

Identifying the skills gaps in retail: Issues and implications for UK retailers

By

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Abstract

Purpose: This article sought to identify the skills gaps associated with retail employees in SME and multiple retail companies, and to investigate the potential training and business implications that arise from these skills gaps.

Methodology: Research was conducted within one geographical region and across five counties within the United Kingdom. Telephone and face-to-face interviews, focus group workshops and retail forums were conducted, resulting in responses from 121 retailers.

Findings: The key issues and areas of concern to emerge were: the industry image and impact on recruitment and retention; employee and management skills gaps; and barriers to training.

Implications: The findings highlight the need for UK retail industry to raise the image of the sector, to promote the variety of career options; to clarify the retail qualifications and training available, and to work towards retail's earlier inclusion in school curriculum.

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Keywords: Skills gaps, UK, retail training, recruitment.

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INTRODUCTION

The retail sector comprises the largest sector of the private economy in the UK. It is not surprising therefore that retail is identified as an important factor contributing to local economies (Finn and Louviere, 1996; Warnaby *et al.*, 2004). However, the sector is polarised with a concentration of large multiple retailers at one extreme and, at the other, a large majority of small businesses. Employers face considerable challenges in that, retail employs the highest proportion of part-time workers, suffers a higher than average staff turnover, and has a poor image as a career destination, particularly for well-qualified employees. Indeed, retailing has traditionally been “trapped in a low skills, low pay equilibrium” (Skillsmart Retail, 2004)

The government’s national Skills Strategy launched in 2003 aimed to raise UK productivity levels, building on the belief that employee skills are a key driver of effective performance and productivity in the retail sector. The recent Skills White Paper 2005 sets out a strategy for ensuring employees have the skills that the employers need. However, in order to develop an effective strategy for skills training and development in retail, there is a need to understand which skills are lacking and necessary to the future performance of the sector. While various reports and employer surveys have focused on the emerging skills needs in the sector, little is understood about which specific skills are important to different retailers; whether and how the skills needs differ for multiple or SMEs, and the extent to which retail employees meet these requirements. It is the purpose of this paper, therefore, to identify the specific skills gaps associated with retail employees across a region in the United Kingdom, and to investigate potential training and business implications that arise from these skills gaps. Skills gaps are defined as the shortfall of

skills of existing staff to carry out new tasks (Skillsmart, 2004a, p 49). Training, as distinct from education (which typically involves classroom-type learning and the transfer of knowledge), is defined as any type of job-related learning that raises an individual's productivity (Tsang, 1999). Training involves learning by doing, enhancement of measurable skills until a competence level is visibly improved (Hughey and Mussnug, 1997). This study forms part of a larger research project investigating the skills, training and business issues in the East Midlands retail industry, funded by Skillsmart Retail, the Retail Sector Skills Council and the Learning and Skills Council.

BACKGROUND

Various factors influence the way employment and skills develop in retail. The industry dynamics, labour market, occupational profile, location and consumer shopping trends all contribute to shaping the skills required by retail organisations. (Skillsmart Retail, 2004)

Industry dynamics

The retail environment has changed over the years, primarily due to increased competition (Byrom *et al.*, 2003; Wakefield and Baker, 1998; Warnaby *et al.*, 2004), retail expansion (Williams, 1997) and decentralisation (Hogg *et al.*, 2004; Warnaby and Yip, 2005), and a realisation that consumers are becoming increasingly complex with regards to their shopping behaviour (Hackett *et al.*, 1993). While independent retailers greatly outnumber the multiples, they are economically weak in comparison with the efficiency and productivity generated by the large corporate chains. As a result, the independent sector has steadily declined in contrast with the rising dominance of a few large multiples, particularly in sectors such as food (Burt and Sparks, 2002). An associated impact is the decline in specialist skills, profitability and increased

costs for independents due to this greater competition. Furthermore, developing technology has driven efficiency within retail operations; within stores, supply chains and in new sales channels such as the Internet. This has been mainly exploited by the larger multiples, as smaller independents often lack the resources, economies of scale and the skills to keep up with new technology. However, while electronic point of sale technology has been systematically introduced into stores, with associated staff training, the future ability of retailers to innovate and differentiate via IT may be inhibited by the level of employee IT literacy (Skillsmart Retail, 2004).

Labour market

Retail industry performance and growth has influenced a continual rise in retail employment over the past 30 years (DfES, 2002). This trend is likely to continue with forecasts predicting a moderate rate of growth of 2.5% per annum for retail (Wilson et al. 2003). Despite an increasing demand for labour, staff turnover in retail is high at around 43%, around twice the average of other sectors (DfES 2002). The seasonality of retail is also typically associated with an intransient workforce; however, the general causes of labour turnover have been attributed to staff dissatisfaction and may be due to internal or external factors (Hendrie, 2004). External factors such as skill shortages, increasing demand and better rewards offered by competitor organisations are beyond any employer's control. Whereas internal factors such as job satisfaction and reward are within the organisation's control. Skills shortages result when there are too few people with the right set of skills to fill the positions (Skillsmart, 2004). Ultimately, turnover 'represents an outflow of skills and experience from the firm, which, in terms of replacement and retraining costs, can seriously hinder competitiveness and efficiency' (Bevan 1987, p.1). For the retail industry, replacement demand i.e. the labour required to replace those

leaving the industry is five times higher than the labour required to meet expansion. Forecasts show that between 2002-2012 in the UK nearly half a million people will be needed in sales and customer service occupations alone to replace those leaving the industry (Wilson *et al.*, 2003).

The need to match labour with daily and weekly trading peaks in retail has encouraged a more flexible, efficient staffing approach using part-time employment (Penn, 1995). Not surprisingly, part-time work has attracted a greater proportion of 'returners' to the retail workforce and thus a higher ratio of female: male employees; 60:40. Longer term, demographic indicators suggest a general aging of the working population with a projected increase of 50% or 3 million in the 50+ age group by 2020 (DfES, 2000). This will place pressure on the already limited workforce, where, due to the decline in the school leaver workforce in retail, and a larger increase in older consumers, retailers may need to target different segments for recruitment (Burt and Sparks, 2002). Indeed, some of the larger multiples such as B&Q actively recruit older workers for their experience and skills relating to the DIY sector, whereas SME retailers appear less disposed to this profile (Skillsmart Retail, 2004 p 43). Rather worryingly, research suggests that important segments of the labour market such as women, older workers (aged 50 and over) and those employed in small firms are becoming less satisfied about their work (Taylor, 2002). Although it is not known to what extent this applies in retail, this is a concern, as these key groups will determine the future development of the retail labour market.

Occupational profile

Sales and customer services underpin the retail sector and not surprisingly these occupations account for 67% of employment within retail compared with the national average of 16%. (NESS 2003) While management occupations comprise the second largest occupational group in retail,

at 17% this is in stark contrast to the England average of 35% suggesting that ‘professionals and higher-level occupations’ are grossly underrepresented in the sector. Undoubtedly, this occupational structure affects the qualification / skills profile and quality of entrants into the retail sector. The nature of sales occupations has traditionally demanded low-level skills; indeed 1 in 3 of the retail workforce possess either no qualifications or are qualified to NVQ level 1 (Labour Force Survey, 2002). As a result, retail employs a relatively high proportion of workers with lower than average levels of qualification attainment. A key implication of low skills is lower pay, which in turn can greatly influence the attraction, recruitment and labour turnover in retail.

Location and shopping trends

The growth of large out of town shopping centres in the 1980s-1990s meant that retail employees working in these locations needed their own transport, or access to public or contracted transport. Compounding this, the increased opening hours and the 24 / 7 shopping culture means that many retailers need to staff the stores around the clock. In comparison, urban retailers and the more recent developments of large scale city centre and Brownfield sites can potentially draw from the available local labour market residing in and around the towns and cities. However, it has been suggested that the geographical location of jobs and the demand for specific skills sets may not match the cost of living and thus skills supply in that location (Burt and Sparks, 2002).

Consumer expectations are also changing with consumers having higher expectations of the products and services being provided. Diversification of and competition with the product offer means that staff will need to have a wider and higher level of product knowledge and be able to provide added value to customers at the point of sale (Skillsmart, 2004). Furthermore, through increased foreign travel and the Internet, consumers experience and compare different service

offerings and will not tolerate broken service promises or delayed waits. As a result, customer service staff are expected to resolve complaints immediately, requiring customer handling skills (DfES, 2002).

Retail employee skills

While 22% of UK companies report skills gaps amongst their employees (Anonymous, 2003); in retailing this figure rises to 26% with the sales and customer service occupations comprising 72% of all retail jobs with a skills gap (NESS, 2003). The adverse impact of these skills gaps for retailers can include difficulties in meeting customer needs, providing a quality service, and also increased organisational costs (Skillsmart, 2004a p50).

Regarding employee skills, competencies of individuals are related to their performance at work (New, 1996) and previous work has identified the critical value of employee competencies for providing good service to retail customers (Dabholkar *et al.*, 1996). Indeed, it has been argued that the development of such workplace skills is essential (Finn and Louviere, 1996; Paulsson *et al.*, 2005) with competence development becoming a necessary part of corporate life (Homer, 2001; Paulsson *et al.*, 2005). Successful competence building in organisations can lead to greater effectiveness and increased workplace satisfaction for employees (Paulsson *et al.*, 2005).

Similarly, effective management of employee competencies can have an important impact upon business performance (Homer, 2001).

Various studies have been undertaken to anticipate future skills needs for retail. Core competencies for the industry are selling and managing the customer relationship therefore customer service is seen as an essential skill for the industry (DfES, 2002). Furthermore, Table 1

indicates that ‘customer-handling skills’ were seen as the most anticipated skills needs within the retail industry in 2001 and in subsequent years have consistently received top three placing. Two years later this was superseded by ‘communication’. Escalating technology developments in the industry has led to ‘Advanced IT skills’ and ‘basic computer literacy’ also being cited as emerging skills needs.

(Insert Table 1 here)

Management competencies have received growing attention by industry bodies such as CORTCO for recruitment purposes in retailing (Preston and Smith, 1997; see also Hart *et al.*, 1999). While research has identified the competence and skills needs of managers in retail, achieving these in practice is more difficult. Indeed, the quality of managers has been highlighted as a major skills deficit for the retail industry (DfES, 2002), and thus management and leadership and people skills are cited as potential skills gaps with the associated impact on staff development. (Skillsmart Retail, 2004).

RESEARCH METHODOLOGY

The specific aim of this research was to investigate retail employer (and other stakeholder) perceptions of employee skills gaps within a specific region of the United Kingdom. The research was carried out in two phases. The first phase incorporated a series of focus groups to which retailers from across the East Midlands area were invited to discuss the issues of concern and to develop the agenda for further research. This was followed by a second phase of semi-structured

telephone and face to face interviews to probe deeper the issues identified in the focus groups. Such methods allow for the collection of information-rich data from respondents (Churchill and Iacobucci, 2002), this approach is deemed particularly appropriate in researching the retail industry (Woodliffe, 2004).

Phase 1 included seven focus groups, held in locations across the area, chaired by a member of the academic research team. These events were scheduled at times and in locations thought to be convenient to retail employers. The purpose was to involve employers from all retail sectors, from large multiple chain stores and smaller independent shopkeepers, reflecting the profile of East Midland retail employment. In addition, a number of other stakeholders representing town centre management, local chambers of commerce and employment and training organisations, were invited. Phase 1 identified that East Midland's retailers were split according to the proportions in Table 2.

(Insert Table 2 here)

Using a proportionate stratified sampling technique (Churchill and Iacobucci, 2002), invitations were sent to potential focus group participants spread across these groupings and across the five sub regional counties. Retailers were randomly selected from a retailer database of 15,000 entries provided by Experian according to these proportions. Over 700 employers were invited by letter. Invitation letters were followed up by telephone calls to further encourage take up.

It was hoped to secure involvement from around 120 retailers to ensure that views expressed would be representative. However, despite strenuous efforts, gaining employer engagement

proved extremely difficult and the planned segmentation of retailers by product sector was abandoned so that any retailers willing to participate were accommodated. In all, representatives from only 13 retailers took part in these events.

Nevertheless, some common themes were generated by the focus groups and were used to form the basis of a semi-structured interview format. Fifty telephone and face to face interviews were conducted with retailers, again sampled randomly from the available databases to include roughly equal proportions of large multiples and small independent shopkeepers, and split evenly across the five county sub regions.

All discussions from all events and telephone interviews were recorded and verbatim transcripts were created. These were analysed using content analysis. Once participants had responded, their answers were collated and grouped together around the basis of underlying themes identified by the research team. The idea behind such a large number of responses was to attempt to combat common method bias, a potential problem in any research (Podsakoff *et al.*, 2003). By generating responses from a large number of respondents, researchers are able to report only those subjects which are reported by many respondents, hence avoiding the reporting of spurious or idiosyncratic results. Initially within-case analysis was conducted, and then further cross-case analysis was applied (as per Miles and Huberman, 1994). Finally, the responses were grouped together into sub-regional areas to allow for the comparison of the five sub-regional centres. All responses were then written up in the form of an industry report that was presented to the study sponsors.

RESULTS

Overall, across the five sub-regions or counties, there were six major areas of concern that were identified by respondents: industry image, recruitment, retention, SME vs multiple retailer issues, skills gaps and training. Of these areas, skills gaps and training issues were deemed those of most immediate concern. Discussion of these major factors will now follow, with a particular emphasis upon skills gaps and training issues.

Industry image

All of the sub-regions identified retailing not being viewed as an attractive career by existing and potential employees, echoing previous industry and academic research findings (Broadbridge, 2003; Cummins and Preston, 1997; DTI 2001; Swinyard *et al.*, 1991). According to the retailer respondents, potential applicants viewed retail work as servile: “*Youngsters believe it is beneath them to work in a shop*”, which compared unfavourably with the higher status attached to retail work in other countries. Retail was not considered a long-term career choice, often being the “*last resort*” or “*second option or stepping stone until something better comes along*”. This finding corroborates previous work that indicated that employees often don’t consider that they can ‘make a living’ from retail employment (Lindsay, 2005). Further negative perceptions were based on the perceived working conditions: “*7 day week, boring, low paid, long hours, hard demanding work*”. Interestingly, people previously employed in retail sometimes harbour negative feelings regarding retail work (Broadbridge, 2003), although the reverse can also be true (Lindsay and McQuaid, 2004).

The industry’s negative image was felt to significantly impact the retailers’ ability to recruit and compete for permanent long-term staff, thus inhibiting future productivity. However, the reality

of retailing was considered far more positive than the external perception: *“People have a very low opinion of retailing until they join it”. “No day is the same”. “If you are a people person it’s the best job / career to go for”.*

Many respondents felt that better careers information was needed in order to change the image perception. This point echoes that made by Lindsay and McQuaid (2004). Notably, the lack of understanding of retail career opportunities and the variety of retail job roles was severely limiting the attraction to retail. *“There’s no clear career path for young people to follow”.* *“Customers only see the mundane jobs, till operators, trolley pushers. They don’t see the environment, the behind the scenes staff, the buyers, the managers’ roles”.* These views reinforced earlier findings from the DTI Foresight report (2001), which identified that over 65% of young people, are ignorant of retail careers beyond sales positions and lack access to good careers advice on the retail sector.

Recruitment

Almost a quarter of respondents reported that in recent years, there had been a fall in the number of applicants applying for retail positions, and in the quality of these applicants. Indeed, low unemployment has in many areas led to competition for good staff and the poor image of retail results in lower calibre applicants. *“Five years ago we generated 100 applicants, now we get six”.* *“Eleven people recently applied for one job, none of them employable”.* Compounding this problem is the type of work available. Where retail suffers hard to fill vacancies it is predominantly due to the greater supply of shift work or part-time vacancies rather than full-time positions (NESS, 2003 p19) that are considered more attractive to applicants. The changes in store opening hours further hindered retailers’ ability to recruit flexible staff to cover unsocial

hours, or shorter shifts with the result that some retailers had to compromise their recruitment strategy: *“60% of applicants want full-time jobs but we mainly have part-time with shorter hours. We might have to reconsider the split”*. Many multiple retailers employed students to fill this labour gap, *“We mostly employ students as they can accommodate the shifts”*.

Despite all the negatives put forward, some retailers were optimistic, believing that a large pool of talented people were out there waiting to be employed; it was just a matter of attracting them to the retail sector. *“The staff are there if you’re willing to pay”*. This belief appears to contradict recent research which indicates that urban areas report recruitment and retention problems in the service and retail sector (Lindsay, 2005). Another key factor was the recruitment methods adopted by large and small retailers. As a rule, SME retailers used ad hoc recruitment methods rather than advertising positions; relying on word of mouth, speculative job applications, and displaying current vacancies in shop windows. The drawback of this approach is the utilisation of valuable staff resource in processing unsuitable applicants. Unsurprisingly, town and city centre locations achieved a better response due to higher footfall, in comparison with more rural locations. In contrast, the multiples benefited from centralised or agency support and also used job centres to take the pressure from stores.

Almost equal numbers of respondents reported good recruitment compared with those struggling to recruit. Where retailers reported good recruitment this was due to adapting to demand and providing above average pay and good working conditions. *“We have a waiting list for jobs. It’s done by staff recommendation that it’s a good place to work (with no unsocial hours)”*.

Retention

Once employees have been hired, how easy is it for retail stores to keep them? Previous literature suggests that retail suffers from an image as a high-turnover industry (Good *et al.*, 1996). Thus it was expected that the regional findings would support this. Surprisingly, nearly half of the retail respondents reported good levels of retention across the region, particularly within the SME sector. When analysing retention best practice, better pay, ongoing training, increasing staff responsibility, involvement and job satisfaction all helped maintain retention rates: *“We take them (staff) to exhibitions, trade shows and introduce them to suppliers.” “When we get good staff we look after them; train them to keep them”.* *“Some have worked here for 40 years. Whole families are employed here. They are cared for and respected”.* While respondents cited examples of long service records, there was concern that when long serving staff retire, the replacement staff will not have the same loyalty to remain with the company. Where poor retention was a problem, low pay was cited as the key cause for turnover, followed by unsocial hours and the lack of regular, stable working patterns: *“It’s difficult to retain staff over all the hours the store has to stay open. We employ returners – who move on to more family friendly jobs, local authority, administration”.* Furthermore, the high proportion of student workers in retail may be inflating the turnover figure: *“We experience high turnover as students move on. They only stay for 2 years”.* It was believed that more people left through *“boredom and lack of opportunities”.* One solution was to purposely understaff to ensure that the staff were always busy. However, any associated impact on customer service was not discussed. Having the right store manager in place is considered influential in reducing staff turnover, and an effective manager could often reverse a specific store’s turnover problems. That being said, retail potentially faces the problem of retaining managers for long periods of time (Good *et al.*, 1996) and this could further influence employee retention.

SME Vs Multiple retailers

It became clear from the respondents that the skills related issues differed for SME and multiple retailers. Independent retailers were particularly concerned by threats to their long-term survival from rising costs and competition for trade and labour. *“The large supermarkets sell the same as us but much cheaper. We don’t make the margins and cannot afford to pay high wages”*.

It was noticeable that larger multiples were further centralising their operational support to smaller branches, thus reducing pressure and costs for individual stores.

A key concern was the lack of progression in a family owned business, for both staff and management. *“There’s no career path because it’s a family business. Unlike department stores where there’s more levels and grades”*. This was viewed as a barrier for long-term development and retention of good staff. However, future generations were less disposed to join retail: *“It’s a family business but there’s no continuity due to the perception of long hours and low pay”*. *“We don’t expect to take on any younger staff as all are approaching retirement, including the owner. Once that happens the business will be sold”*.

Skills gaps

Peoples’ skills are probably the most important foundation for a company (Homer, 2001).

Retailers lamented a lack of basic skills in their employee pool throughout their region. Potential retail employees, they concurred, were generally represented by a lack of communication skills and lack of people skills / customer service awareness. The placing of these two areas within the top three skills gaps is consistent with recent National Employer Skills Surveys (2003; 2004; 2005). In addition, recent National Employer Skills Surveys have identified the top skills gap as

being technical and practical skills (2004; 2005). So-called 'soft skills', such as communication and team working, are (or should be) increasingly featured as targets for training policies (Gush, 1996; Lindsay, 2005).

It is suggested that poor communication skills may be due to people using email and texting – resulting in 'less practice at speaking to people' (Harrington, 2005). Additionally, basic mental arithmetic and literacy levels were felt by some respondents to be lacking. Indeed, some retailers identified an "*attitude gap*", whereby school leavers lack appropriate professional behaviour, positive work ethic and discipline: "[*young people*] *lack concentration, application, dedication, enthusiasm & common sense. They're easily bored*". "*The commitment and passion isn't there*".

Customer handling and people skills have become increasingly important in recent years, with a trend towards investigation of the effects of customer orientation amongst service employees on service performance (Hennig-Thurau, 2004). Social skills are seen as important when dealing with customers (Darian *et al.*, 2001; Nickson *et al.*, 2005), and to reiterate the previous paragraph, there is concern that the increased use of text messaging and email may actually be reducing the face-to-face skills of potential employees. The interaction between customers and employees represents an important dimension of retail performance (Babin *et al.*, 1999; Darian, Tucci and Wiman, 2001).

While graduates were better equipped with basic skills and ICT, they were perceived as too academic, sometimes "*lacking common sense*". However, respondents noted that future demand for graduate ICT skills might increase as more retailers gained Internet presence. In contrast,

older staff were seen as more experienced and knowledgeable in product areas but lacked ICT skills and were sometimes slower to learn.

Additionally, there was a general frustration that retail skills were not fully appreciated by the general public: *“People see it as an easy option but it isn’t”* and *“Youngsters think working in a clothes shop is just selling clothes, but you don’t just sell clothes, you need to know fabrics and how they are made”*. However, some SME respondents underestimated the skills required to perform the sales role: *“It’s just basic stuff really. Anybody with a nice sunny cheerful disposition and basic common sense knowledge can do it”*. This contrasted with the skills requirements for multiple clothing retailers: *“You’re constantly working as a team. We look for staff with strong interpersonal skills, and then coach them in selling skills. We’re looking for passion, motivation, and if they’re interested in fashion”*.

An important finding reinforced the shortage of higher-level skills. A number of SME and independent retailers recognised their limitations at store management level: *“We lack the ability to lead, plan and take the store forward. It’s too reactive”*. Furthermore, SME store managers sometimes lacked the skills to *“induct or train staff correctly”*, or how to *“lead and motivate staff”*. Specific retail and technical skills gaps identified were visual merchandising and display which were considered vital for fashion related sectors such as clothing, home and interiors and in helping to create a brand image: *“[visual] merchandising and window dressing is our key advantage. We switched our advertising budget to this and now have to buy in this merchandising skill”*.

Training

According to some, retailers have not done an effective job of training employees (Byrom *et al.*, 2000; Samli and Ongan, 1996). Traditionally, training within the retail sector has been conducted on-the-job, informally, and for managers rather than shop floor staff (Messenger, 1997). It is particularly interesting to note the identification of the need for training by our respondents given the recent assertion by Byrom *et al.* (2002, p. 418) that there “is little in either government, academic or training literature to suggest that the area of retail operations is one that is currently suffering a deficit of training provision in the small independent retail sector”. The majority of training offered by the respondent companies was in-house and work-based learning, especially amongst those perceived as ‘top level’ stores. While this approach meant that the retailers could control the cost, quality and consistency of training in-house, it also provided limitations; the training was highly dependent on management knowledge, time and skill in cascading their knowledge down to the trainees. *“If the manager is not trained to train, they will pass on bad habits to the trainee”*. *“We give in-house training but can only go so far, wider training can improve quality”*. The sometimes-used practice of trying to source skilled staff from competitors has also led to lesser impetus being placed on training by managers (Lindsay and McQuaid, 2004) and spending by retail organisations on training consistently lags behind that of other sectors of the economy (Samli and Ongan, 1996).

Independents and SME retailers saw training as an additional cost: *“If profitability drops, it affects training and resources allocation”*. Not all retailers appreciated the long-term importance of training staff; for many retail managers, their job depends upon meeting sales or revenue targets. Thus, a primary focus is to maximise productivity from retail staff. Therefore, to release

employees for a day, or even for a few hours, for training may not seem like good business sense (cf., Samli and Ongan, 1996). A result of this is that it is difficult for retailers to get the managers to buy into training schemes; respondents commented that managers need to be developed as well, in order to gain their support for training initiatives. That being so, the UK still has a greater percentage of staff in SMEs undergoing training than other European countries such as France, Germany, Spain and Italy (Byrom *et al.*, 2000).

There was also the perception that increased training could be a waste of money, as it might lead to staff turnover as better skilled staff would then seek better jobs. This again mirrors recent research indicating the view that training is often too costly (Messenger, 1997) and is given low priority (Byrom *et al.*, 2002). In addition, there is also the perception that those most in need of training are the least likely to want to train, presenting retailers with a motivational problem. Another potential issue is tertiary students' employment in retail. Students seem particularly suited to employment in low wage, low skill level retail employment (McGauran, 2004; Steijn, 2003). Whilst employers welcome students, as they require little or no training, they only work limited hours and many are unlikely to want to pursue a career in retail (Broadbridge, 2003). Therefore, while students represent a good source of cheap and suitably skilled labour, their employment may only act as a stopgap for retailers, rather than a solution to the identified long-term problems.

While in-house training was most popular for induction, till training, customer service and stock management; the uptake of external training was ad hoc, being mainly used for legislative purposes, e.g. health and safety, first aid or employment law. The external training was predominantly delivered by private providers or suppliers offering technical product knowledge.

Smaller independent retailers also preferred focused sector-based training courses for specific needs such as housewares, gifts, visual merchandising and display: *“It targets where skills are most needed as time costs”*. The majority of the multiples interviewed benefited from centralised structured training schemes. The more proactive retailers incorporated competency levels with rewards, curriculum frameworks, ‘buddying’ schemes and coaching methods. Concerning the last two methods, mentoring-related programmes have previously been shown to be successful (Kent *et al.*, 2003). However, these also relied on solid management resource: *“The only problem is fitting in the time for the amount of hours they give you to run the shop as well as doing the training”*.

The respondents had a very low awareness of public training provision, exactly what was available and how to access this, particularly SMEs. Again, this finding is consistent with previous research (Lindsay and McQuaid, 2004). According to Byrom *et al.* (2000) a wide range of delivery methods is available for training in the retail sector, including instructor-led, print-based, audio-based, visual-based, ICT-based and a combination of these methods. However, training courses were perceived as too generalised and not sufficiently tailored to retail sectors at the right level. Some argue that training agencies and educational institutions need to do more to ensure that their training meets the skills demands of employers (Ellis, 2003; Kent *et al.*, 2003). Indeed, in areas such as retail and services, industry expects this to happen (Gush, 1996). Overall, the consensus amongst respondents appears to be that existing retail qualifications are not appropriate to the needs of the current retail trainee, particularly considering the changing labour workforce. *“The old apprenticeship schemes were much better, gave you experience and you went to night school”*. Indeed, employers’ requirements appear to be more focused upon

social skills (such as communication, organisation, teamwork and leadership), rather than wider academic issues generally taught by higher education (Gush, 1996).

Employers were becoming increasingly confused by the variety of qualifications on offer. While most respondents recognised general qualifications such as GCSE, A-levels and degrees, more recent introductions such as Foundation Degrees were adding to the confusion: *“They won’t be accepted if we don’t know what they are and what skills are developed”*. Of more concern was that very few of the respondents appeared to value formal qualifications either from the recruitment or development viewpoint. Training courses can also be confusing, a 1988 study found 50 different training providers offering 50 different retail-related qualifications (Messenger, 1997). Surprisingly only one retailer responded positively about public training provision and was aware of government funding.

The most frequently mentioned qualification was the NVQ. A third of respondents who mentioned NVQs viewed them positively, particularly larger multiples: *“The NVQ is transferable, work-based, practical and relevant”*. It was considered most appropriate for school leavers and younger trainees: *“The retail NVQ makes people more confident in what they’re doing – particularly if they’ve just left school, it explains what retail is about”*. Two thirds of respondents mentioning NVQs had negative views; they were perceived as too general, not sufficiently tailored or challenging for more experienced staff. Indeed the bureaucracy involved in completing NVQs was a deterrent for many staff: *“There’s too much paperwork, filling in workbooks, time on observation”*. *“NVQs were provided but only 10 out of 709 employees were interested or want to improve”*.

DISCUSSION AND IMPLICATIONS FOR RETAIL

This study's findings prioritised important issues for attention in the region and also for retailing as a whole. The image of retailing is formed at an early age from the consumer's experience of shopping and contact with retail outlets, merchandise and staff. Increasingly, shopping is seen as a leisure occupation by younger segments or 'tweens', who are being 'raised to shop as astute followers of fashion and will be a major force in retailing in the years to come', (Minahan and Beverland, 2005 p16). Potentially, this group and their influencers should be targeted as the future retail workforce. It is vital that retail is made a more attractive career choice for young workers. The DTI Foresight (2001) findings suggested that young people have an early favourable disposition towards a career in retail but have negative views about working full time in this sector. It is ironic therefore that retailers can successfully market and manage their individual brands to consumers but fail to communicate their strengths as an industry as a whole.

It is clear that many people enjoy working in retail and the reality far exceeds the external perception and image of the industry. There is a need to communicate more of the positive aspects of retailing in order to attract and recruit better applicants. More insight into the challenges of, and different type of retail careers available is vital and should be disseminated into schools, preferably via the curriculum and also in careers events. Furthermore, many retailers felt that retail skills development also needed to be brought into the school vocational curriculum, in order to prepare young people for the world of work. Some question whether

students are being made aware of the skills that they will need to equip themselves for applying for work (Gush, 1996).

Two of the most fundamental skills gaps identified in the research were young people's 'attitude gap' and the management skills gap. The former is a particular concern as it has been noted 'people with the right attitude can be trained but people with the wrong attitude cannot' (Booth, 2005). Whilst product knowledge and technical skills can be trained, attitude has to be there at recruitment. This gap was partly blamed on lack of discipline in schools but peer influence is also a key factor in shaping young people's attitudes towards work. It has been noted that 'soft skills', such as empathy, are largely determined during a person's youth (Hennig-Thurau, 2004; Nickson *et al.*, 2005). Hence, by the time they apply for a retail job, it may be too late to influence attitude. It is estimated that by 2009 there will be 1.2m less 20-39 year olds available in the national labour force (DTI, 2001), and thus retailers will find it increasingly difficult to recruit the next generation of full-time workforce and managers if there is a negative attitude towards retail work.

Demands on retail managers have risen dramatically during the past few years (Burt and Sparks, 2002) and the role of the store manager has become more diverse and pressured. The management skills gap is a key area where upskilling would increase productivity and motivation. Managers in retail are less qualified than managers throughout the UK workforce, with 23% of retail managers having no qualifications compared with 13% in the rest of the UK and staff motivation in the region is lower compared with the rest of England (*ibid.*) Without strong management and leadership skills, store and employee productivity suffers together with lower staff motivation, ultimately leading to lower profits. Retail owner managers were genuinely

concerned by their resource and skills limitations and would welcome further skills development and support.

The findings suggest a mismatch in supply of full time workers to demand for part-time retail positions in the region. Perhaps, as noted by Burt and Sparks (2002), retailers are missing an opportunity in that part-time work provides a compromise to support lifestyle choices of parenting, retirement or academic study. Therefore some of these segments may be quite stable and it is these groups that retailers should target for recruitment and development. However, while students occupy a growing proportion of the part-time workforce, it is argued that they simply displace the demand by occupying jobs in retail that are suitable for the lower skilled unemployed (Hofman and Steijn, 2003). Furthermore, employers prefer students for their communication skills and flexibility as well their ability to learn the job more quickly. Over the longer term, as more young people pursue FE and Higher education, retailers will struggle to compete for the permanent workforce particularly in town and city centres. As a result, retailers may need to consider a wider target audience e.g., mature workers, the long term unemployed and to attract workers from other sectors.

Reducing staff turnover will also become a higher priority. While retention in the region is better than expected, respondents admitted that the attitude of some retailers has been one of lack of interest in working to keep staff. Some retailers assume that if staff leave it is easy to replace them, and a certain respect for staff is lost through this philosophy. It is suggested that the retailer's brand image as a business and as an employer needs to be strong in order to attract and retain good staff (Bavolek, 2005; Lindsay, 2005). Indeed, our findings suggested that the store

image is reflected in the type of staff employed and those attracted to work in the store; *“The image of the store affects the staffing profile you can recruit”*.

Historically, as noted by Messenger (1997 p 17) training courses and qualifications have tended to be in house and accredited resulting in ‘A proliferation of bespoke retail training courses and qualifications’. Indeed, Skillsmart Retail identified an ‘alphabet soup’ of qualifications resulting in a multitude of retail related qualifications on offer (Skillsmart Retail, 2004). Our findings concur that the majority of training in the region is also in-house. However, while some retailers recognise informally the training programmes for other retailers (Messenger, 1997), this does not apply readily to some SME retailers who may lack the in-house training capabilities or even the time and resources to provide this.

There is a clear need to make training and retail qualifications more relevant and transparent to the employer and trainee. Previous experiences with NVQ programmes have raised concerns of duplication of effort and retailers would prefer to see more flexibility with the accreditation of in-house programmes (Messenger 1997). There is also the role of academia in helping bridge the qualifications gap. Retailer respondents felt that universities and colleges had a role to play in promoting retail as a viable career option. However, a key barrier to retail higher education is young people do not know the qualifications exist; only a quarter are aware that degrees in retailing are available (DTI, 2001).

CONCLUSIONS, RECOMMENDATIONS AND FUTURE RESEARCH AGENDA

The discussion of the findings highlights a number of potential solutions to the retail problems identified. 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 re-branding 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 career paths open to potential employees. Additionally, recruitment processes need to become more professional to compete for and attract the best applicants.

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.

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 of the qualification framework for retail is also needed to overcome the barriers to training particularly for smaller retailers and to those in disadvantaged or rural areas.

Fourthly, students provide an increasing if transient workforce for retail. This segment additionally 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. The number of retail degrees in the UK has steadily risen over the past ten years, providing graduates with the retail knowledge and future

management and leadership skills desperately needed in the retail environment. Furthermore, retail graduates can be fast tracked through training programmes and offer enhanced graduate retention. In comparison, the recruitment of non-retail graduates into management positions relies on strong training and development programmes otherwise managers lack the ‘holistic insight’ into the industry resulting in poor performance and contributing to staff turnover (Messenger, 1997). However, as noted by Broadbridge (2003), retail graduates and applicants to retail degrees are also influenced by the negative image of retailing and it is vital therefore that the industry works together with and supports retail HEIs to ensure that retail qualified graduates join the retail industry rather than join competitor graduate sectors.

Whilst this paper has highlighted some important issues that need to be addressed in order for regional retail centres to flourish, it is prudent to point out that the study has limitations. Firstly, as the study was conducted solely in one UK region, one must be cautious when drawing generalisations from this work to UK retail as a whole. Similarly, the cross-sectional nature of the research design only gives an indication of retail skills gaps at one point in time. It is likely that skills gaps may change over time so longitudinal research in this area is certainly warranted. Also, it is noted that skills needs identified by employers do not indicate the level of competence required. (DfES, 2002).

In conclusion, it appears from this research that there are a number of issues that face retailers in the UK. Some of these issues may have short term, practical solutions, but other issues raised in this paper relate to underlying attributes of the retail industry, and will require concerted, long-term efforts to solve. What is clear from this paper is that further research into the determinants of skills gaps is warranted and it would also be useful to establish the extent to which employees

want to be upskilled. This information would be useful to translate into the correct type of training provision and to work towards closing the skills gaps in retail. Hopefully, this study has gone some way towards preparing the ground for future research into this important field.

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Table 1: Employers top five anticipated skills gaps for retail

NESS (2001) National Retailers	NESS (2003) National Retailers	NESS (2004) National Retailers	NESS (2005) National Retailers
Customer handling	Communication	Technical & practical skills	Technical & practical skills
Advanced IT skills	Customer handling	Communication	Customer handling
Basic computer literacy	Problem solving	Customer handling	Oral communication
Communication	Team working	Team working	Problem solving
Other technical and practical skills	Technical & practical skills	Problem solving	Team working

Sources: National Employer Skills Surveys (NESS) 2001, 2003, 2004 and 2005

Table 2: Retail sub-sector percentages in the East Midlands

<i>Retail sub-sector</i>	East Midlands %	Invitee split	Invitees to focus groups
Furniture/electrical/ DIY	11	13.2	15
Photographic/optical/ computers/office	3.3	3.96	4
Other specialised stores	25.7	30.84	30
Clothing/shoes	13.7	16.44	16
Food (all)	22.9	27.48	27
Newspapers/ stationery	8.5	10.2	11
Pharmaceutical	5.4	6.48	6
Other	9.5	11.4	11
Total	100	120	120