GREATER MANCHESTER INDEPENDENT PROSPERITY REVIEW
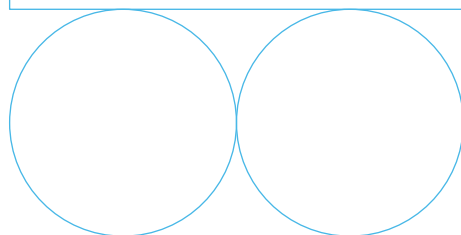
RETAIL

A technical report for the research on
Productivity

March 2019

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Future Economies is a University Research Centre focussing on the central question of "what are the future policy challenges that communities will face and how should business, policymakers and civil society respond?" The team of academics answer this through scholarly research and close working with businesses, public authorities and the voluntary sector to learn from practice and embed ourselves within the organisations tasked with responding to these challenges.

The Centre consists of around 30 full time academics with a further 20 affiliates and PhD students.

The views expressed in this report are those of the authors and, as usual, errors and omissions in this report remain the responsibility of the authors alone.

Manchester
Metropolitan
University

The Greater Manchester Independent Prosperity Review was commissioned to provide a detailed and rigorous assessment of the current state, and future potential, of Greater Manchester's economy. Ten years on from the path-breaking Manchester Independent Economic Review, it provides a fresh understanding of what needs to be done to improve productivity and drive prosperity across the city region.

Independent of local and national government, the Prosperity Review was carried out under the leadership of a Panel of six experts:

Professor Diane Coyle
Bennett Professor of Public Policy, University of Cambridge, and Chair of the Greater Manchester Independent Prosperity Review

Stephanie Flanders
Head of Bloomberg Economics

Professor Ed Glaeser
Fred and Eleanor Glimp Professor of Economics, Harvard University

Professor Mariana Mazzucato
Professor in the Economics of Innovation & Public Value and Director of UCL Institute for Innovation and Public Purpose

Professor Henry Overman
Professor of Economic Geography, London School of Economics, and Director of the What Works Centre for Local Economic Growth

Darra Singh
Government and Public Sector Lead at Ernst and Young (EY)

The Panel commissioned studies in four areas, providing a thorough and cutting edge analysis of key economic issues affecting the city region:

- Analysis of productivity, taking a deep-dive into labour productivity performance across Greater Manchester (GM), including a granular analysis of the 'long tail' of low-productivity firms and low pay;

- Analysis of education and skills transitions, reviewing the role of the entire education and skills system and how individuals pass through key transitions;

- Exploration of the city region's innovation ecosystems, national and international supply chains and trade linkages; and sources of global competitiveness, building on the 2016 Science and Innovation Audit; and

- Work to review the infrastructure needs of Greater Manchester for raising productivity, including the potential for new approaches to unlock additional investment.

A call for evidence and international comparative analysis, developed in collaboration with the Organisation for European Cooperation and Development (OECD) and European Commission, also supported this work.

All of the Greater Manchester Independent Prosperity Review outputs are available to download at **www.gmprosperityreview.co.uk**.

This technical report is one of a suite of Greater Manchester Independent Prosperity Review Background Reports.

Contents

1.0 Introduction

This report considers productivity in the retail sector, with emphasis on Greater Manchester in particular. It includes an overview of the characteristics of the sector, covering components such as demographics, skills levels and earnings. As a significant component in the drive for higher levels of productivity skills levels amongst the staff in the retail sector are considered, with particular emphasis on career progression. The role of pay is considered along with recommendations to increase productivity in Greater Manchester. The report concludes with a summary of barriers to productivity in the retail sector, best practice interventions as well as an overview of the wider policy agenda.

2.0 Demographics

2.1 Overview

136,000 people are employed in the retail sector across Greater Manchester.[1] This makes up 10% of total employment in Greater Manchester (comparable to the national figure of 9.5%). The number of workers in the sector has grown by around 2% per annum since 2015 in Greater Manchester, while the national growth rate has been negative 0.3% across the same time period. The type of work that has seen the largest growth is part-time retail, which has grown by around 6% since 2016.

As indicated in Figure 1, the Manchester district makes up a sizeable proportion (27%) of the total retail jobs within Greater Manchester. Trafford, the second largest retail employer by district, represents less than half of those jobs (13%) found in Manchester. Of those district that remain, Wigan, Stockport and Bolton individually have a cluster of around 9% of all retail jobs, with Tameside, Salford, Oldham, Bury and Rochdale a cluster of around 7%.
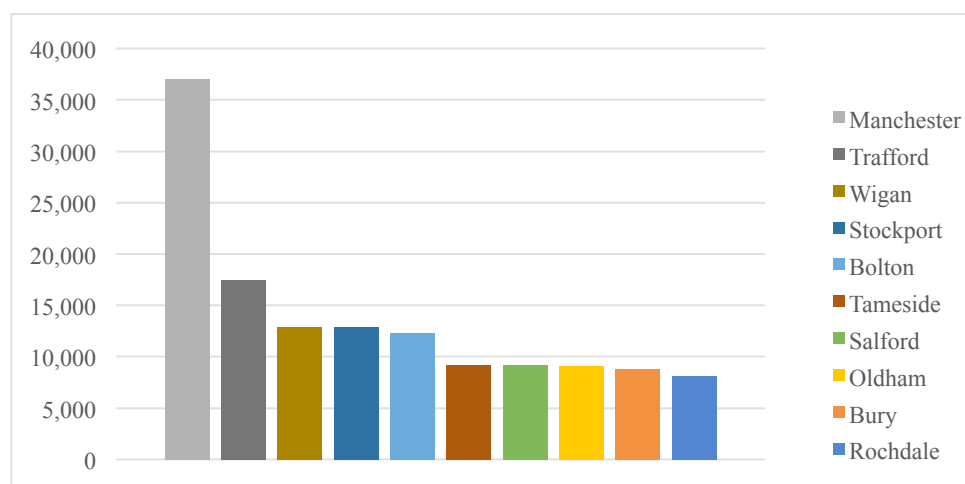

Figure 1: Total Retail Jobs by District (2017)

For both Greater Manchester and the UK as a whole, retail employment in non-specialised stores makes up the largest percentages of employees at 3.9% and 4.2% of retail employment respectively. Similarly, for both cohorts, employment in retail sales of other goods in

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[1] Business Register and Employment Survey, 2017

specialised stores makes up the second largest group at 2.8% of retail employment for Greater Manchester and the UK overall.

Figure 2 highlights that at the district level, the Manchester district continues to be an outlier, with the lowest percentage of non-specialised retail workers (32%), and the highest percentage of retail jobs not in a store, stall or market (22%). These figures compare to averages across Greater Manchester of 41% and 9% respectively.
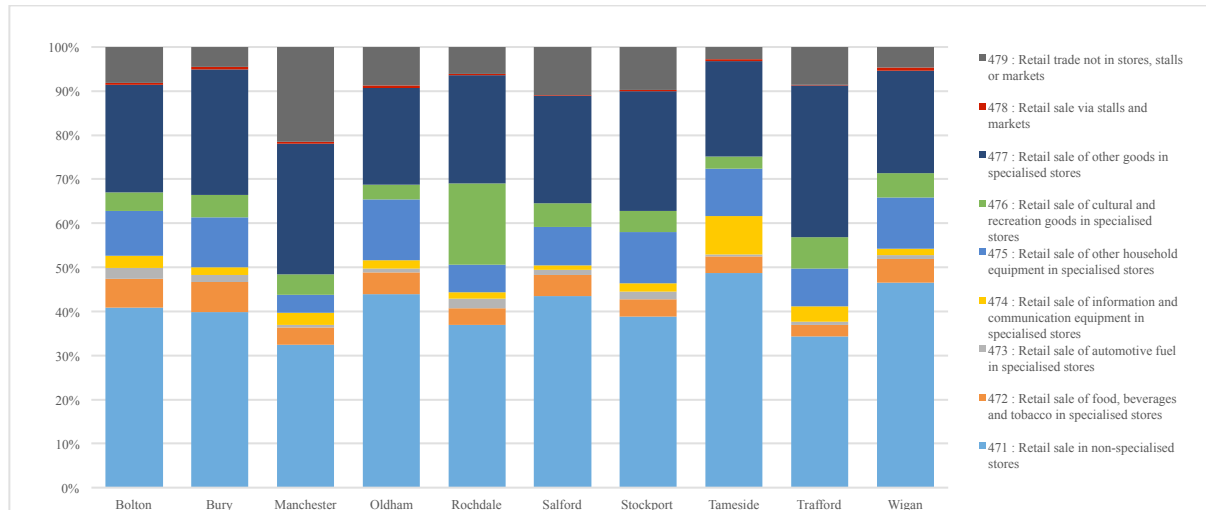
Figure 2: Percentage of Retail Job Type by District

As shown in Figure 3, across Greater Manchester, an average of 54% of all retail jobs are part-time, with 42% being full-time and 4% being other (such as self-employed). Tameside has the highest percentage of part-time retail workers (58%) whilst Rochdale has the highest percentage of full-time workers (51%). Wigan has the greatest percentage of those not captured in either part-time or full-time employment, at 9%.

Figure 3: Percentage Full Time, Part Time and Self Employed by District

Age distributions across the Greater Manchester retail sector are taken from the 2011 Census dataset[2]. Whilst this data is not as recent as previous data used, it is assumed population demographics such as age and gender are still indicative of current demographic distributions.
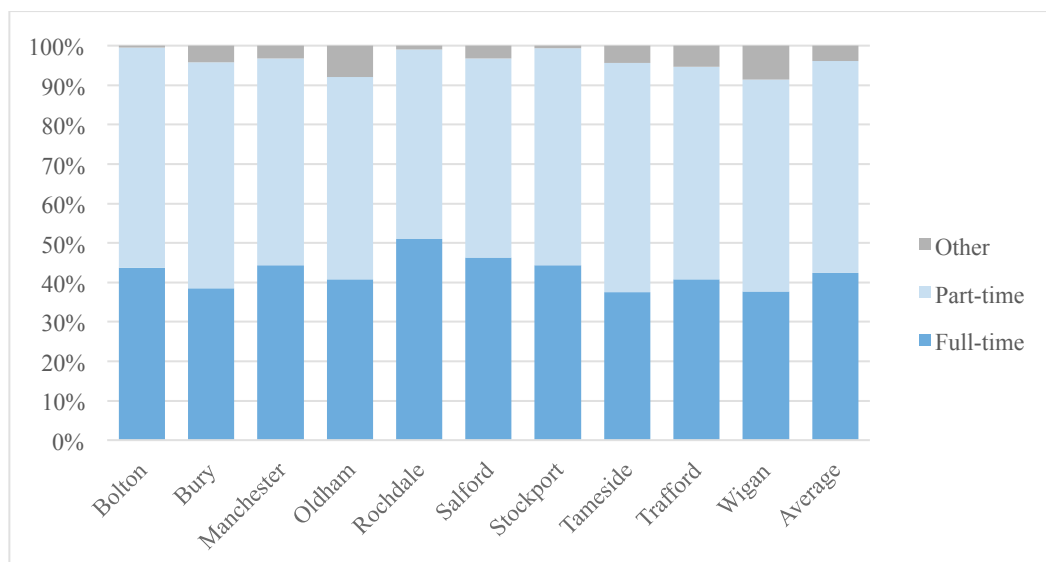
As shown in Figure 4, collectively, those under the age of 35 make up nearly half of the retail workforce (47%) of the Greater Manchester retail workforce, with 16-24-year olds making up 24%, and 25-34-year olds 23%. The Manchester district is the largest employer of these age groups, with 31% of the retail workforce being under the age of 24, and 61% being under the age of 34. Salford is the second largest, with rates 27% aged 16-24 and 25% 25-34. The presence of large universities in these areas may explain these distributions.
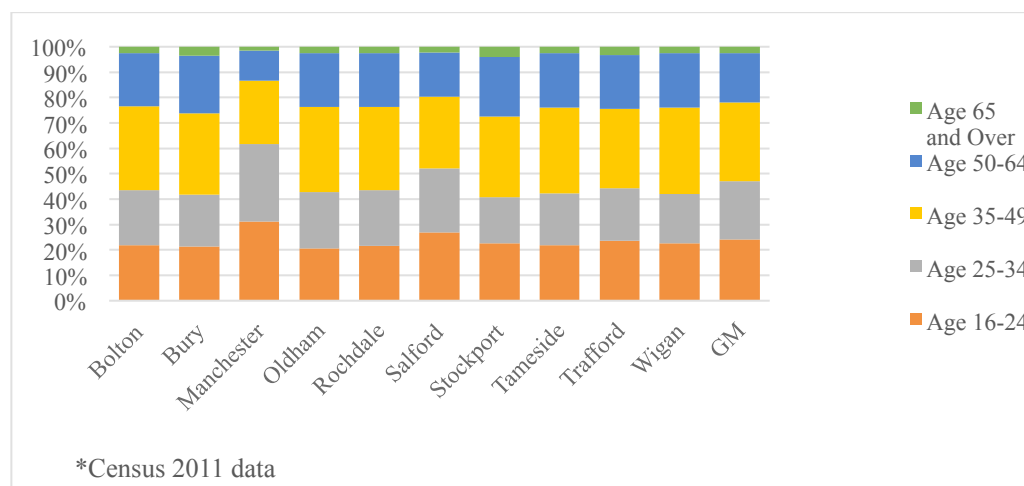

*Census 2011 data

Figure 4: Percentage Distribution of Retail Worker by District

Inversely, Manchester and Salford have the lowest retail employment for those aged 50-64, with employment rates of 12% and 17% respectively. Stockport and Bury have the highest rates of over-50s employment with 23% each.

Within the Greater Manchester retail sector, those aged 35-49 make up around 31% of the total workforce; this falls to a low of 25% in Manchester and rises to 34% in Oldham, Tameside and Wigan. In all districts, those aged over 65 represent less than 5% of retail employment.

In terms of international comparisons of demographics specific to the retail sector (Giaccone and Di Nunzio, 2012) provide an overview of the details of the retail sector in EU countries between 2001 and 2010. The authors find in terms of the age of workers in the retail sector, the share of those aged over 50 has increased from 19.3% in 2001 to 20.9% in 2010. This is in line with overall increases in share of workers over the age of 50 in all industries.

2.2 Retail Earnings

Earnings data is taken from the Annual Survey of Hours and Earnings (ASHE) follows occupation coding (SOC), whilst the BRES dataset follows industry coding (SIC). Therefore, to estimate earnings for workers in the Greater Manchester retail sector, the ASHE dataset has been mapped onto the BRES dataset using a third survey, the Annual Population Survey (APS). Given this process, earnings estimates presented below may be subject to some discrepancy. For example, the variance between datasets for Salford, Tameside and Trafford

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[2] ….and triangulated and sense checked from multiple sources

is greater than the margin of error reported by the ONS. All other district variance is within this margin of error. Please see the appendices for a full methodology breakdown.

2.2.1 Greater Manchester Retail Sector Earnings

Retail is a sector dominated by low pay. In the TUC-commissioned 'Pathways to Progression' report (Fabian Society, 2018), it is reported that 42% of those who were working in low-paid retail employment within in 2014-2016 were stuck in a low-paid job, an outcome roughly twice that of the economy overall where only one-in-five low-paid workers remained in low-pay jobs during the same period. The report also finds that the problem is focused more heavily on younger workers in retail, where 27% of those aged under 30 and working in retail during 2001-2004 were in the same position a decade later, compared to only one in ten overall. It also notes that median pay for young workers in retail is lower than for young workers in the economy generally, and around one-third less than the median wage for the same age group. On a positive note, the research finds that, as labour shortages become more acute, and in the aftermath of the decision of the UK to leave the European Union, retailers have begun to take their talent management strategies more seriously, however there is also evidence that the number of supervisory roles in general has been cut. The same report notes that the sector also has a particularly high churn - the rate of staff turnover - and that better progression and career opportunities, as well as improved conditions and overall packages for employees, may help to support an improvement in this metric. Moreover, it is important to note the influence of employers in the wage setting process. Employers often have more power in the wage derivation process, and act as a monopsony, meaning, employees have no alternative but to accept employer derived wages.

The ASHE dataset provides mean and median gross weekly and gross annual earnings by occupation (SOC 1 through 9). However, at the district level, median data is often missing, and as such mean data is presented here. Mean earnings data is less reliable than median earnings data, as outliers may distort figures. Therefore, estimates presented here may be higher than would otherwise be observed.
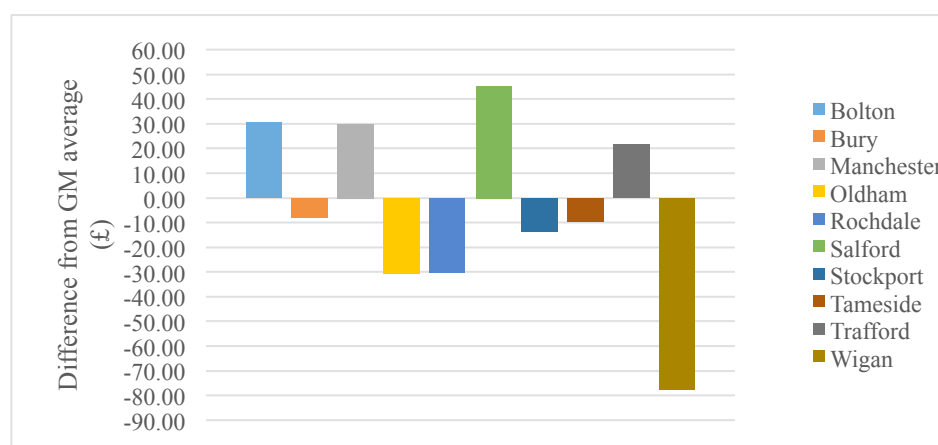
Figure 5: Difference in mean Gross Weekly Earnings from GM average, by District

Mean gross weekly earnings for the Greater Manchester retail sector are £405.41, with Figure 5 indicating how values for different districts deviate from this mean. As illustrated Salford has the highest earnings (£450.78) and has the Wigan having the lowest (£327.77). This pattern is reflected in mean gross annual earnings, Figure 6, where Salford, Bolton and Manchester have the highest earnings respectively (>£23,000), while Rochdale, Oldham and

Wigan have the lowest earnings (<£20,000). The average gross annual earnings for the Greater Manchester retail sector is around £21,000[3].
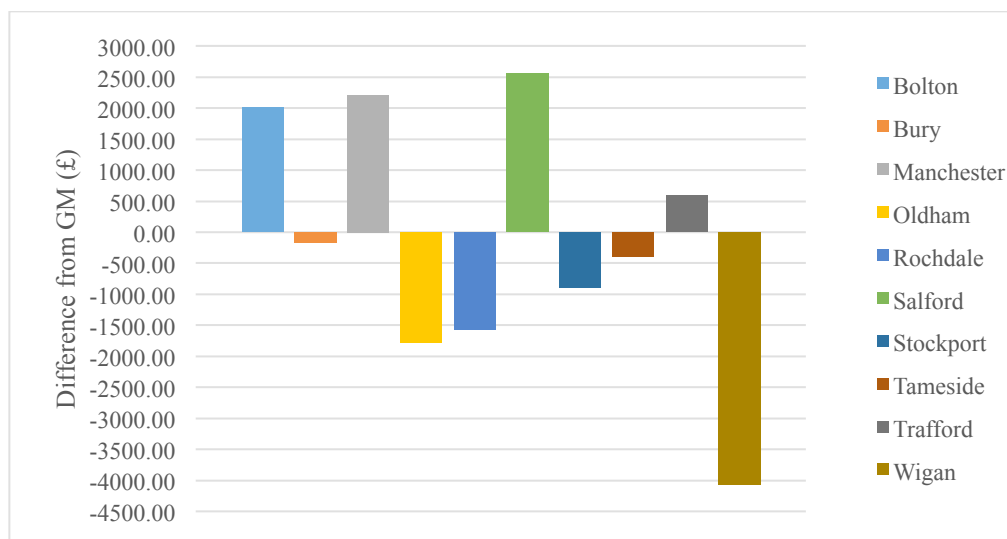
Figure 6: Difference in mean Gross Annual Earnings from GM average, by District

2.2.2 Earnings: Men versus Women

As indicated in Figure 7, on average across the Greater Manchester retail sector, women's gross weekly earnings (£302.41) are around 38% less than men's (£489.17). This gender-pay disparity is smallest in Rochdale (21% less) and largest in Tameside (52% less); however, women are significantly under-represented in the APS for the Tameside district. Ignoring this result, Oldham has the largest disparity, with women earning 45% less than men.

*women under-represented in APS dataset
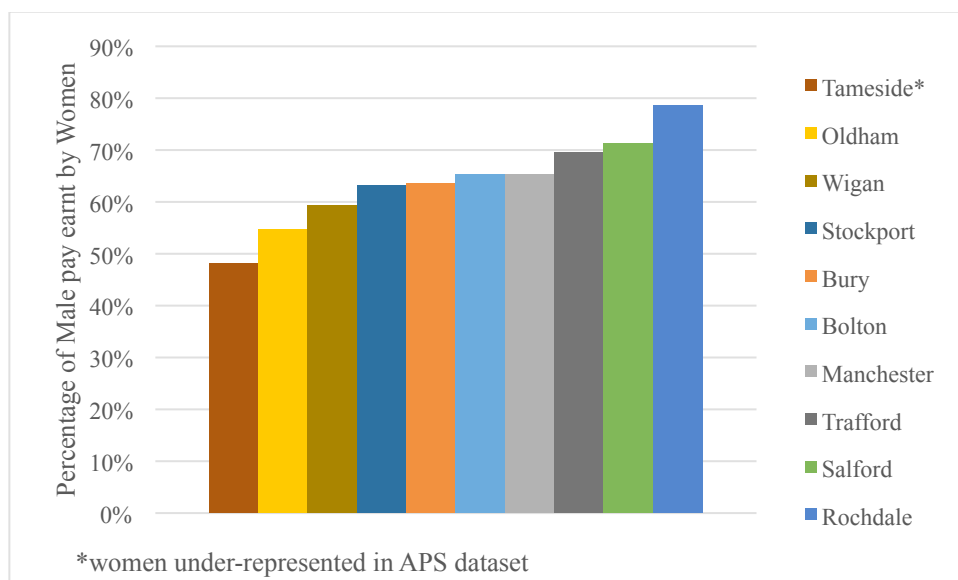
Figure 7: Percentage of Male pay earnt by Women, by District

These disparities may be partly explained by examining gender disparity in SOC defined occupations. For occupations expected to earn higher compensation (see Figure 8 below), such as managers (SOC1), professionals (SOC2) and skilled labourers (SOC5), women are under-represented (for every 1 man there are 0.8, 0.75 and 0.03 women, respectively). For

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[3] Compared to a GM average of £24,000

those occupations where earnings may be lower, such as administration (SOC4), customer service (SOC7), and elementary trades (SOC9), women are over-represented (1.33, 2.05, 1.29 women per man, respectively). This hypothesis does not necessarily discount gender discrimination as a factor in pay disparity; such discrimination may manifest in job/career progression.
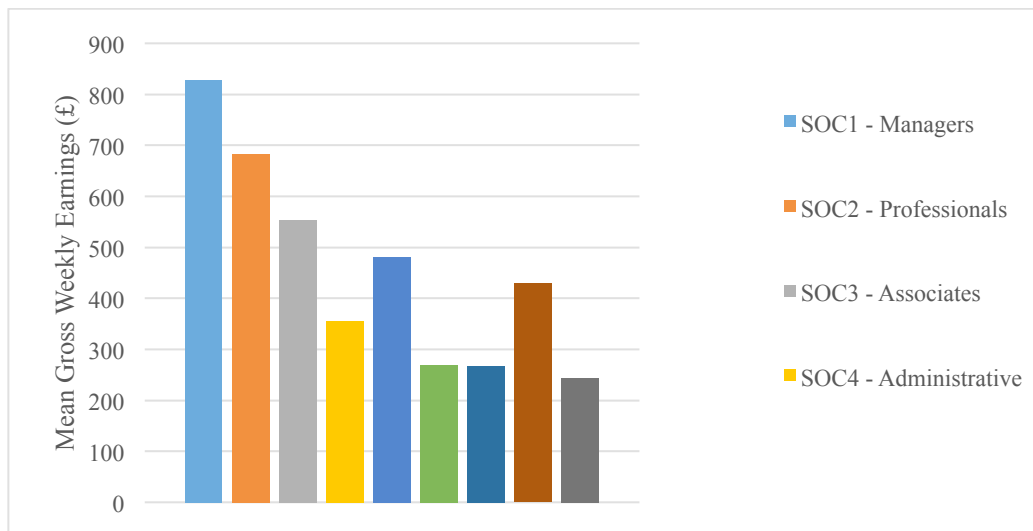
Figure 8: Mean Gross Weekly Earnings by SOC classification

2.3 Skills

Mapped employee numbers used in the earnings calculations above have also been used to investigate employee skills. The APS dataset makes skill distribution by NVQ level available across all *employees* at the district level. However, this distribution is not provided at the occupation or industry level. Therefore, the NVQ distribution for all employees has been inferred onto previously calculated retail worker figures to produce an estimate for skills in the Greater Manchester retail sector. These estimates are, however, likely skewed by the influence of other industries.

Please note that employees with multiple qualifications are captured at each qualification (NVQ) level; as such, cumulative percentages may exceed 100.

Figure 9: GM Retail Workers' Qualifications*

Across Greater Manchester, as shown in Figure 9, around 80% of retail workers are estimated to have an NVQ1 or equivalent qualification, with around 70% an NVQ2 and 50% an NVQ3. 35% are estimated to have the highest level of qualification (NVQ4): Trafford, Stockport, Manchester and Bury have the highest qualified workforce (NVQ4) averaging around 43%. Ten percent of retail workers are estimated to have no qualification.

3.0 Retail productivity
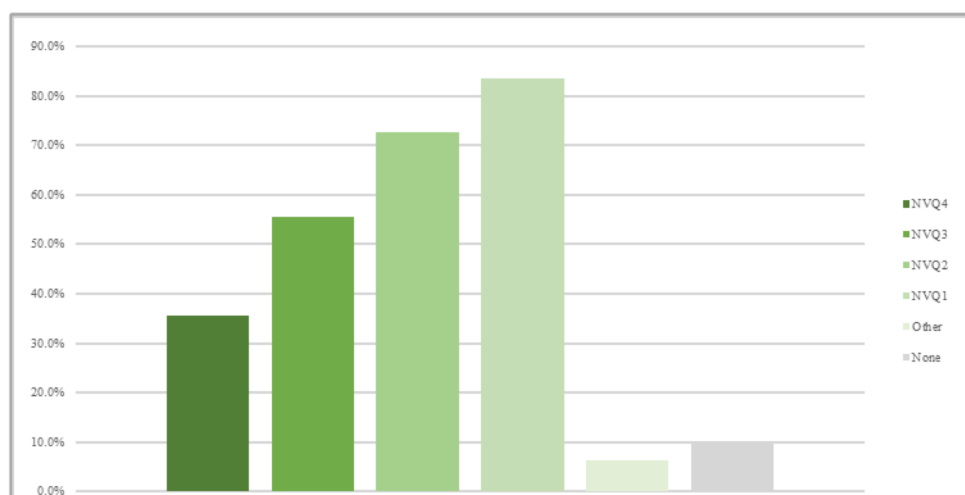
3.1 Productivity across the Greater Manchester Retail Sector

Productivity in the Greater Manchester retail sector (£28.1K/worker)[4] is less than the national figure (£29.7K/worker). However, several districts, specifically Bury, Manchester and Salford, exceed (Bury and Manchester) or are near parity to (Salford) the national benchmark (30.5, 30.2 and 29.5 respectively). Yet this is not the picture for all districts, with only four out of ten districts (the above three and Trafford) exceeding £28K/worker, falling to as low as £25K/worker in Stockport and Tameside.

Again, earnings may elucidate this variance. Annual mean retail earnings, estimated by combining the BRES, APS and ASHE datasets, shows more productive districts, as indicated in Figure 6 notably Salford, Manchester and Trafford, have the highest earnings across the Greater Manchester retail sector (£23,576, £23,230 and £21,603 respectively). However, those previously identified low productivity districts, Stockport and Tameside, are not comparatively low paying (the district with the lowest pay is Wigan at around £17,000, compared to Stockport and Tameside's £20,000). In a similar vein, Bolton is the district with the third highest annual earnings (£23,000), and the third lowest retail productivity (£26K/worker).

3.2 Logistics

The changing nature of the retail sector has resulted in a greater link becoming established between itself and the logistics sector. Whilst retail and wholesale generally have always relied heavily on the logistics sector to store and distribute its products around the country and between stores, the increased share of sales happening online and the pressures that the changing face of retail have placed on the nature of store use (such as utilising shop floor space for warehousing directly and moving stock between stores directly) and of managing online delivery and returns means the sectors are now heavily entwined.

There are challenges in fully understanding how this change may affect retail productivity directly however, when looking at economic statistics for the retail sector alone, it should be borne in mind that an increasing share of its overall economic impact is now transferred through the logistics sector. The increase of online sales and home delivery and returns means high street retail costs are increased and margins lowered through a highly competitive market, and this could place downward pressure on firm-level productivity statistics. However, productivity within the logistics sector may rise if it is able to pass on additional costs to the retail sector and maintain margins, but further research would be needed to examine this in detail. However, we raise the hypothesis that there may be aspects of

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[4] Care needs to be taken when interpreting these findings as productivity is made up a variety of factors, for example the role of e-commerce is likely to be significant

productivity within the retail sector that are not seen in firm-level or sector-level accounts, and this should be borne in mind when considering this issue.

The latest supply and use tables (ONS, 2017) suggest that, of £161.8 billion of total domestic output of the logistics sector in 2015, £27.2 billion (16.8% of the total) forms intermediate consumption of the retail sector, highlighting the level of connection between these industries.

3.3 European Comparisons

In terms of European comparisons of retail productivity, an analysis of retail productivity in the sector, (Cox et al., 2016) highlights that relative to EU countries, retail productivity in the UK seems to have outpaced that of other EU countries. For example, as indicated in Figure 10 below, from the early 2000's UK's retail productivity seems to be increasingly significantly, particularly compared to other EU countries whose productivity remaining relatively flat.
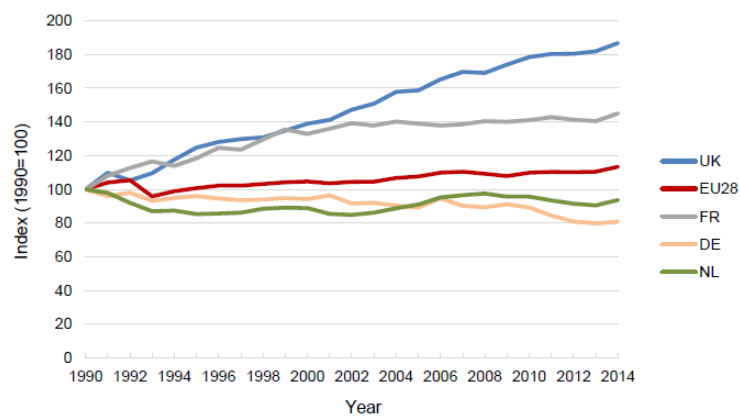
Sources: Eurostat and Cambridge Econometrics (E3ME database).

Figure 10: UK Retail Labour Productivity Growth Compared to EU Countries, 1991-2014

Further illustration of this phenomenon is indicated in Figure 11 below, which indicates retail labour productivity against labour productivity average. There are clear variations across the countries, with Denmark and the Netherlands experiencing negative labour productivity growth and relatively low productivity average. France meanwhile though has higher retail productivity averages, does not experience the growth rates that the UK does.
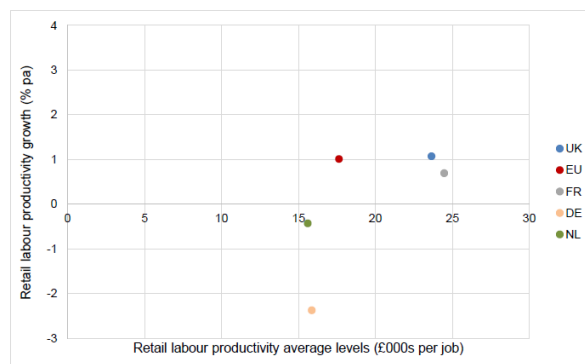

Figure 11: International Retail Labour Productivity growth vs. Labour Productivity Level Averages, 2009-2014

One explanation of this difference may be explained by business sizes, as indicated by (Cox et al., 2016) often small businesses will have lower levels of productivity than larger business, as such leading to lower levels in overall productivity. This in indicated in Figure 12 below, which highlights business sizes in the retail sector in key EU countries. While minor businesses make up 90% of retailors in the UK, this figure is much larger for countries such as France and the Netherlands at 97% and 96% respectively. This difference in these variations in the retail sector may be an explanation of productivity growth difference.
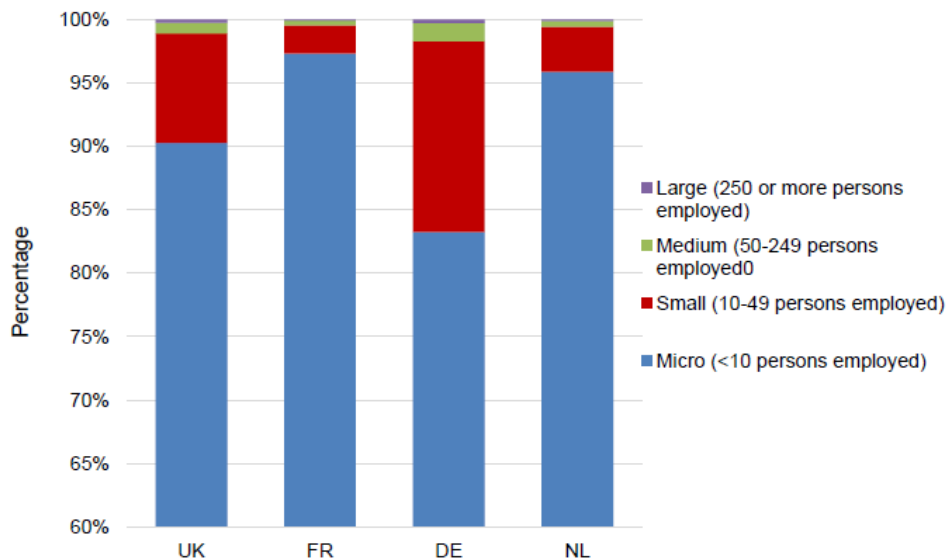
Source: Eurostat, Structural Business Statistics.

Figure 12: Businesses Sizes for the Retail Sector in the Key EU Countries, 2013

When considering possible explanations of productivity differentials and devising strategies on how to increase retail productive, an understanding of the components which influence such productivity, is vital. (Higón et al., 2010) in a literature review of evidence presented in the literature highlights the importance of five factors which are considered important in terms of encouraging retail productivity. These are skills and knowledge transfer, competition, planning regulation, information and communication technology, and internationalisation.

(Higón et al., 2010) goes onto further detail the negative impact of complex planning regulations on retail productivity. This is further illustrated by (Griffith and Harmgart, 2005) who indicates that stringent planning regulation measures may result in stores operating below a minimum efficiency scale. Moreover, such regulation will either make it harder to open new stores, or close old ones, making the substitution of less productive to more productive stores more difficult. This influence of regulation is further illustrated by (Haskel and Sadun, 2011) who measure the effects of the regulation change in the UK in 1996, which led to an increase in the cost of opening new stores.

(Higón et al., 2010) further illustrate the influence of information and communication technology on retail factor productivity, and finds it has a significant positive relationship. Similarly, (Draca et al., 2006) in a review of evidence from the literature finds that a positive

and significant associated between ICT and productivity. This is further illustrated by (Oulton and Srinivasan, 2003) who in a review of 34 industries in the USA between 1970 and 2000 find that capital spending on ICT has a positive and significant effect in productivity growth. Moreover, (Basu et al., 2003) finds a strong significant correlation between ICT use and total factor product growth in the industry, for both the United States and the United Kingdom. However, the authors indicate that while in recent years while total factor productivity has been increasing in the United States, it has been decreasing in the United Kingdom.

We would expect foreign direct investment to have an influence on the productivity sector, by adding to the competitive market. Foreign management also seems to have an influence on the productive efficiency of the retail sector. For example, (Fu et al., 2012) when comparing the management capabilities of foreign firms and domestic firms using survey data in the UK retail sector, find that foreign owned firms are more productive that domestic firms and have higher management capability scores. Moreover, a firm's management capacity is positively associated with productive efficiency. The influence of foreign-owned firms is further illustrated by (Higón and Vasilakos, 2011) who consider the positive impact of such firms in terms of productivity spill-overs in the form of knowledge transfer. Using UK data from the Annual Respondents Database from 1997-2003 the authors find evidence for the existence for such spill-overs and illustrates the significantly positive impact they have on the productivity of domestic firms.

4.0 Progression Issues in the Retail Sector

Progression within the retail sector is often seen as a challenge, and its relatively high share of part-time low-skilled workers, and the perception that the sector does not provide life-long careers and career development are all quoted as reasons for this. However, the detail appears to suggest that whilst these are all to some degree true, there are more complex issues at play.

4.1 Part-time working

The share of part-time workers within the sector is higher than many others at 58%, but this is not universal across all aspects of retail. Just over half of all employment in the sector is in non-specialised stores (supermarkets, department stores) and clothes stores, and it is in these sectors that we see a high-level of part-time work at around 66%. However the rest of retail, with over 1,000,000 employees, sees part-time employment shares of between 23% and 55%, with some differences within these dependent on geography. The challenge here, common to most industrial analyses, is to not see retail as a single sector, but rather a much broader mix of more specialised and distinct sectors that operate in different ways.

The dominance of part-time working is driven by non-specialised stores who are perhaps more likely to operate longer opening hours and whose shift systems to deal with this are more complex. However, part-time working in these sectors (dominated by large employers) may also be exacerbated by fiscal advantages to the employer. Whilst the UK benefits system has historically delivered high incentives for part-time workers not to cross the 16-hour boundary, employers have incentives to respond to this. Firstly, through access to labour and meeting the demand of this part of their potential market of future employees; secondly through greater flexibility where twice as many employees working part-time at 16 hours per

week provides for more options in rota and shift-work settings; and thirdly, fiscally, because, for example, two 16-hour workers cost the company less to employ than one worker at 32 hours per week because, at the traditionally lower wages in this sector, the former provides earnings below the employer national insurance threshold and also that for auto-enrolment of pensions.

4.2 Flexibility

A number of studies (Broadbridge, 2007; Harris et al, 2007; Perrons, 2000) suggest that the higher share of female employment (60%) may provide challenges in terms of socially normative caring responsibilities and the concomitant barrier to promotion and progression. Research on the gender pay gap consistently shows that the difference between men's and women's pay is overwhelmingly predicated on the types of roles they perform rather than discrimination between the sexes at a purely pay level. But as women remain significantly more likely to be the primary carers of children and the home, the greater flexibility they require to manage these additional activities restricts their options in terms of work location, start and finish times, flexible working opportunities, etc. However, whilst the retail sector has made significant progress in providing for more flexible employment opportunities at lower grades, there remain significant barriers at management levels where this flexibility is often missing and more senior-level roles are presumed to be only capable of being full-time (Broadbridge, 2007). This lack of flexibility is further illustrated (Whysall et al., 2009) with findings that more senior staff are concerned about longer working hours, and dissatisfaction with the job increases with seniority and responsibility of the job. Moreover, employees who worked on Saturdays said there were more things they didn't like abut retail employment, than those who did not. There is also evidence in older research (Broadbridge, 1998) that highlights a lack of women in senior management positions to be explained by outdated attitudes to women's roles, company culture, reluctance to change and a lack of female role models, more recent recent research (Maxwell and Ogden, 2006) continues to find that masculine cultures, negative gender stereotyping and a male-dominated management style still act as a barrier to career development for women in the sector.

4.3 Employee Churn

Hart et al (2007) note the particularly high levels of employee turnover; at 43%, these are around twice the average of other sectors. In the UK, retail is often seen as a temporary, casual and low-skilled opportunity for work that is more suitable for students, those returning to work with caring responsibilities and others who need access to a low but ready wage. A high level of churn in itself can work to reduce progression levels, both directly and indirectly. Directly, the possibilities for career progression and advancement are limited if employees only see the sector able to provide short-term, temporary work and they enter the sector with little expectation of staying within it long enough to facilitate their own personal development and progression. But secondly, this will have an impact on other employees who work within the sector with the intention of a longer-term career in it. If a high level of employee churn is seen as normal, others may adjust their own perceptions of what is possible. In common with other sectors within the UK, the levels of training for leadership and management are generally poor, and if companies routinely seek to hire employees into higher-level and management grade roles from outside their existing workforce, further

impressions may be created that internal staff should not naturally seek progression opportunities within the sector.

Recent research (Fabian Society, 2018) also notes that the sector has maintained its particularly high rate of staff turnover, and highlights the role that better staff development, progression and career opportunities, as well as improved conditions and overall packages for employees, may help to support an improvement in this metric. This may also serve to diversify the talent pool at higher levels of responsibility and improve productivity more widely. This report notes the transience of retail workers and their propensity for repeated employment moves into a variety of low skill occupations. It is useful however to conceive this often considered negative as an essential driver of a bold policy solution. Systematically upskilling retail staff (beyond standard compliance training) with the expectation of their moving occupation and sector could provide a wider dissemination of required digital competencies throughout the Greater Manchester workforce, including dissemination of digital skills from city centre to districts through the worker movements described earlier.

4.4 Staff training

Data from the UKCES Skills Survey (2015) suggests that retail provides higher than average levels of staff training (66% of establishments training staff during the last twelve months), however it is not clear if this is caused in itself by the higher levels of staff turnover or whether there is a genuine desire to improve staff qualification levels and retention. Additionally, the need for formal accredited qualifications in parts of retail (health and safety, warehouse training, food safety, cash handling etc) drive the volume, if not the levels, of qualifications in the sector higher, with task-specific training dominating over career-enhancing training (Perrons, 2000). A separate study also noted that, despite the increase in the number of part-time and temporary role, there were very limited training opportunities and career prospects specifically for these workers, something which may in fact be caused by this increase in itself (McGivney, 1994).

The low-levels of skills within the core workforce is high, with research suggesting that around one-in-three employees has no qualifications at all (Perrons, 2000). Though the changing nature of the workforce means that more young people in the sector are likely to have qualifications than in 2000, this new demographic also has very different expectations. A study of Generation X[5] students (Broadbridge et al., 2007) finds that they are more likely to expect employers to invest directly in their development to support career progression. For Generation Y[6] workers, Hurst and Good (2009) further demonstrate the importance of retailers understanding the expectations of individuals and as such creating training programs which reduce the gap between job expectations and job realities.

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[5] The generation born after that of the baby boomers (roughly from the early 1960s to late 1970s), typically perceived to be disaffected and directionless [source: Oxford English Dictionary]
[6] The generation born in the 1980s and 1990s, comprising primarily the children of the baby boomers and typically perceived as increasingly familiar with digital and electronic technology [source: Oxford English Dictionary]

4.5 Summary

There is a clear role for employers in the retail sector to better promote career progression. The sector needs to rework its understanding of the cultural values of its industry and workforce and to promote increased inclusion and significantly heightened support for employees. This should include opportunities for mentorships and formal, accredited training to support career progression and employee retention using proactive incentive structures and a flexible and supportive environment. Organisations should also consider developing clear employee profiles for different types of staff, considering variables such as demographics, part-time/full-time, temporary contracts for students, levels of employment, education levels etc., paying particular attention to considering different models from their standard which may support career-developing opportunities. Employers must also consider the barriers each defined group of employee may face in the pursuit of a developing career, such as flexibility requirements and training that should be provided. Thirdly, based on these barriers, clear intervention strategies, specific to each employee profile, need to be devised in order to support the career progression of employees in the sector. This may include interventions such as the implementation of flexible working conditions and tailored training programs which are career enhancing as opposed to task specific. Moreover, it is imperative that training programs ensure employees skills are transferable across different retailers in the sector, in order to reduce turnover rates.

For policymakers at a national level, existing programmes which target high-volumes of qualifications (often relatively low-level) should be reconsidered. It is all too easy to achieve these metrics by encouraging companies to "qualify" existing employees for tasks that they are already performing and that do not in themselves lead to higher-level qualifications that support ongoing career development. At a local level, targeted policies at the sector that seek to manage churn in the sector such as providing forums, etc., in which retailers can work together to share staff across different locations or companies if their periods of high demand vary should also be considered. There are good examples from other industries where this collaborative approach between employers and local state bodies have achieved strong career development and upskilling of the workforce by encouraging co-operation between competitors to achieve their common aim have been successful.

5.0 Future of the Workforce

5.1 Changes in the Retail Sector and Future Workforce

In terms of UK wide skills insights into the retail sector a report created by (Gambin et al., 2012) provides a fundamental understanding of the sector, in terms of how changes contribute to differences in demand levels. The authors find in terms of employment and skills demand further technological advancements in the sector will increase the demand for managers, professionals and associate professionals, indicating the importance of increase skills levels in the workforce. The authors highlight the principal drivers of skills need in the future of retail demand in the workforce, as outlined by (UKCES, 2010), as follows; technical change, globalisation, policy/regulation, environmental change, demographics change and values and identities and consumer demand. (Gambin et al., 2012) continues to explain how each component corresponds to changes in skills demand for the workforce. Technical change increases demand for IT skills for designing online shopping base, the organisation of

warehouses to cater for online sales and developing marketing skills to ensure targeted promotional content. Globalisation illustrates the importance of ensuring that the workforce can manage complex supply change, with a key understanding in foreign markets. Policy and regulation would require employees to consider changes in policy development, and amend their businesses accordingly. Environmental change means the requirement for logistic, design and supply chains processes to ensure retails can organise the business in an environmentally friendly manner. Such recent provides key implications into the future skills demand of the workforce in the retail sector.

In summary (Gambin et al., 2012) indicate that the demand for skills in the retail sector is centred around ICT, financial and marketing skills. The changing pattern of skills demand in the retail sector is further illustrated by (Gambin et al., 2012) using analysis carried out by (Wilson and Homenidou, 2011) which illustrates the forecasted changing patterns of skills demand in the retail sector. Between 2010 and 2020 there is expected to be 33% in the demand for professional occupations, 25% increase in associate professional/ technical occupations and an 18% increase in the demand for managers, directors and senior officials. Moreover, this growth in the demand for professional occupations and associate professional/technical occupations in the retail sector is relatively high at 33% and 25% compared to all sectors which are expected to increase by 15% and 14% respectively. This further indicates the skills which are expected to be in demand in the retail sector in the future.

To further study the effects of changes in the retail sector, on skills demand in the workforce, (Vokes and Limmer, 2015) use evidence from the literature and in-depth interviews with a broad range of 18 retail employers and key stakeholders and identify five key occupations in the retail sector. These occupation were chosen based on how crucial they are to the retail sector in terms of contribution, position in response to development and the existence of skills shortages or gaps. The occupations, are as follows; Customer Service Assistances, Customer Service Managers, Marketing Research Analysts, Human Resources Managers and SME owners/managers. The authors continue to indicate the skills necessary in such occupations, in terms of a responses to changing labour demand, with particular emphasis on the importance of training. Direction of future skills development is indicated in Figure 13 which highlights the percentage of employees who are not fully proficient in the retail sector by occupation. Associate professionals seem have the lowest levels of proficiency in the job, as over 10% of employees in the sector, are not fully proficient at their job, this is followed by sales and customer service staff at approx. 7% are not fully proficient at. This provides some indication of skills demand, and provides insights into where skills need to be developed. (Vokes and Limmer, 2015) conclude that in terms of future demand for skills, there is likely to be technical, practical and job specific skills improvements. As with (Gambin et al., 2012), (Vokes and Limmer, 2015) highlight the significant influence of changing demographics and the effects of technological innovation as key drivers of change in the retail sector. The British Retatail Consortium consider that the volume of frontline staff will fall over the next decade with replacement jobs being created in tech areas e.g. digital marketing.
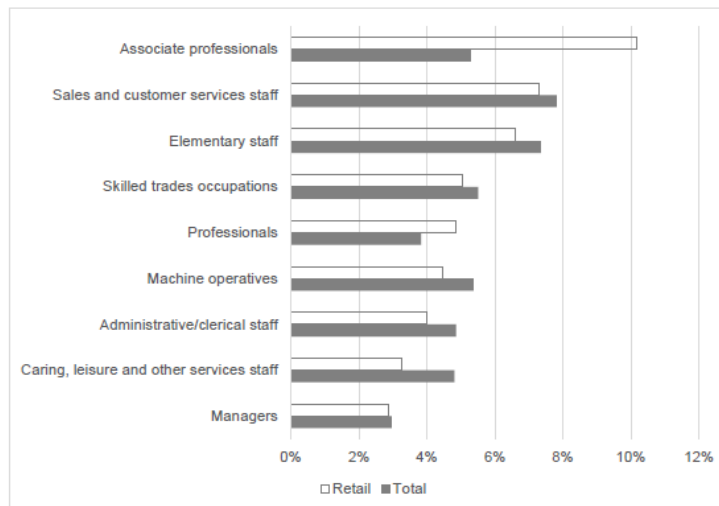
Source: UK Commission's Employer Skills Survey 2013 (Base: All in employment)

Figure 13: Percentage of Employers who are not Fully Proficient, by Occupation (%), (Vokes and Limmer, 2015)

The importance of preparing for the future of retail is further illustrated by (Deloitte, 2017) who highlight the key requirements for planning for the future by forecasting what future demands will be, using innovations to capitalise on new opportunities. This includes considering which jobs are likely to become automated, and which types of jobs will be created to manage these processes. The authors highlight four key roles in the retail sector and indicates how they are expected to change in the age of automation and technological innovation. Buying processes are likely to use artificial intelligence to predict demand trends, which would increase efficiency by reducing waste. Moreover, stock values allocated based on algorisms. The second is logistic in retail processes, with greater reliance on warehouse labour as online shopping increases, with less reliance on instore inventory. Moreover, artificial intelligence will use variables such as demand trends, weather and traffic to predict demand levels and as such ensure the required level of stock is available. Thirdly, the customer service process is likely to change, as staff would need digital skills to keep up with automation in stores, with more reliance on store assistants to create and aid the best customer service experiences. In terms of store management there is likely to be a greater need for technology based training which would be essential for managers. A key factor in these innovations is the need for the workforce to have higher skills levels in order to maximise the effectiveness of these innovations. Moreover, (Deloitte, 2017) highlight that such innovations are likely to lead to the creation of new jobs, such as the robotic engineer, with greater emphasis on robotics use in operations, data analyst analytics personal, as a result of the importance of data insights in terms of maximising the effectiveness of customer experiences, this becomes more prevalence with the applications of big data in the retail sector. The implications of this point are centred on more long terms training initiatives, to prepare the workforce of the retail future to meet demand needs.

Furthermore, (van Zanten et al., 2012) highlight three points to consider at the early stages of the big data process for retail firms. Video cameras, to assess customer's behaviour and, demographics variables. As technology becomes more sophisticated variables such as temperature and posture can be measured. The next component to consider is social media, which would allow for subjective info on behaviour; demographics to me measured, allowing

for retailers to appropriately profile customers. The last point is mobile phones, which can be used to record purchase records, search histories, and as such, send targeted alerts in real time.

In the Greater Manchester retail sector there is greater emphasis on more technological processes, such as online sales, and advanced consumption methods. As such a greater demand for skills is to be expected in the sector to understand and appropriately use this technology. Sales assistant roles will change in terms of greater demand for high, specific and niche skills, to meet demand for products which cannot be met online. In terms of hiring process, these having becoming increasingly made online with specific online tests, and have allowed for innovations such as video CV's. The technological evolution of the retail sector faces some clear barriers in terms of demographics, as the elderly do not seem keen to adopt such technology.

6.0 Barriers to productivity created by the existing GM town centre and high street structure

A key question on productivity in the retail sector is whether productivity is the best measure to address what is desired from GM's retail mix? We would recommend initially thinking through what a clear vision of a successful and vibrant retail sector would look like and then think about how policy could be implemented to achieve this. The focus or retail productivity is further questioned by Cox *et al.* (2016) who suggest that in comparison to European counterparts, the UK retail sector is more productive when compared to similar economies. This therefore suggests that in some respects chasing productivity gains may not be quite the correct approach for the retail mix in GM and that other approaches may be better served. Or a more spatially sensitive strategy should be developed that looks to maintain gains in Manchester city centre whilst developing the offer in town centres across the city region. In particular, the question of spatial balance in the retail sector is essential to thinking through a better strategy for GM as a whole.

The GM retail sector currently shows that there is considerable imbalance between different region areas especially between Manchester and the remaining city-region (see Figure 14). Added to this, Manchester is the also the largest retail sector in the North West region (see Figure 15) this means it has dominant position and a domineering impact upon other retail areas.
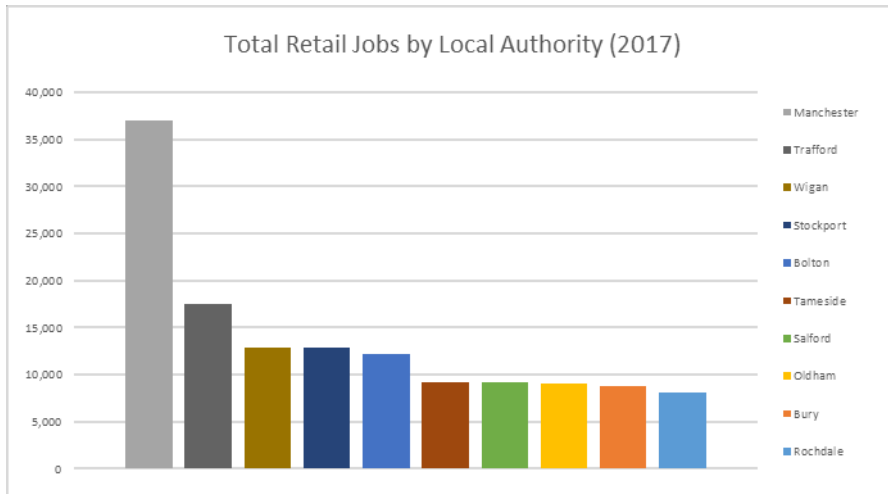
Total Retail Jobs by Local Authority (2017)

Figure 14: Retail jobs by Local Authority

This is not necessarily a bad thing and speaks to the success of developing Manchester as a retail destination. In looking at the changes that have taken place to those areas as Manchester has developed we see a shifting set of circumstances that have led to their decline as retail destinations, these include: the development of supermarkets, increased online shopping, the centralisation of flagship high street stores in Manchester itself. Altogether, these changes have impacted shopping preferences whereby footfall has dropped, and retail abandonment/decline has set in.

Beyond this, there are further factors that need to be considered when addressing productivity issues in GM's retail sector and the challenges it faces. Retail firms in Greater Manchester seem to be facing clear challenges, this is illustrated in a report created by LDC for (Price Waterhouse Coopers, 2017), which finds when assessing retail store closures in the North West in 2017, finds Manchester to be the town with the highest net reduction in store closures in the retail sector. This is illustrated in Figure 15 below with a net reduction in business closures of 29, followed by Blackpool and Chester both will 11.

Town centre	Businesses Jan 2017	Businesses Jan 2018	Net change	Openings	Closures
Manchester	837	808	-29	57	86
Blackpool	216	205	-11	11	22
Chester	352	341	-11	25	36
Liverpool	630	620	-10	55	65
Oldham	157	148	-9	7	16
Stockport	193	184	-9	10	19
Carlisle	208	199	-9	10	19
Barrow-in Furness	133	124	-9	4	13
Burnley	141	132	-9	11	20

(*Source*: Local Data Company)

Figure 15: North West Towns with the Highest Net Reduction in Store Closures 2017 (Price Waterhouse Coopers, 2017

Again, this does not necessarily impact negatively on productivity but is indicative of change within the sector and Manchester itself having a much larger retail offer than other places. In considering issues of productivity, the literature suggests two clear reduced productivity can

be due to changing demographics in the labour market (especially ageing populations) and a failure to embrace new forms of technology.

6.1 What innovative and bold policy suggestions from best practices for GM economy

Overall, in terms of evidence from the literature it seems the main challenges faced by the retail sector are based around technological innovations. To fully maximise productivity growth and meet customers' expectations technological advancement is a necessary tool. In order to effectively benefit from the advantages of such modernisations, both the skills of the workforce, and investment in technological capital are vital. In terms of investment in the skills of the retail workforce, there needs to be a clear understanding of how specific skills-based interventions, specific to the different demographics of the workforce are required, to create the most effective skills-based interventions to increase productivity levels in the retail sector. This is further illustrated by (The Local Data Company, 2018) who illustrate that the fashion retail sector has faced significant challenges in terms of competing with online retailers, with the authors illustrating the importance of diversifying the good and services offered in stores to increase time spent in store and the options available to consumers. These challenges are further illustrated by the fact in the high street there has been a significant reduction in number of shops with a 4.5% reduction in units on the high street, a 4.4% drop in units in retail parks, and 2.5% decline in units in shopping centres, over the last 12 months.

Towns such as Altrincham, Whitstable, West Kirby, Holmfirth, Bury, have all invested in improving their local retail mix by supporting independent retailers alongside improving the built environment and this has led to relative levels of success. This is not to say all their problems have been solved and this needs to be caveated, as these developments are based upon a specific type of consuming practice which are aimed at middle class, relatively wealthy consumers. Such consumers also have strong employment prospects and are often drawn to such locations due to what is seen as a vibrant high street (cf. Florida, 2014). In stating those caveats, they do at least point to a direction of travel which can help to rejuvenate retail centres and if applied to an existing retail core in a holistic place and people first approach, could help to make retail in such struggling locations be more sustainable and productive.

Potential areas for improving retail productivity include:

- Investing in built environment
- Investing in transport
- Business support for small/independent retailers
- Invest in cultural infrastructure
- Increase population size in retail areas
- Change opening hours to outside 9 to 5
- Collaborate on sector in work training
- Improve digital skills of retail workforce
- Invest in high speed internet services

- Ensure online presence for all businesses

- Develop or create space for market traders

- Create a retail experience – events that include local retailers

- Include the broader 'community' in conversations about what they want from their retail offer

6.3 Summary

Overall, the "high-street question" is more likely to be driven by issues of local demand across a wider economic base than structural issues within a narrowly-defined retail sector itself. High streets have a role that goes beyond retail in its most simple form, that of supplying products over counters to the passing public. Successful high streets, like city centres, have a range of opportunities for service accessibility and delivery, human interaction and the supplying of basic needs. Retail, hospitality, health, banking, recreation, culture and tourism all have a place in supporting how high streets develop and function. For smaller towns within city regions, demand may have been suppressed by increased volumes of out-commuting to major employment sites like core urban city centres, and the resident population may either be too small (little housing provision close to the centre) or the demographics of the population there may not be suited to a healthy mix of service and product provision in the area (focused on specific demographics such as retired, those with caring responsibilities, low disposable-income, etc.). The cure for weak high-street performance in these areas must be focused on the demand-side, though this in itself may require supply-side issues in other areas (such as housing availability and employment opportunities) to be addressed.

Town centres have, over the past decades, seen their populations move further out of the centre and, though this trend is slowly reversing, it likely needs to accelerate if high streets are themselves to improve. The nature and scale of that population will depend on volumes of employment in the centre, as increasing numbers of populations who will commute out to other locations will not provide the benefit that a locally-based population would provide. As with many policy challenges, a number of distinct things need to happen together to support the revival of smaller high-streets. But the heart of that challenge is not a structural change in the retail sector itself, but a structural change of the wider high street, and of the roles of towns themselves in the 21st century.

7.0 Reflections

- This research points heavily to a retail sector which has not evolved beyond its traditional definitions, we need to take into account logistics, delivery, web and online, digital and services as well as a myriad of other factors when envisioning the retail sector in the future GM.
- Utilise transience of the retail workforce to deliver a bold digital and web capability skills base throughout GM.
- Retail Productivity is not an isolated challenge, the future of retail is in experiential and multipurpose change without neglecting the foundational retail economy which exists and thrives within GM.

- Whilst retail productivity is of key importance care should always be taken to understand and emphasise the quality aspects of retail work.

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