

ENVIRONMENTAL SCAN



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Retail Industry April 2007

Overview of the Retail Industry

The retail industry is the largest employer in Australia, employing about 920,000 people which is about 12% of the Australian workforce. Due to the extended hours of operation, the Retail industry is perceived to be characterised by high levels of part-time and casual employment, but 49% of the retail labour force are in fact full time.

Almost two-thirds of the retail labour force, are workers who do not hold post-school qualifications, as a result, it provides good entry level opportunities for school leavers and those returning to the workforce. However, the number of traineeships in the retail industry has increased rapidly in recent years. Retailing employs a high proportion of young workers with 40% of its workers under 25 years compared with 18% for all industries. Of all industries, the retail industry is the largest employer of youth and women. The industry employs almost half of the total workforce aged between 15 and 19 years of age and almost a quarter of those aged between 20 and 24 years. The majority of employees in the retail industry are women (60%).

Retailing provides employment opportunities in most locations and employment is spread across state capitals cities and regional areas. Retail has provided more new jobs in the past five years than any other industry and this employment growth is expected to continue. A large share of these new jobs is expected to be the occupation of Sales Assistant. Collectively, Sales Assistants and Shop Managers account for more than half of the retail

Labour Market Trends

The food retailing sector is a traditional employer of young people with a converse lower percentage of mature employees (aged over 25) in comparison to the industry average. The ageing workforce is likely to see a consequent increase in competition for young workers by other industries, with a likely growth in mature aged employees in the food retailing workforce.

There has been a trend towards part time, casual and contract workers for many years and this is anticipated to continue. Labour

market de-regulation has impacted on hours of work, rates of pay and conditions of employment. Seasonal and casual nature of many employment arrangements limits the skill acquisition incentives for workers and employers.

Skills Shortages

Skills shortages in specialised areas (eg. baking, butchery) are becoming increasingly difficult for retailers to overcome, especially in regional areas. Retail traineeships specialising in these fields are readily available in both larger



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and smaller organisations on a full-time or part-time basis. Labour shortages are being experienced across Australia in many areas of retail due mostly to the ageing workforce, so this means that it has never been more important to attract school leavers into a career in the retail industry.

Skill Needs in the Industry

Entry level skill requirements for new entrants are rising due to the multi-skilled, customer focused requirements of modern workplaces. This means that sales assistants are no longer just responsible for customer service, but also process their sales, a task which was previously performed by a cashier. The ability to be flexible and adapt to any situation is a trait highly regarded in retail. There is a real need for existing employees to be able to constantly refresh or upgrade their customer service skills and acquisition of product knowledge. There is also rising demand for improved management skills to deal with the increasing complexity of the business environment.

Challenges faced in engaging young people

Competition between firms and industries for workers is being driven by low unemployment, high demand, and the ageing workforce. It has particular impact in industries with a poor image with young people, of which Retail is one. Retail is often perceived as a temporary job not as a career, for a large proportion of the Australian workforce had their first job in retail, often as a student or as a stepping stone to other occupations. This has implications for the retail industry, because retention of young people is difficult unless a concerted effort is made to ensure young people are aware of the lucrative and varied career pathways that are available in this industry.

While traineeships and apprenticeships are becoming more popular in the retail industry, unfortunately they usually offer low wages to people in the initial stages of the program and this could affect their ability to live independently, and/or complete the qualification. Research suggests this did not necessarily deter many respondents, but may have been a problem for some and the reason for low retention in the industry. This is a problem that may be solved with Work Choices, the new I.R. laws and through government incentives that may be passed on to the trainees.

www.nationalretailassociation.com.au

www.ara.com.au

www.serviceskills.com.au

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The following sources were used to compile this information:

**Industry Summary 2004 Report
Personal & Other Services**

**Extracts & quotes: Service Skills
Victoria Industry Drivers
Report 2006-07**

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