Framework of Qualifications, the vast majority of learners never receive any durable qualification, let alone one that is nationally recognised. There is scope and a need in the sector for a vast increase in Recognition of Prior Learning activity.

To date, FÁS, and IBEC Retail Skillnet have played important roles in creating training programmes suitable for a wide range of retail enterprises, and rolling them out into the industry. Their programmes are complementary, with FÁS offering courses leading to qualifications at Levels 4 and 6, and IBEC Retail Skillnet offering a programme at Level 5, as well as being involved at higher education level. Some VECs also have provision at Level 5. Each has some activity at Level 3. While the delivery mechanisms used to date by FÁS, IBEC Retail Skillnet and the VECs diverge, and while their penetration into the sector is limited so far, taken together they have made good progress towards establishing standards for training at retail assistant and retail manager levels that meet retailer needs. As a result, the provision offered by FÁS, IBEC Retail Skillnet and the VECs have developed and FETAC qualifications to which they lead represent an important piece of infrastructure for the sector that should be built upon.

Underdeveloped Career Paths

Looking to the example set by leading retailers in the US, one of the key differences from Ireland is that they offer and advertise well defined career structures. These are typically backed up by well defined programmes of training and development, designed to support those on track for promotion



(or newly promoted) in developing the skills that they need to progress. In the US, this approach is not restricted to businesses that differentiate themselves on the basis of their people friendly policies. It is a standard part of the toolkit that major retailers use to develop the skills they need, and to make themselves attractive as employers.

While some retailers and wholesalers operating in Ireland are very good at this, the more usual picture is that career paths are less well structured, and training policies are less tightly linked to career progression.

There is a particularly acute problem among small businesses, where there may be little scope to offer opportunities for promotion within the businesses, and where there may be little visibility of other opportunities.

This has a number of negative consequences.

- It makes it needlessly difficult to promote careers in the sector to potential recruits.
- It obscures the connection between learning and career progression, making it less likely that employees will perceive opportunities to progress as attainable (or even desirable), and undermining the motivation to learn.
- The weakness of the process for progression makes it less likely that training and progression will get the management attention they ideally require.

8.3 Public Policy Needs

Wholesale and retail sector skills development is relevant to a number of important areas of Irish public policy.

- The National Skills Strategy (NSS) identifies a need to improve the skills and qualifications of the working population. It envisages that very substantial numbers will raise their qualifications by “One-Step-Up” - meaning moving at least one Level upwards in the National Framework of Qualifications. The primary focus of the strategy is on people with relatively low levels of qualification. The wholesale and retail sector has such a substantial concentration of employees with low levels of qualification that meeting NSS objectives inevitably means upgrading the qualifications of large numbers of retail assistants and distribution centre workers.
- The National Framework of Qualifications is designed to provide pathways for people to improve their qualifications, and to allow people to have existing competencies recognised with qualifications where they meet the required standards. The National Skills Strategy envisages using these pathways to facilitate people in employment in progressing their careers.
- Level 6 and higher qualifications in retail management already have a function in imparting the skills required to work as a manager in retail to people who entered the sector at retail assistant level, and have skills competencies broadly consistent with a Level 4 or Level 5 retail qualification, even where these competencies have not been recognised with a qualification. Recognition of Prior Learning has been piloted for retail assistants at Level 5 in the National Framework of Qualifications.



- With unemployment rising rapidly, the policy importance of labour activation has increased. Labour activation is concerned, not necessarily through influencing the total number of jobs (although increasing employment is positive where it can be achieved), so much as minimising the extent to which people become long term unemployed, threatening their ability to engage in the workforce once demand for labour strengthens. The wholesale and retail sector's openness to hiring people without prior experience in the sector, and the fact that it should be a relatively strong recruiter in comparison with most other sectors, both make it attractive as a target for labour activation initiatives.
- It seems likely that the gain or loss of headquarters activities would be reflected almost completely in a commensurate gain or loss in employment in the sector. As headquarters type jobs, in areas such as IT, supply chain management, purchasing and marketing are relatively highly skilled, they make a disproportionate contribution to the value the sector adds in Ireland.
- While causing the sector to shrink, the recession is also creating opportunities in retail. With substantial volumes of retail space becoming available at low rents, with changing consumer priorities, and with many individuals having the resources and entrepreneurial initiative to establish small retail businesses, there is potential for significant numbers of new businesses to be established. Many of these will subsist on lower levels of turnover per person engaged than existing businesses, potentially allowing the sector as a whole to employ more for any given level of consumer spending. By targeting consumer niches, they may also be able to stimulate some additional retail spending.
- More generally, lower costs will affect the level of consumer spending a retailer needs to support each employee. The more that costs adjust to changed market conditions, the higher the employment level that is likely to be sustainable.
- The retail and wholesale sector has more scope than many other sectors to increase part time working, or to spread available part time hours over more employees, without loss of efficiency.
- Ireland is already the home base for some retailers and wholesalers with international operations, notably in the UK and in Spain, although this is on quite a small scale relative to the major international retailing groups. There is a policy interest in having more Irish retailers operating internationally, and in more activity by Irish wholesalers in overseas markets, with headquarters located in Ireland.

8.4 What to Do? A Skills Framework for the Sector

8.4.1 The Issues

The four key skills issues identified as facing the wholesale and retail sector are:

- Perceptions of wholesale and retail careers;
- Shortcomings in the learning infrastructure;
- Underdeveloped career paths; and
- Inadequate learning activity.



8.4.2 A Sectoral Skills Framework

A central proposal of this report is to develop and institutionalise a skills framework for the sector, and to build strategies for developing training in the sector around the framework. The skills framework will operate within, and, in harmony with, the National Framework of Qualifications and existing arrangements for awarding qualifications.

The issues described above are as much failures of information and communication, as failures in training and education. Because they are failures of information, tackling them has the potential to drive major improvements in the sector without a correspondingly large investment.

To a great extent, the failures are already recognised within the sector, and by organisations involved in education and training for the sector. Initiatives by a range of bodies, including DIT, FÁS, Skillnets and VECs among others, have made good progress on addressing these failures, but there is a need to integrate what they are doing, largely independently of each other, into a single coherent framework, founded on the National Framework of Qualifications.

The key informational failures are:

- A very substantial amount of good quality learning takes place in the sector, the majority of which leads to no qualification or any other form of lasting recognition. The value of much of the investment in learning by employers and employees is dissipated after a short period because it is not recognised.
- The lack of recognition:
 - Ensures that jobs in the sector are not properly valued by those outside the sector, or even by many of those working in the sector;
 - Acts as a barrier to progression in career and qualifications;
 - Makes it more difficult for employers to track skills development; and
 - Makes skills learned less portable between employers.
- The lack of an industry-wide system to define and recognise skills is a major obstacle to bringing high quality learning to parts of the sector where training and education are seriously deficient.
- Because of the lack of such a system, many retailers and wholesalers - particularly small to medium enterprises:
 - Do not have a sufficiently good understanding of the skills they need for success, whether at management or operating level, which makes it difficult for them to invest; and
 - Even once they do understand the deficiencies, they often do not have a clear route forward to addressing them.

Highly visible standards would make skills and training deficiencies very clear both to employers and employees. Highly visible training provision matched to the standards would make it much easier for retailers to respond to deficiencies once they were identified. The benefits would be particularly great for small and medium enterprises, which suffer from the greatest deficiencies.



A skills framework for the sector is the logical conclusion to developments in the sector that are already underway, particularly when seen in terms of the National Framework of Qualifications and its objectives.

- There are already further education and training qualifications in retailing available at every level from 3 to 6, and higher education qualifications at every level from 6 to 10, in the National Framework of Qualifications. The challenge is to strengthen and develop the framework for the wholesale and retail sectors, rather than to build something new from bottom up.
- The competencies developed by courses leading to these qualifications are already tailored to industry needs.
- While there are differences in the skills that businesses in the sector require for people in nominally similar jobs, the similarities are much greater than the differences. Key providers of education and training for the sector say that the learning outcomes required by different employers are about 80% similar. Retailers differentiate themselves through their employees more on style of customer interaction than on skills.
- Because of this:
 - In many cases, different retailers and wholesalers can use the same course material with good results (which is particularly relevant to small and medium businesses that cannot afford to develop their own training materials and methodologies); and
 - Where retailers and wholesalers wish to use different training, the learning outcomes are often sufficiently similar so that they can potentially lead to the same qualification with little modification.

Businesses in the sector will continue to use a variety of training approaches, regardless of what is provided nationally. A sectoral skills framework linked to the National Framework of Qualifications has the potential to allow employees to obtain national qualifications on the basis of meeting competency standards, without requiring employers to make fundamental changes to the training they provide. This has the potential to open up qualifications to tens of thousands of employees.

- By establishing competency standards recognised throughout the industry, a skills framework for the sector will facilitate the development of Recognition of Prior Learning in the sector.
- The National Framework of Qualifications is intended to facilitate and encourage people to move up the ladder of qualifications. A sectoral framework will facilitate linkages between courses at different levels in the National Framework, and will therefore facilitate progression. It will also make opportunities for progression more visible.
- Qualifications awarded under the skills framework should facilitate mobility across the industry, by making clear and transparent statements about the competencies of people interested in moving between employers. This should improve the scope to build careers in the sector, particularly for employees of small enterprises who may not have good opportunities for promotion.
- More broadly, by promoting career paths and greater attraction of talent in to the sector through a Skills Framework, and by developing the existing labour force, there is significant opportunity to improve productivity and competitiveness for enterprises within the sector.



As noted earlier in this report, Skillsmart Retail in the UK has a skills framework for retail operations, which is linked to the UK's qualifications framework. Details are available at: <http://www.skilsure.net/skillsmart>.

8.4.3 Illustration of a Sectoral Skills Framework

Figure 8.2 illustrates broadly how a skills framework for the sector will appear¹⁹. It will list each major area of competence required to work in the sector. It will match each area to a job level, and a corresponding position in the National Framework of Qualifications. As different levels of job require different types of skill in any area of competence, many skill areas will map to more than one level in the National Framework.

Behind each area of competence / framework level combination, there will be a standard for the detailed competencies required. This framework needs to be developed further by enterprises and education and training stakeholders.

¹⁹ The framework show here is intended purely for illustrative purposes. The actual framework will be developed as proposed in the recommendations.



Figure 8.1 Illustrative Sectoral Framework of Qualifications

	Level in National Framework of Qualifications	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10
				Operative	Operative	Operative	Management/ Supervision	Store Management	Management & Retail Professional	Corporate Leadership	Corporate Leadership
Business Leadership	Business Strategy										
	Leadership										
	Finance										
	Brand Management										
	Enterprise and Small Business Management										
Professional Disciplines	Category Management										
	Supply Chain Management										
	Customer Loyalty / Relationship Management Systems										
	Sourcing & Purchasing										
	Retail, Distribution Centre and Supply Chain Technology										
	Property Management										
	Business-to-Business Selling and Account Management										
	Data Mining										
	Online Marketing										
	Retail Operations	Customer Service									
Payment / Point of Sale											
Merchandising											
Selling											
Marketing											
Security											
Brand Consistency											
Retail Stock Control											
Cross-Cutting Competencies	Retail Back Office										
	Product Expertise										
	People Development										
	Lean / Quality / Improvement										
Distribution Centre and Logistics Operations	Application of Retail and Distribution Centre Technology										
	Warehouse Picking										
	Packing										
	Driving and Delivery										
	Distribution Centre Back Office										
Personal Skills	Security										
	Technology User Skills										
	Personal Effectiveness										
	Communication										
	Relationships										



8.4.4 Uses of a Sectoral Skills Framework

The skills framework will be used in a number of ways:

- It aims to provide a common set of standards for skills in the sector. With standards for each area of competence available at a number of levels, the framework will be sufficiently flexible to cater for differences in the level of competence actually required by different employers. A common set of standards will address many of the informational difficulties identified earlier, creating a shared language and shared definitions with which to communicate information about skills and competencies in the sector.
- Qualifications for the wholesale and retail sector, certified by FETAC, HETAC, DIT and the universities, will be designed to meet both the requirements of the certifying body and the standards set out in the sectoral skills framework. Providers would be able to highlight the framework in the provision of programme-related information to trainees. The skills framework will provide a means to communicate careers opportunities in wholesale and retail to potential recruits. Key facets to this are that:
 - It will make visible the high skill jobs that require highly qualified people.
 - It will make career progression routes visible.
 - It will allow people to see that wholesale and retail can be the route to a good qualification.
 - It will help potential recruits to distinguish between employers within wholesale and retail on the basis of the opportunities for learning and qualifications they provide.
- It is anticipated that initiatives to promote careers in the sector would highlight career tracks such as operations, analysis and marketing, and link them to bundles of competencies within the framework. Courses could also be designed and marketed to support these career paths.
- It is envisaged that information will be published identifying the courses that lead to awards in each major area of competence and at each NFQ level. This will assist businesses and individuals in identifying sources of training and education to meet their skills development needs.
- It is envisaged that higher education institutions will develop and offer modules as required by the sector to people in employment to cover key high skill areas such as (inter alia) category management, customer loyalty systems and purchasing, positioned within the framework, and eligible for formal recognition under the European Credit Transfer Scheme (ECTS) or through the use of Minor, Special Purpose or Supplemental Awards..
- It is envisaged that levels 1 and 2 in the industry framework would mainly relate to literacy, numeracy and core workplace skills and that they would link to new and existing developments in these areas nationally. The National Adult Literacy Agency (NALA) would be a key player in this area.

The initiative will be designed to allow all retailers and wholesalers with good quality training provision to have NFQ recognised qualifications at an appropriate level awarded to their staff on the basis of successfully completing the training.



There will also be a need for efficient systems of recognition of prior learning, with effective quality assurance, to allow awards to be made against these qualifications outside the context of a training course to people meeting the certification standards.

- It is anticipated that the Framework will be useful in enabling the many small and medium enterprises in the sector that do not currently train effectively to perform more effectively, making relevant training content and support for blended learning available to even the smallest business, and providing support for training of trainers to businesses big enough to make use of this.
- At higher education and equivalent levels, there is already a diversity of qualifications at each level, and providers have access to mechanisms for certification. It is envisaged that bodies engaged in providing higher education for those employed in the sector, including DIT, UCC, DBS and IBEC Retail Skillnet, will most likely choose to endorse the skills framework.
- While the skills framework is primarily intended as a tool in training and education for those in employment in the sector, it would be logical if it were also adopted for full time provision, including FÁS training courses, provision at Further Education colleges and provision in the higher education system by institutions including DIT, Waterford Institute of Technology and Galway-Mayo Institute of Technology.

The framework could play a useful role in labour market activation. It is reasonable to think, for example, that the FÁS FETAC Level 4 Certificate in Retail Skills could assist many unemployed people seeking to enter the sector, either through an extended (perhaps 14 week) training programme, or, more innovatively, through a mix of class-based training and blended e-learning. FÁS is already working on new approaches incorporating e-learning to delivering courses to people in employment, and it would be logical to extend this to some unemployed groups also.

Development of the framework is likely to require input from a number of stakeholders, including representatives from education/training and industry. FETAC is implementing a new Common Awards System (CAS) for the development of NFQ awards. All existing systems for developing awards (FÁS, Fáilte Ireland, Teagasc, NCVA) ceased operation in December 2007. The new Common Award System will ensure awards are relevant to both employers and learners needs, coherent with the national framework of qualifications, responsive to demand and nationally available to registered providers. All existing awards will be converted (where one named award exists) or harmonised (where two or more named awards exist) to the new Common Awards System.²⁰ All awards developed to the Common Award System have the facility for Recognition of Prior Learning

²⁰ FETAC currently has over 300 major, 150 special purpose and 3000 minor named awards. These awards were based on the processes of the former awarding bodies and there are a significant number of duplicate awards across the different systems. FETAC is in the process of migrating all existing awards to the Common Award System. When the time comes to develop a new award, a Standards Development Group (SDG) is established. To ensure that awards are durable, credible and agreed within the relevant sector and among the providers involved in delivery, Standards Development Groups are required to have a range of specific competences in a) the specific subject matter of the proposed awards, b) leadership and management skills, c) organisational and coordination skills and d) the capacity to deliver the agreed award standards on time and to the agreed format. All new awards developed by Standards Development Groups and existing awards converted, harmonised or reviewed through the Common Awards System will be published in the form of an Award Specification. The Award Specification sets out the award requirements, which includes the following information: title; level; purpose; components; learning outcomes; assessment techniques; specific validation requirements.



(RPL) integrated in them and this can aid learners being able to achieve awards by RPL. Providers already registered with FETAC can apply for an additional agreement to have their RPL process for specific awards recognised. Hence the access to RPL has been opened up to providers from the private sector and public sector where they are interested in offering it.

In 2010 FETAC will be targeting existing retail-related FETAC awards for harmonisation and migration to the Common Awards System to provide single award standards for the sector at NFQ levels 4, 5 and 6. A Standards Development Group comprised of industry and education/training providers will be established to manage this work. This presents an opportunity to develop the proposed Skills Framework up to NFQ Level 6. Some further input will be required from the Higher Education sector to ensure that the Skills Framework is fully developed at higher NFQ levels.

8.5 Rethinking Roles in Training and Education for Wholesale and Retail

In developing the agenda for education and training within the sector over the medium term it is necessary to consider:

- Why should retailers and wholesalers invest in training and education in the face of weak consumer demand and turbulent competitive conditions?
- What can usefully be done to enable this?
- What areas of intervention are required to underpin the operation of the proposed sectoral skills framework for wholesale and retail?
- Are there critical areas of training not currently addressed that will yield a high return on public investment?
- What forms of training will give the greatest learning return for public investment?
- Whether there are functions useful for training the unemployed that can be harnessed at little additional cost to support training and education for those employed in the sector?

8.5.2 Why Retailers and Wholesalers Should Invest in Training and Education Now

As at any other time, retailers and wholesalers should invest in training and education where it makes business sense to do so.

For many businesses in the sector, there is scope to take cost out of training and education. Investing in training and education does not have to mean spending more.

- Most wholesale and retail businesses are now experiencing lower staff turnover, and can therefore cut back on induction training, and on training in non-voluntary areas such as health and safety and food handling.
- In many cases, there is scope to take cost out of training, by doing it on-site, by using the enterprise's own staff to deliver it, or by making more use of self-directed, e-learning and/or blended approaches to learning. Where this can be achieved without compromising results excessively, it can make sense to do so. Where more formal approaches to training are an important part of the enterprise's culture, and contribute to motivating staff, or where it is



important to get the best possible results out of training, courses that are off-site and/or delivered by training professionals may still be suitable. Blended approaches to learning can offer a practical training solution to small and micro enterprises that may have difficulty in providing for themselves. The work that FÁS is undertaking in developing blended and e-learning training services in retail has particular relevance for these businesses.

Low employee turnover means that it is a good time to train. Staff are more likely to stay, and therefore allow a business to recoup its investment through better performance.

There are also good reasons why employee skills are more important under difficult and turbulent trading conditions than in the good times. Now that times are tougher, competition in the industry is much less forgiving of poor performance - and performance is, to a considerable extent, built on skills.

On the retail floor, tough economic times have brought two major issues to the fore.

- Strong selling, merchandising, customer relationships and product knowledge have become much more important. Retailers need to retain and gain customers, and convert customer footfall into sales. This depends critically on the skills of staff on the retail floor, even in areas such as grocery where selling is less active than in, for example, fashion retailing. With reduced staff turnover, it is now more feasible to raise levels of skill and knowledge among retail assistants to meet this challenge.
- With reduced numbers of staff on duty at any one time, patterns of work organisation that once operated effectively can break down, frustrating customers, and affecting the quality of merchandising and sales.

At management and professional level, the need for strong skills has become even more important to business success.

- In a tough market, the standard of marketing is crucially important in all its forms, from national decisions about advertising, pricing and promotions, to local decisions about in-store activities, local promotions or facilitating voluntary groups.
- Supply chain management has become increasingly important, and getting it right is crucial under current conditions. In clothing, for example, judging the right order levels in supply chains that can take weeks or months to respond has always been challenging. Hard-to-predict changes in customer demand are making it even more difficult. Right across the sector, avoiding both out-of-stocks and overstocking is economically crucial. Advanced forecasting software supports management in managing this task.
- Getting technology right is a major issue. With many retailers ramping up the amount of technology used in-store (for example self-scanning and self-checkout), partly as a means of cutting staffing requirements, implementation problems will inevitably arise and will impact on the business.



- While the biggest retailers make good use of the intelligence that they can extract from records of transactions, other retailers are mostly missing out on the potential of this technology. They may have been able to afford this when markets were healthy, but they need the skills to take advantage of it now, to help drive pricing decisions, decisions on the effective use of shelf space, promotions and other levers that retailers have to influence customer purchasing decisions.

8.5.3 Needs of Those Employed in Sector

The skills development needs of those employed in the wholesale and retail sector vary. In addition to the basic skills required to do their current job, many of those employed in the sector need:

- Development to improve their ability to do their current job better, and to perform effectively in a greater variety of roles;
- Opportunities to learn higher skills or a broader range of skills, to help them in progressing their careers; and
- Recognition of their skills through a qualification (through Recognition of Prior Learning where feasible), to underpin the development of their career, whether in the sector or elsewhere, and to get them onto the National Framework of Qualifications ladder with the option of progressing to higher and broader levels of qualification and skill.

The educational profile of the wholesale and retail sector and interview evidence together point towards functional literacy and functional numeracy being a significant issue within the sector. Functional literacy refers to the ability to understand and use written information practically in the context of work and life, rather than an actual inability to read. This can be addressed in part through training interventions, both through the communications modules that form a part of many retail-related courses, and through “integrating literacy”²¹ throughout the course.

8.5.4 Existing Functions of State Funding in Sector

Currently, State funding has a number of functions in the sector.

- It provides subsidies for much of the training and education provided through FÁS (mainly by private contractors), Skillnets, VECs, higher education institutions and private training providers. The cost intensiveness to the State of different forms of provision varies.
 - FÁS and higher education courses are relatively intensive, as they involve substantial contact hours with professional trainers and educators, even though the majority of learning hours are undertaken in the workplace, applying what has been learned, evaluating it critically and undertaking project work.
 - IBEC Retail Skillnet FETAC Level 5 courses have a lower direct cost, because all of the learning takes place in the workplace, under the guidance of a more senior member of staff

²¹ Integrating literacy “means designing and delivering education and training programmes in a way that is effective for adults who may not be confident in literacy generally and/or in the specific literacy demands of the particular programme. It involves particular methodologies on the part of the teacher or trainer, as well as whole-organisation systems that take account of literacy issues at every phase of education and training programmes and across the entire curriculum. These are outlined in the document “*Integrating Literacy - Guidelines for Further Education and Training Centres*” (NALA 2002) ...”. From National Adult Literacy Agency (NALA) policy proposal.



who has been trained as an assessor. From 2010, Skillnets networks will also assign 10-30 percent of training for those that are unemployed. E-learning / blended learning versions of FÁS FETAC Level 4 and 6 courses could also have a lower direct cost when they are launched, because they will typically require only limited contact with a professional trainer.

- Much of the learning enabled by Skillnets takes place outside the context of formal training programmes, and typically either has a low direct cost, or has direct costs that mainly relate to travel, subsistence or use of premises

The coordinating and quality assurance work that relates to certified retail (and in future wholesale) training provision is core to the operation of the proposed sectoral skills framework. It is unlikely that it can be done without State support, which makes it a high priority.

The contribution of Skillnet network management varies between networks. In some cases, a fair assessment is likely to show a high level of return on the State's investment relative to the provision of direct training subsidies, but this should be evaluated on a case-by-case basis.

- The State supported the first awards of qualifications for retail assistants through Recognition of Prior Learning in the sector, through IBEC Retail Skillnet.
- It supports activities in developing and maintaining qualifications and courses, including also the development and dissemination of course materials, work with the national qualifications bodies, direct training for assessors and quality assurance. Again, this sort of work is core to the operation of the proposed sectoral skills framework, and it is unlikely that it can be done without State support. This makes it a high priority.

8.5.5 Additional Important Areas of Training

Key areas of learning not currently addressed through State-funded interventions are that:

- Existing interventions do not connect effectively to small retail enterprises that are not members of symbol groups.
- This is an important group because:
 - Small retail owner-managers can benefit through increased productivity and competitiveness from training;
 - Employees of small retail enterprises typically have little or no access to training; and
 - Small retail enterprises play an important role in maintaining retail diversity, in filling new market niches such as those that emerge during a recession, and in ensuring good geographic coverage of retail in small town, rural and urban disadvantaged areas.
- In focusing on occupations based mainly in retail outlets, existing interventions do not target distribution centre workers. These are one of the major groupings of employees within the sector.



In addition, Recognition of Prior Learning in the sector is in its infancy. As very large numbers employed in the sector may have competencies that are likely to be close to justifying the award of qualifications (particularly at around levels 4 and 5 in the National Framework) there is a need for the State to facilitate a major expansion in Recognition of Prior Learning activity in the sector.

8.5.6 Need to make it easy for Wholesalers and Retailers to Choose to Train

It will be necessary to make it as easy as possible for wholesalers and retailers to train, and to give them non-financial incentives to do so.

- Giving all wholesale and retail enterprises access to nationally recognised qualifications where their training meets national standards will provide an incentive to all that are interested in being seen as good employers to participate.
- Continuing to support training network management services, where these are shown to be effective, will keep an infrastructure in place that is driving substantial volumes of informal learning activities such as network meetings and site visits. It will also maintain the mechanism through which businesses purchase training services jointly, even if the subsidies available for these services are much reduced.
- It is to be hoped that enterprises currently providing executive education leading to higher education qualifications, in cooperation with higher education providers, will continue with this strategy. The skills these programmes teach should be even more valuable under difficult economic conditions, and with very low turnover among the managers targeted it is unlikely that much of the investment will be lost to the businesses concerned.
- Providing common standards will make it easier for a range of education and training providers to deliver certified training tailored to local needs. For example, a County Enterprise Board might have an interest in providing management training for retailers in a town, or a VEC might have an interest in supporting a community group in providing training leading to a retail qualification.

8.5.7 Future State Support for Training

Key enabling activities where the State can, and should, play a role, in cooperation with the industry, are:

- Enabling the development and implementation of the sectoral skills framework across the entire sector, partly through encouraging the main State-funded players in retail and wholesale education and training in coming together to cooperate;
- Ensuring that the further education and training infrastructure being built up by FÁS, IBEC Retail Skillnet and further education colleges is integrated into a coherent whole, and is sufficiently well resourced to make its services available across the sector, including to small unaligned retailers;
- Supporting FETAC in the migration of existing awards to the Common Awards System which will simplify standards within the industry and assist in the development of the skills framework.



- Encouraging higher education providers to work with industry on developing and delivering continuing education modules designed to strengthen high level professional skills (in areas such as, for example, category management);
- Supporting the development of Recognition of Prior Learning in the sector as a major route to gaining qualifications, making use of the infrastructure built up by FÁS, IBEC Retail Skillnet, VECs and higher education providers to make awards within the National Framework of Qualifications that fit the sectoral skills framework;
- Ensuring that the important learning animation role currently undertaken by the Retail Excellence Skillnet and the Irish Hardware Skillnet continues to operate, even if organisational conditions change;
- Provision of training through e-learning and blended learning delivery (which is relevant across businesses of all sizes, but has a particular relevance to the smallest businesses), along the lines currently being developed by FÁS;
- Making management development available across the sector, especially to SMEs.

One of the advantages of establishing the sectoral skills framework, and of opening up a slate of further education awards tied to the framework to be delivered by any FETAC registered provider, is that it will make provision of high quality, industry standard training in retail and wholesale skills accessible to bodies such as Chambers of Commerce, local development organisations, County Development Boards, VECs and private providers where they identify skills deficiencies and development opportunities among retailers in the area they serve. These are likely to be able to reach groups of small retail businesses much more easily than any national organisation to develop both skills in retail management and entrepreneurship and retail assistant level skills. It is envisaged that the group promoting the skills framework would reach out to such bodies, and that bodies such as FÁS and the IBEC Retail Skillnet would assist with services including access to e-learning content, assessor training and quality assurance.

A related advantage is that organisations that are already active in the wholesale and retail sector will have free access to the framework, and to the slate of further education courses, and can integrate these into their activities.

8.6 Labour Activation and the Wholesale and Retail Sector

The current unemployment crisis is relevant to the wholesale and retail sector in two main ways:

- The relative openness of many retailers to hiring people without a background in the sector, and relatively high labour turnover rates, mean that the retail sector is a good target for moving people into employment during a recession. It is important to be able to do this, even if it does not increase total numbers employed, as a means of reducing the incidence of long term unemployment.
- At the same time, steep job losses in the sector mean that many people with substantial experience of wholesale and retail are now unemployed. Many of these have no qualifications



beyond Junior Certificate or Leaving Certificate. They would benefit over the long term from obtaining a further qualification, and better prepare them for employment in the future.

The FETAC courses offered by FÁS, IBEC Retail Skillnets and VECs have good potential for roll out to those that are unemployed, as an avenue to seeking employment in the sector. It is desirable that people should receive training at a level consistent with their existing capabilities. Those who would benefit most from a course at Level 3 should be trained at that level. Those capable of training at Levels 4 or 5 should ideally receive training towards a major award at one of those levels. It is also desirable that VECs and relevant Skillnets should also contribute to providing education and training opportunities for the unemployed in wholesale and retail skills where they can identify viable opportunities to do so. Under the conditions of future funding of Skillnets, network applications must demonstrate that a minimum level of 10% of the total trainees to be trained in the year are unemployed. The maximum level of unemployed trainees each year is 30%.

For people entering unemployment that have substantial retail industry experience, courses leading to retail qualifications at Levels 4, 5 or 6 may be relevant, depending on the individual. Courses leading to higher education qualifications in business, including retail management qualifications, may also be relevant.

8.7 Conclusion

The purpose of this chapter has been to develop the skills agenda for the wholesale and retail sector into the future, recognising the realities of the current financial and economic crisis.



Chapter 9 Recommendations

9.1 Introduction

This chapter sets out the recommendations to address the skills issues identified in the course of the study. By addressing the skills gaps, current and future, the retail and wholesale sectors will be in a position to respond quickly to the return of growth in the Irish economy. A cohesive effort to develop skills within the sector can have a significant potential impact on productivity and competitiveness, both within the sector and the wider economy.

The report makes seven recommendations.

- Recommendation 1 - Coordination
- Recommendation 2 - A Coherent Skills Development Offering
- Recommendation 3 - Promotion
- Recommendation 4 - Prioritisation within the Public Spend on Training and Education for those in Employment
- Recommendation 5 - Wholesale and Retail Professional Skills
- Recommendation 6 - Recognition of Prior Learning
- Recommendation 7 - Labour Market Activation

Each recommendation identifies the main organisations seen as having lead responsibility for implementation.

- These organisations should not be seen as exclusive. If, for example, an industry representative body not listed is willing to make a substantive contribution to implementing the recommendation, it should be given the opportunity to participate.
- Where “relevant higher education institutions” are specified, the intention is that all higher education institutions providing retail-related programmes (for example, DIT, GMIT, WIT, UCC) would be invited to contribute.

Recommendation 1 - Coordination

None of the actions set out in these recommendations can be implemented by a single organisation, so implementation requires a co-ordinated approach. It is recommended that the main interested organisations would come together to implement the recommendation - Retail Ireland, Retail Excellence, relevant higher education institutions, VECs, FÁS, IBEC Retail Skillnet, NQAI, FETAC and HETAC. It would be open to other interested parties with a major interest in wholesale and retail sector skills to also participate. Addressing the skills agenda is an area where cooperation is possible and vital. It is necessary that the industry takes a leading role in tackling the challenges that face it.



Recommendation 1: Coordination

Establish an industry-led group to coordinate the implementation of this report's recommendations, and develop training, education and Recognition of Prior Learning (RPL) in the sector. It is envisaged that this group would undertake the following:

- Appointment by industry representatives of a prominent figure to champion the development of the Skills Framework.
- Work in tandem with the forthcoming FETAC Standards Development Group for the Retail Sector both in terms of timelines and personnel in 2010.
- In parallel, the higher education sector would endorse the Skills Framework standards for Higher Education and Training Awards at levels 6-10 on the NFQ.
- Pull together this work to agree and establish the Skills Framework.
- Actively promote the framework within the industry.

Responsibility: Driven by Retail Ireland; Retail Excellence in conjunction with relevant higher education institutions; VECs; FÁS; IBEC Retail Skillnet; FETAC; HETAC and NQAI

Recommendation 2 - A Coherent Skills Development Offering

Development of the Skills Framework

The range of qualifications currently on offer through FÁS, IBEC Retail Skillnet, VECs and a number of higher education institutions, is close to being a coherent unified offering, covering the main retail skill areas at all relevant levels in the National Framework of Qualifications. The skills framework for the sector should act as a basis for making this unified offering a coherent reality, taking the illustration set out in this report as a starting point.

Recommendation 2a: Development of the Skills Framework

Develop a Skills Framework for the sector, focused on learning outcomes, and on the specific skill sets that are required in wholesale and retail. This should link with FETAC's work on migration of retail awards to the Common Awards System. This will effectively have the impact of establishing industry-agreed standards for FETAC awards at Level 4-6. Further input will be required by the Higher Education sector in completing the Skills Framework at Level 6 and above.

Responsibility: Driven by Retail Ireland and Retail Excellence in conjunction with the relevant higher education institutions; FÁS, IBEC Retail Skillnet; VECs; National Adult Literacy Agency, NQAI, FETAC; HETAC.

Once complete, the skills framework will form a valuable tool to:

- Promote training and education in the sector.
- Communicate careers opportunities in the sector to potential recruits and employees through: making visible the high skill jobs that require highly qualified people; making career progression



routes visible; allowing people to see that retail can be the route to a good qualification; and helping potential recruits to distinguish between employers within the sector on the basis of the opportunities for learning and qualifications they provide.

- Assist organisations in planning for their skills needs.
- Assist providers of education and training in developing and promoting their offerings.
- More broadly, the Skills Framework has the potential to improve productivity and competitiveness within the sector through the development of the skills base, which can have positive impacts in the wider economy.

Recommendation 2b: Adoption of the Skills Framework

Invite providers of wholesale and retail education and training leading to nationally-recognised qualifications to endorse the skills framework. They would be entitled to draw attention to this in promoting their courses, for example, in their promotional literature and in contexts such as the Qualifax, Careersportal and Bluebrick web sites and to highlight the industry standard nature of their course, and the opportunities for progression to a qualification at a higher level within the framework.

Responsibility: Relevant higher education institutions; FETAC, HETAC, FÁS, IBEC Retail Skillnet; VECs and National Adult Literacy Agency, in consultation with Retail Ireland and Retail Excellence

3. Promotion

Upon establishment of the Skills Framework, many of the actions set out in these recommendations will only be successful through engaging the interest of people and groups outside the wholesale and retail sector, and of groups within the sector that have at most loose connections with the main bodies concerned with education and training for the sector. Success will require engaging their attention and interest. Industry must take the lead in pursuing this recommendation.

Recommendation 3a: Promotion

Agree and co-ordinate a promotional programme, with the resources for each element of the programme coming from the member bodies to which that part of the programme is most directly relevant. The promotional programme should at least cover:

- Promoting the sector as a good employer and responsible pillar of local communities.
- Promoting the sectoral skills framework and associated training and education, both within the sector, and as a part of the message to individuals and organisations outside the sector.
- Highlighting the benefits that entrepreneurially-focused management development for small and medium retail businesses can bring to the viability of centres of retailing to interested parties such as owners of retail property, local authorities and County Development Boards.

Responsibility: Retail Ireland and Retail Excellence



Rolling out the Skills Development Offering

The key goal for the coordinating group and its members is to roll out the adoption of high quality training and education initiatives, where possible leading to qualifications fitting into the sectoral skills framework, as far as possible.

Recommendation 3b: Rolling out the Skills Development Offering

Target provision across the whole industry, making high quality training and education available to all employees, and to all entrepreneurs.

Responsibility: Retail Ireland; Retail Excellence; relevant higher education institutions; FÁS; IBEC Retail Skillnet, VECs

4. Prioritisation within the Public Spend on Training and Education

Public funding for the provision of training in the sector should, in partnership with and facilitated by industry, focus mainly on enabling resource-efficient training provision.

Recommendation 4: Public Spend on Training and Education

Focus public expenditure related to education and training in the sector in the following areas:

- Provision of training through e-learning and blended learning delivery, along the lines currently being developed by FÁS. FÁS should specifically consider targeting retail modules for provision through blended/e-learning delivery.
- Delivery of training and assessment in the workplace by existing employees, with subsidised training-the-assessor/trainer and quality assurance inputs, along the lines currently operated at FETAC Level 5 by the IBEC Retail Skillnet.
- Provision of effective and efficient services for recognition of prior learning on a substantial scale, sufficient to reach some thousands each year.
- Continued support for training networks, where these can stimulate a good volume of learning activity.
- Support for innovative provision where proposed by industry, for example, accreditation of enterprise training programmes.
- Support for efficient models of delivery to reach small retail enterprises.
- Contributing towards promoting the importance of training for the industry, the attractiveness of careers in the sector and the wholesale and retail sectoral skills framework.

Responsibility: Driven by Department of Education and Skills in conjunction with FÁS; VECs; Skillnets; Retail Ireland; Retail Excellence.



Recommendation 5 - Wholesale and Retail Professional Skills

At higher education and equivalent levels, there is already a diversity of qualifications at each NFQ level, and providers have access to mechanisms for certification. It is envisaged that bodies engaged in providing higher education for those employed in the sector, including DIT, UCC, DBS and IBEC Retail Skillnet, will most likely choose to endorse the skills framework, and use the skills framework in the promotion of course information.

Recommendation 5 - Wholesale and Retail Professional Skills

Ensure, that between them, providers of higher education have education modules available to address each of the professional disciplines set out in the proposed Sectoral Skills Framework and that they are highlighted on relevant careers and qualifications websites, for example, Bluebrick.ie, Qualifax.ie and Careersportal.ie.

These modules should be available:

- As core or optional modules in courses leading to major awards, whether in a full time, part time or executive education format.
- As standalone modules available where there is sufficient demand from individuals or industry.

Ideally, the main content of the modules would also be made available for individual study through self-directed and/or blended learning approaches.

Responsibility: Relevant Higher Education Institutions.

Recommendation 6 - Recognition of Prior Learning

Recognition of Prior Learning (RPL) presents a key opportunity to develop learning in the wholesale and retail sector, particularly but not exclusively among retail assistants and distribution centre workers. Many retail assistants may already have developed the skills and competencies they would require to attain existing awards (major, minor, special purpose) at levels 3, 4 and 5 as currently provided by FAS, IBEC Retail Skillnets and the VECs. Many distribution centre workers have most of the competencies they would require to receive similar distribution-centre related qualifications.

Benefits of widespread use of RPL would include:

- Recognising workers' skills in a way that has educational and ideally job market currency;
- Encouraging employees and employers to round out existing skills to justify the award of a full qualification;
- Getting people onto the NFQ's with scope to move up the ladder through further study;
- Reinforcing the position of the NFQ and of the proposed sectoral qualifications framework.



Properly done, with good quality assurance, RPL is far from being a trivial process. However, there will be scope as assessment bodies gain experience, to make the process more efficient than it has been in the sector to date.

Widespread adoption of RPL will require the commitment and active involvement of both industry and bodies responsible for further education qualifications in the sector (currently FÁS, VECs and IBEC Retail Skillnet). While acknowledging there may be significant resource requirements, RPL can reduce elements of unnecessary training where participants already meet the required standards.

Recommendation 6 - Recognition of Prior Learning

The Department of Education and Skills and the industry's representative bodies should jointly commit to developing RPL in the sector and agree on a workable model to resource it.

Responsibility: Driven by the Department of Education and Skills in conjunction with NQAI; Retail Ireland; and Retail Excellence.

Recommendation 7 - Labour Market Activation

The relative openness of many retailers to hiring people without a background in the sector, and relatively high labour turnover rates, mean that the retail sector is a good target for moving people into employment during a recession.

At the same time, steep job losses in the sector mean that many people with substantial experience of wholesale and retail are now unemployed. Many of these have no qualifications beyond Junior Certificate or Leaving Certificate. They would benefit over the long term from obtaining a further qualification, and a period of study would decrease the risk for some people falling in to long term unemployment.

FÁS and Skillnets together should consider how the Level 5 model could be adapted for training the unemployed, particularly given the low direct costs associated with the Retail Skillnet model of provision.



Recommendation 7 - Labour Market Activation

The Department of Education and Skills should give consideration to how best to enable those losing their jobs in retail and wholesale who do not have a good immediate prospect of re-employment to undertake substantial education and training courses, leading to:

- Recognised FETAC retail qualifications from Level 3 to 6; or
- Higher education qualifications, which are most likely to be in retail management or in more general business disciplines.

Any training in retail skills oriented towards labour market activation must be tied in with on-the-job practical experience.

Responsibility: Department of Education and Skills.



Appendices

Appendix A - Summary of FETAC Retail Awards 2009

	Community / Comprehensive School	Community / Voluntary Sector Organisation	Community Employment Programme	Community Training Centre	FÁS Training Centre	Private Provider - College	Private Provider - Company	Private Provider - Individual	Skillnet	Training for People with Disabilities	VEC Adult Education Centre	VEC Further Education College	VEC Literacy Service	VEC School	VEC VTOS Centre	Voluntary Secondary School	Grand Total
Level 3				3	88				46		14		11				162
<i>Minor</i>				3	88				46		14		11				162
Retail Customer Service Awareness									23								23
Retail Industry Awareness									23								23
Retail Sales				3							14		11				28
Retail Sales - Payments & Refunds					88												88
Level 4					1045		37								3		1085
<i>Major</i>					167												167
Retail Sales					106												106
Retail Skills					61												61
<i>Minor</i>					669		37								3		709
Retail Communications					17												17
Retail Customer Care for Pharmacy					46												46
Retail Product and Service Operations					17												17
Retail Sales Support Skills					340												340
Retail Sales Techniques					249												249
Warehouse Skills							37								3		40
Special Purpose					209												209
Warehouse Operations and Logistics					209												209
Level 5	14	28	5		673	193	130	10	348	28	8	176		29	23	6	1671
<i>Major</i>									24	1		27		5	4		61
Retail Operations									24	1							25
Retail Studies												27		5	4		36
<i>Minor</i>	14	28	5		673	193	130	10	324	27	8	149		24	19	6	1610
Retail Administration						64				1		16		3	7		91
Retail Customer Service									109	5							114
Retail Display	14		5			11						30		3	3		66



	Community / Comprehensive School	Community / Voluntary Sector Organisation	Community Employment Programme	Community Training Centre	FÁS Training Centre	Private Provider - College	Private Provider - Company	Private Provider - Individual	Skillnet	Training for People with Disabilities	VEC Adult Education Centre	VEC Further Education College	VEC Literacy Service	VEC School	VEC VTOS Centre	Voluntary Secondary School	Grand Total
Retail Merchandising									46	7							53
Retail Payment Procedures									12								12
Retail Security									5	7							12
Retail Selling		28				118	130	10	147	5	8	103		18	9	6	582
Retail Stock Control									5	2							7
Warehousing					673												673
Level 6					52												52
<i>Major</i>					39												39
Retail Management					39												39
<i>Minor</i>					13												13
Retail Communications					6												6
Retail Product and Service Management					6												6
Retail Security Supervision					1												1
Grand Total	14	28	5	3	1858	193	167	10	394	28	22	176	11	29	26	6	2970



Appendix B Sectoral View of Wholesale and Retail Sector

As noted earlier, the most detailed available data on the wholesale and retail sector comes from the CSO's annual Services Enquiry. As the most recent data from this source is for 2006, it is not sufficiently current to illustrate the downturn currently underway. However, it does provide useful insights into the relative size and economic significance of different parts of the sector.

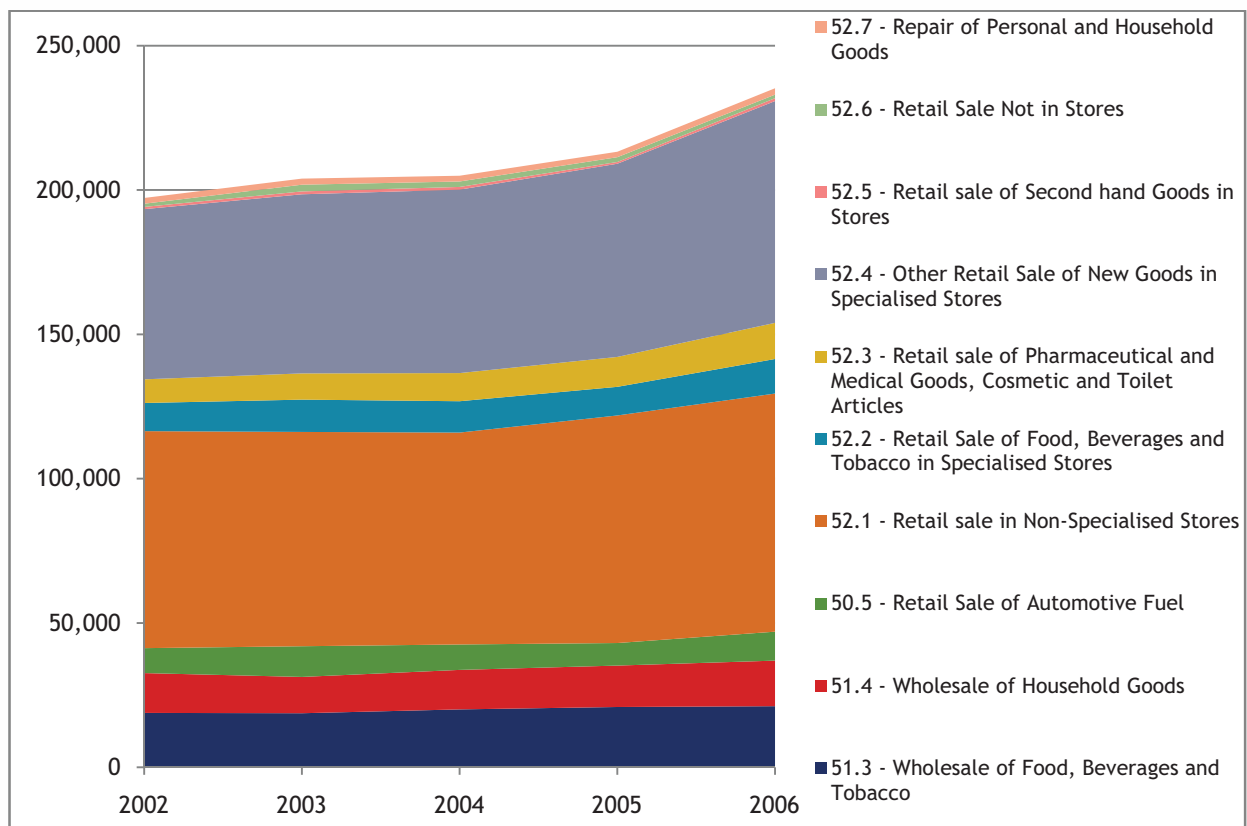
The charts that follow cover only those parts of the broad wholesale and retail sector (Section G) that are primarily within the study's scope as defined earlier.

Employment

Employment in the sector, as described in official statistics, is dominated by two big sectors:

- NACE 52.1 - Retail Sale in Non-Specialised Stores, which is primarily made up of the grocery trade, but also includes other non-specialised stores such as department stores; and
- NACE 52.4 - Other Retail Sale of New Goods in Specialised Stores, which is dominated by retail of clothing/drapery, but also includes specialist retailing of products such as electrical goods, books, DIY and jewellery.

Figure A.1 Employment by Subsector, 2002 to 2006



Source: Services Enquiry, CSO



The other retail sectors described by the official statistics that employ significant numbers are:

- NACE 52.2 - Retail Sale of Food, Beverages and Tobacco in Specialised Stores, meaning stores that sell food and beverages, but not other products typically stocked by grocers such as stationary and cleaning materials;
- NACE 52.3 - Retail Sale of Pharmaceutical and Medical Goods, Cosmetic and Toilet Articles, meaning retail pharmacies; and
- NACE 50.5 - Retail Sale of Automotive Fuel, meaning garage forecourts, most of which also sell ranges of products similar to those in a convenience store.

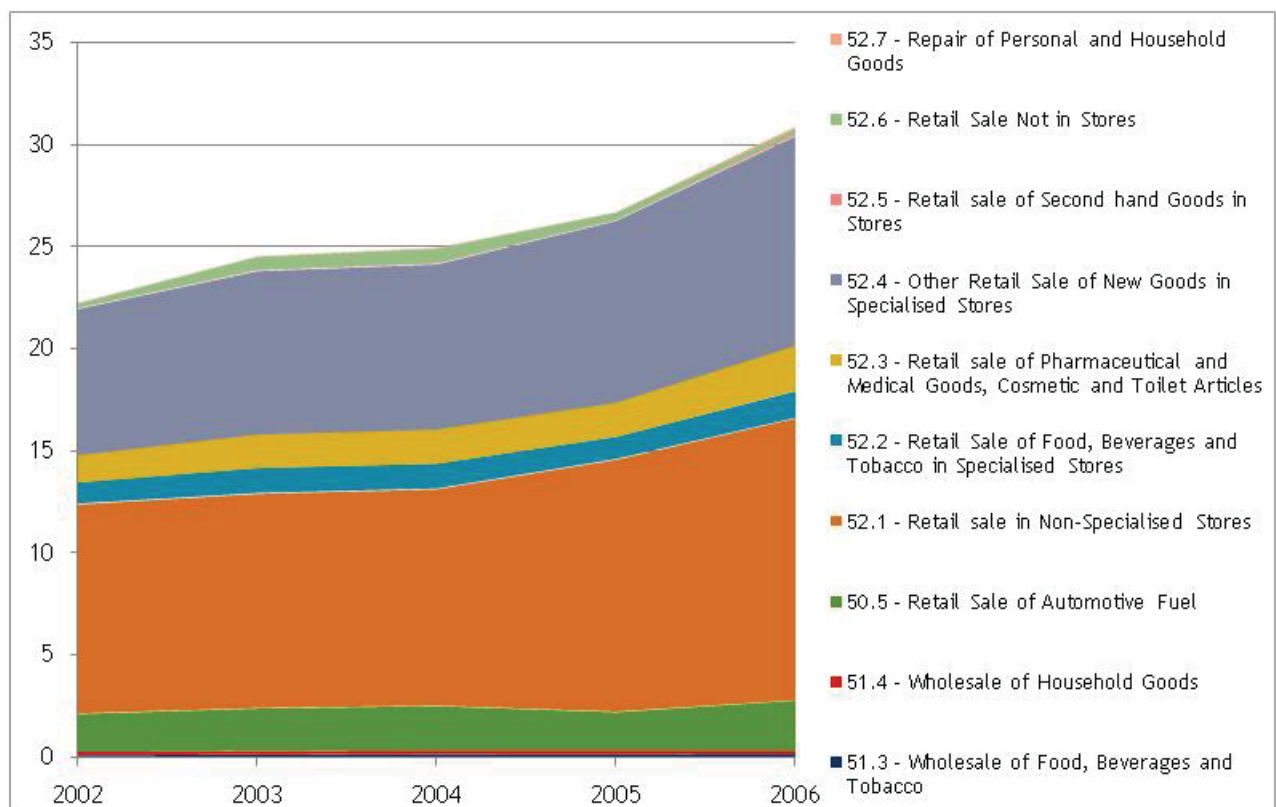
Employment in those areas of wholesale that supply retailers is dominated by:

- NACE 51.3 - Wholesale of Food, Beverages and Tobacco; and
- NACE 51.4 - Wholesale of Household Goods.

Retail and Wholesale Sales

Retail sales from the sector reached €31bn in 2006. Again, this was dominated by NACE 52.1 (primarily grocery) and NACE 52.4 (dominated by clothing/drapery, but also specialised stores selling other types of goods), as can be seen in Figure 3.14. Retail sales by the wholesale sector are almost negligible.

Figure A.2 Retail Sales by Subsector, €bn, 2002 to 2006

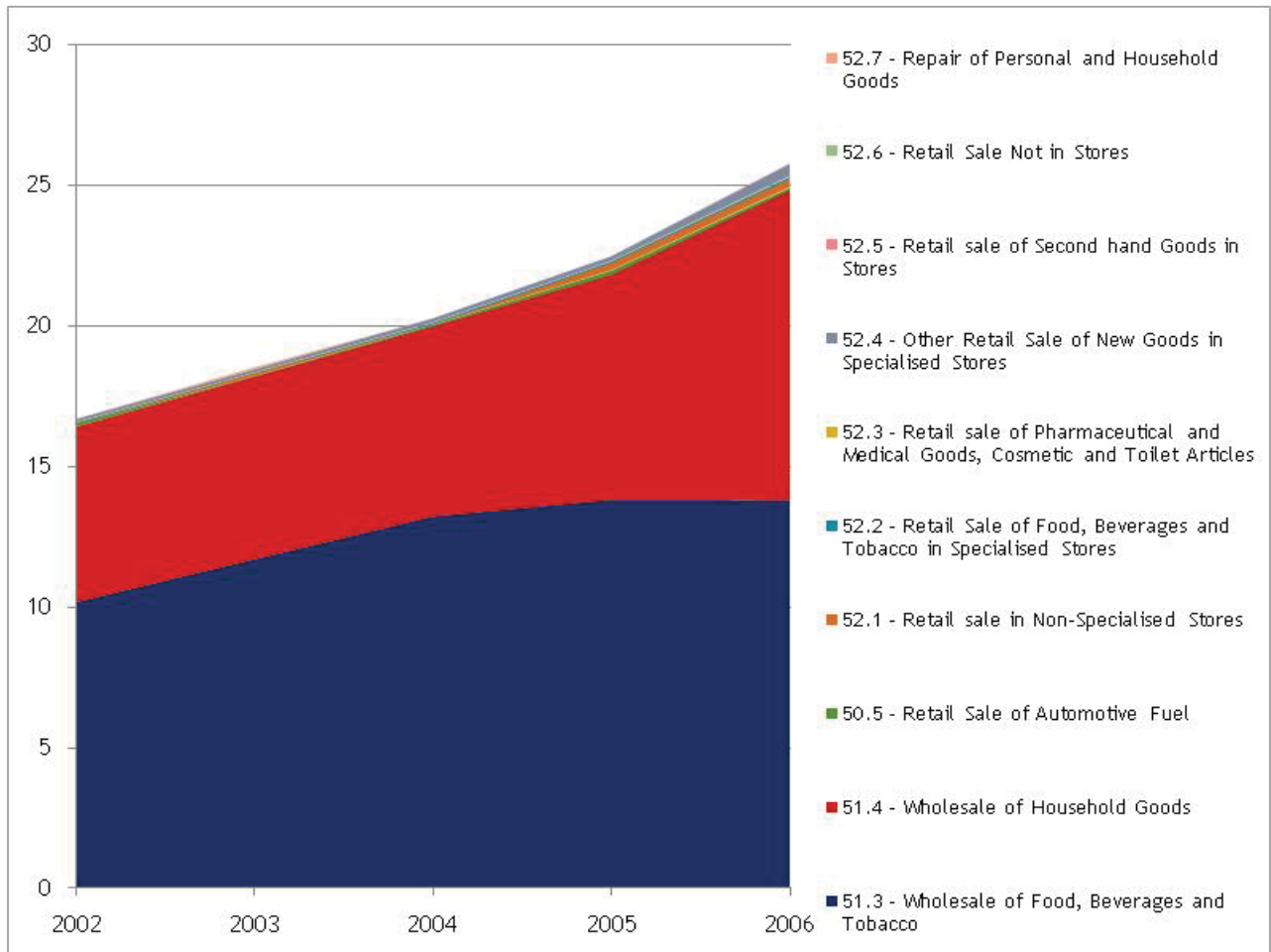




Source: Services Enquiry, CSO

Wholesale sales rose to €25.8bn in 2006. Unsurprisingly, they are dominated by the two wholesale sectors. It is noteworthy that wholesale sales of food, beverages and tobacco levelled off in 2006, while wholesale sales of household goods (such as furniture and electrical goods) increased sharply.

Figure A.3 Wholesale Sales by Subsector, €bn, 2002 to 2006



Source: Services Enquiry, CSO

While a large part of the wholesale sales covered by these statistics went to the retail sector, not all did. For example, food wholesalers often also supply restaurants and caterers.

Profitability

The sector was strongly profitable while the economy was growing. Figure A.4 illustrates this, using Gross Value Added Net of Labour Costs as an indicator of profitability, and expressing it as a percentage of turnover.



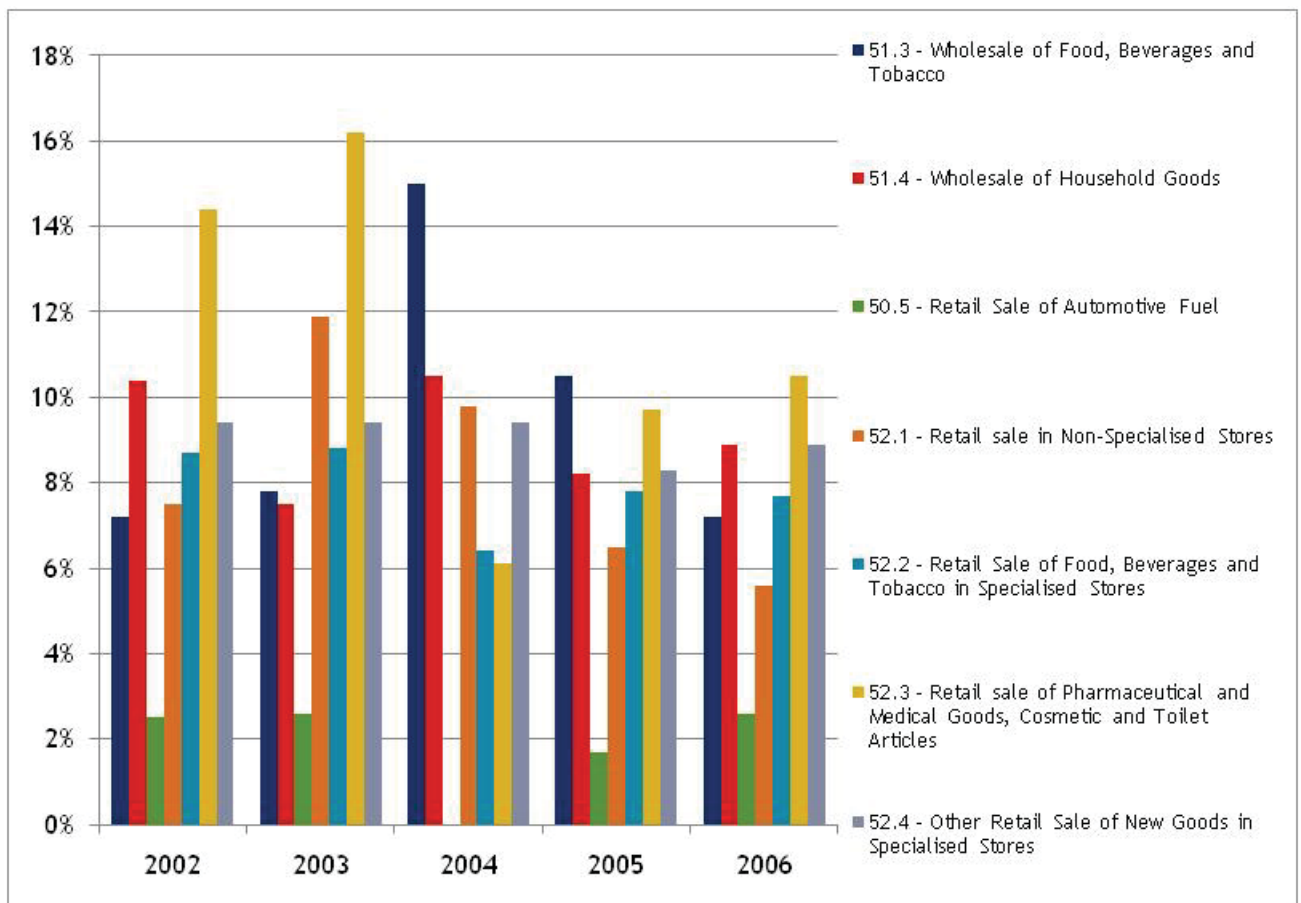
For all the main subsectors except retail sale of automotive fuel, this indicator remained above 5% for the period 2002 to 2006, sometimes rising above 10% for wholesale and pharmacy subsectors.

Averages over the period for the biggest sectors were:

- NACE 52.1 - Retail Sale in Non-Specialised Stores - 8.3%
- NACE 52.4 - Other Retail Sale of New Goods in Specialised Stores - 9.1%
- NACE 51.3 - Wholesale of Food, Beverages and Tobacco - 9.5%
- NACE 51.4 - Wholesale of Household Goods - 9.1%

Profitability as a percentage of turnover tends to be low for retail sale of automotive fuel, as margins on fuel are usually much less than for other products at retail, and fuel sales account for a large share of total forecourt sales.

Figure A.4 Gross Value Added (GVA) Net of Labour Costs as % of Turnover



Source: Based on data from Services Enquiry, CSO



Figure A.5 Family-Owned Wholesale and Retail Sector (Section G) Enterprises, by Size of Enterprise, 2006

	Number of Enterprises	Total Employees
1-9 Persons Engaged	16,979	40,765
10 - 19 Persons Engaged	2,352	30,854
20 - 49 Persons Engaged	995	30,479
50 or More Persons Engaged	363	59,869
Total	20,689	161,994

Source: 2006 Services Enquiry, CSO



Appendix C Variant Employment Scenarios

This appendix presents two variant scenarios for future employment in the sector, and for the future demand that the projected employment implies.

- The “more severe downturn” variant is based on a greater loss of employment in internationally traded industry (15% versus 10%), a greater loss of employment in construction (to 7% of all employment, versus 8%) and slower recovery (no growth in manufacturing and 3% per annum growth in services, versus 2% and 9% respectively).
- The “rising share of all employment in domestically traded services” variant is based on a gradual rise in the share of employment accounted for by the broad wholesale and retail sector (up by an eventual 1% to 15.3% in 2016) and in other domestically traded sectors (up by an eventual 2% to 29.2% in 2016).

Figure B.1 Variant Employment Projections for Broad Wholesale and Retail Sector (Section G)

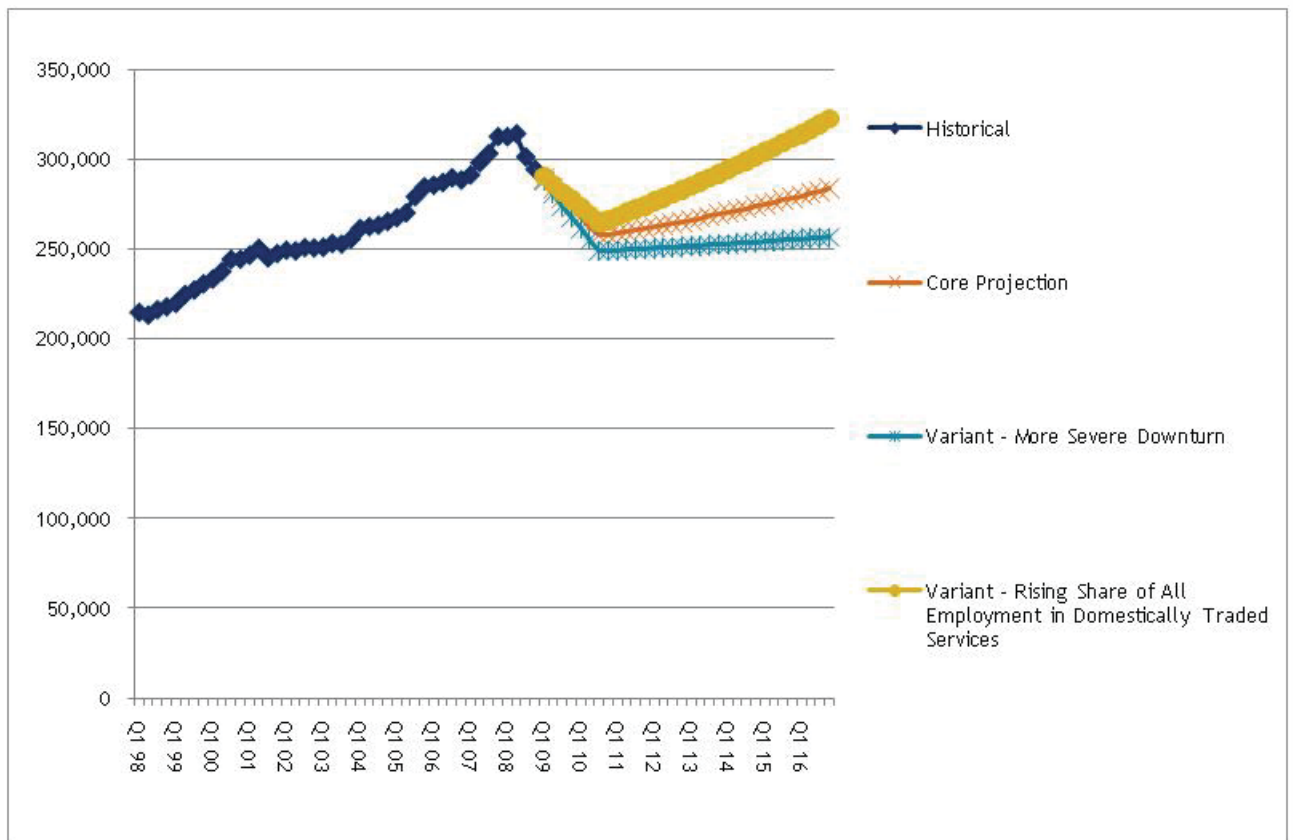
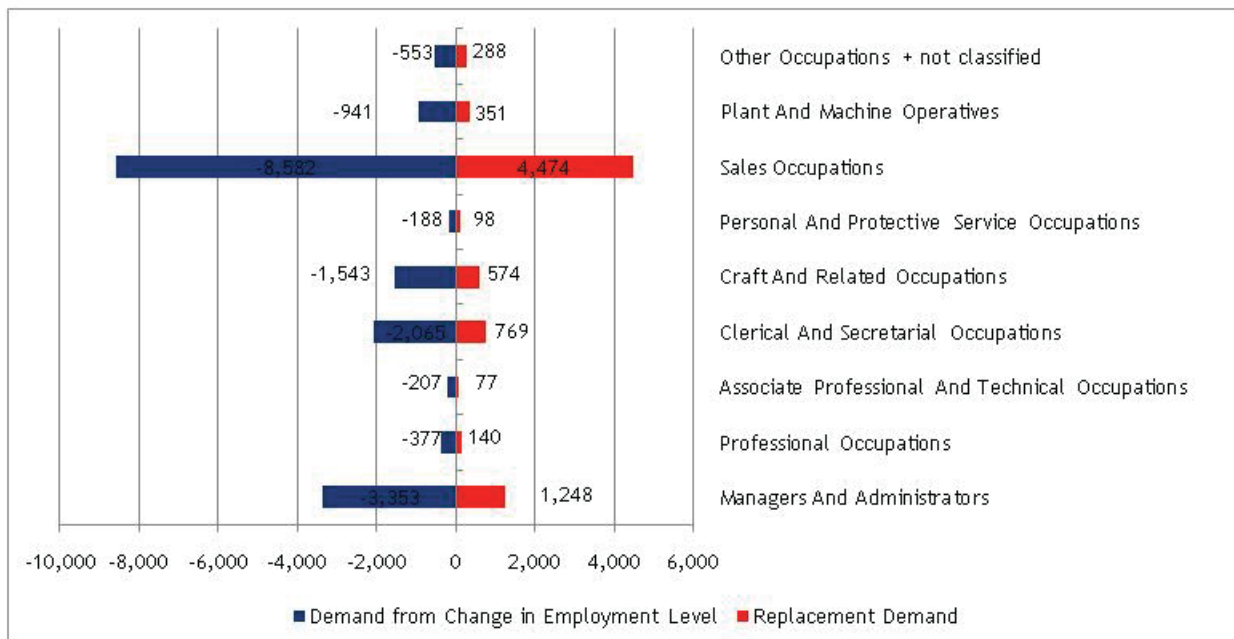


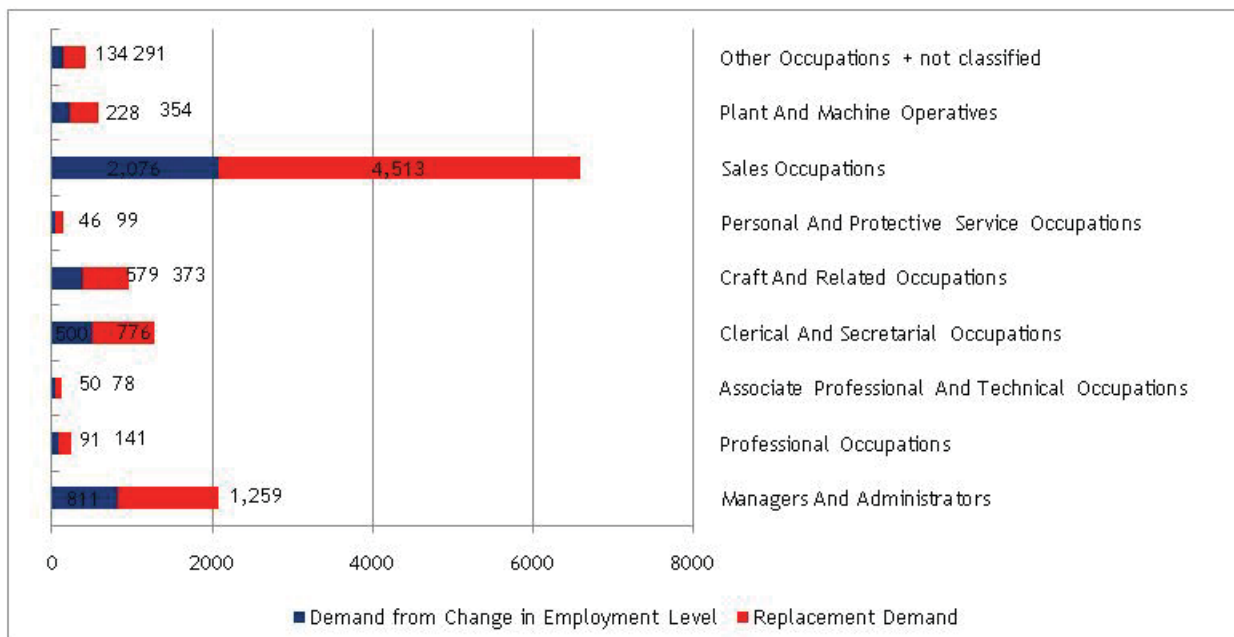


Figure B.2 Average Annual Skills Demand, 2009-2010, Broad Wholesale and Retail Sector (Section G)



Source: Developed for study

Figure B.3 Average Annual Skills Demand, 2011-2016, Broad Wholesale and Retail Sector (Section G)



Source: Developed for study



Appendix D EGFSN Membership

Una Halligan (<i>Chairperson</i>)	Director, Government and Public Affairs for Ireland, Hewlett Packard
Inez Bailey	Director, National Adult Literacy Agency
George Bennett	IDA Ireland
Marie Bourke	Head of Secretariat and Department Manager, Human Capital and Labour Market Policy, Forfás
Liz Carroll	Training and Development Manager, ISME
Terry Corcoran	Director of Planning and Research, FÁS
Ned Costello	Chief Executive, Irish Universities Association
Margaret Cox	Managing Director, I.C.E. Group
Tony Donohoe	Head of Education, Social and Innovation Policy, IBEC
Brendan Ellison	Principal Officer, Department of Finance
Anne Forde	Principal Officer, Department of Education and Science
Pat Hayden	Principal Officer, Department of Enterprise, Trade and Employment
Garry Keegan	Director, Acumen
Enda McDonnell	Sectoral and Enterprise Development Policy, Enterprise Ireland
John Martin	Director for Employment, Labour & Social Affairs, OECD
Dermot Mulligan	Assistant Secretary, Department of Enterprise, Trade and Employment
Frank Mulvihill	Former President of the Institute of Guidance Counsellors
Dr Brendan Murphy	President, Cork Institute of Technology
Alan Nuzum	CEO, Skillnets
Muiris O'Connor	Higher Education Authority
Peter Rigney	Industrial Officer, ICTU
Martin Shanahan	Divisional Manager, Science, Technology and Human Capital, Forfás
Jacinta Stewart	Chief Executive, City of Dublin VEC



Appendix E Steering Group Membership

Tony Donohoe (<i>Chairperson</i>)	Head of Education and Social Policy, IBEC
Ciara Phelan	National Training Strategy Unit, Department of Enterprise, Trade and Employment
Ivica Milicevic	Research Officer, Skills and Labour Market Research Unit, FÁS
Alan Nuzum	Chief Executive, Skillnets
David Hedigan*	Manager, Sectoral Enterprise Development Policy, Enterprise Ireland
Aileen Morrissey	National Coordinator for Training, Mandate
Mary Cryan	HR Director, Brown Thomas
John Jameson	DIT
Torlach Denihan	Director, Retail Ireland, IBEC
Cathy Gilmore	Senior Personnel Manager, Tesco
Paul Candon	HRM Director, Topaz
Marie Bourke	Forfás
Andrew Colgan	Forfás

*Retired from Enterprise Ireland in October 2009



Appendix F Publications by the Expert Group on Future Skills Needs

Report	Date of Publication
The Expert Group on Future Skills Needs Statement of Activity 2009	April 2010
Future Skills Requirements of the Food and Beverage Sector	November 2009
Skills in Creativity, Design and Innovation	November 2009
Monitoring Ireland's Skills Supply: Trends in Education/Training Outputs 2009	November 2009
National Skills Bulletin 2009	July 2009
A Quantitative Tool for Workforce Planning in Healthcare: Example Simulations	June 2009
The Expert Group on Future Skills Needs Statement of Activity 2008	June 2009
A Review of the Employment and Skills Needs of the Construction Industry in Ireland	December 2008
Statement on Raising National Mathematical Achievement	December 2008
National Skills Bulletin 2008	November 2008
All-Island Skills Study	October 2008
Monitoring Ireland's Skills Supply: Trends in Education/Training Outputs 2008	July 2008
The Expert Group on Future Skills Needs Statement of Activity 2007	June 2008
Future Requirement for High-Level ICT Skills in the ICT Sector	June 2008
Future Skills Needs of the Irish Medical Devices Sector	February 2008
Survey of Selected Multi-National Employers' Perceptions of Certain Graduates from Irish Higher Education	December 2007
The Future Skills and Research Needs of the International Financial Services Industry	December 2007
National Skills Bulletin 2007	November 2007
Monitoring Ireland's Skills Supply: Trends in Educational/Training Outputs	June 2007
Tomorrow's Skills: Towards a National Skills Strategy	March 2007
National Skills Bulletin 2006	December 2006
Future Skills Requirements of the International Digital Media Industry: Implications for Ireland	July 2006
Careers and Labour Market Information in Ireland	July 2006
Skills at Regional Level in Ireland	May 2006
SME Management Development in Ireland	May 2006
Monitoring Ireland's Skills Supply: Trends in Educational/Training Outputs	January 2006
Data Analysis of In-Employment Education and Training in Ireland	December 2005



National Skills Bulletin 2005	October 2005
Skills Needs in the Irish Economy: The Role of Migration	October 2005
Languages and Enterprise	May 2005
Skills Requirements of the Digital Content Industry in Ireland Phase I	February 2005
Innovate Market Sell	November 2004
The Supply and Demand for Researchers and Research Personnel	September 2004
Literature Review on Aspects of Training of those at Work in Ireland	June 2004
Financial Skills Monitoring Report	November 2003
Responding to Ireland's Growing Skills Needs - The Fourth Report of the Expert Group on Future Skills Needs	October 2003
The Demand and Supply of Skills in the Biotechnology Sector	September 2003
Skills Monitoring Report - Construction Industry 2003/10	July 2003
Benchmarking Education and Training for Economic Development in Ireland	July 2003
The Demand and Supply of Engineers and Engineering Technicians	June 2003
The Demand and Supply of Skills in the Food Processing Sector	April 2003
National Survey of Vacancies in the Private Non-Agricultural Sector 2001/2002	March 2003
National Survey of Vacancies in the Public Sector 2001/2002	March 2003
The Irish Labour Market: Prospects for 2002 and Beyond	January 2002
Labour Participation Rates of the over 55s in Ireland	December 2001
The Third Report of the Expert Group on Future Skills Needs - Responding to Ireland's Growing Skills Needs	August 2001
Benchmarking Mechanisms and Strategies to Attract Researchers to Ireland	July 2001
Report on E-Business Skills	August 2000
Report on In-Company Training	August 2000
The Second Report of the Expert Group on Future Skills Needs - Responding to Ireland's Growing Skills Needs	March 2000
Business Education and Training Partnership 2 nd Forum, Dublin	March 2000
Business Education and Training Partnership Report on the Inaugural Forum, Royal Hospital Kilmainham	March 1999
The First Report of the Expert Group on Future Skills Needs - Responding to Ireland's Growing Skills Needs	December 1998

Expert Group on Future Skills Needs

Forfás
Wilton Park House
Wilton Place
Dublin 2
Ireland

Tel: + 353 1 607 3000
Fax: + 353 1 607 3030

Website: www.skillsireland.ie

