

Job creation in the South African retail sector

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ABSTRACT

This paper reports on research into retail's contribution to, and strategies for, job creation, providing an overview of employment in the South African retail industry, and its contribution to job creation. The study focused on skills as visualized by large formal businesses, informal businesses and SMME's, and on the impact of new technologies on employment and skills. A qualitative method was adopted included telephonic depth interviews with senior managers of the ten largest retailers and with student interns. In addition, SMME owners or managers were surveyed via an on-line questionnaire. The study shows that the creation of jobs requires a multi-factor approach, with the external environment playing a vital role. Political and economic factors impact on the creation or shedding of jobs based on supply and demand within the sector, and social factors play a role through support of SMME's and emerging small businesses. Technology is a key factor, especially online shopping, e-commerce and e-marketing, which reduce retail space needed and thus employment, and also influence warehousing and transport logistics. Mechanisation and automation is going to reduce some jobs, but will create other new jobs and careers. The research has dealt with the national challenge of creating sustainable jobs in the important Retail sector, which contributes about 20% of jobs in the South African market, although many are of a casual nature. The study has shown that a comprehensive and viable strategy is crucial for alleviating unemployment in the sector, especially youth unemployment.

Keywords: Job creation, Employment, Retail, Technology, Skills, Youth employment

The concern regarding jobless growth was noted in the National Development Plan (Department of the Presidency 2011). According to the NDP report, factors that drive growth are not always the same things that drive job creation. Similarly the factors that are good for job creation are not always good for growth. However, since the economy needs both, intervention strategies need to complement each other. It is therefore important for all sectors of the South African economy to contribute towards job creation in their strategies. Achieving full employment, decent work and sustainable livelihoods is the only way to improve living standards and ensure a dignified existence for all South Africans. Similarly, active steps

to broaden opportunities for people will make a significant impact on both the level of inequality and the efficiency of the economy (Department of the Presidency 2011).

In 2008, the structure of the retail sector was very similar to that of the broader trade sector with 63% of jobs being formal. With the contraction in employment, this has declined to only 54% which implies that the retail sector is more vulnerable to economic downturns than the rest of the Trade sector with a large number of people being marginalised and forced into the informal economy (W&RSETA. 2014).

It is interesting to note that despite the overall reduction in employment, the remaining formal

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posts have been made more secure and that the working conditions have been improved. Despite an 8% reduction in total employment, the absolute number of people with permanent posts has increased and the number of people with contracts with an uncertain term has been reduced. Furthermore, the benefits made available to employees are improving with more posts including contributions to a retirement fund and paid leave (W&RSETA. 2014).

Even though the South African economy is considered as “developing”, the structure of the SA retail environment reflects a more mature market. The sector is highly concentrated with a relatively small number of big retail groups dominating the environment. The biggest of these include: Edcon Pty (Ltd), Pick n Pay Holdings Ltd, Shoprite Holdings Ltd, Spar Group Ltd, Woolworths Holdings Ltd and Massmart Holdings Ltd (GPG 2012).

The purpose of this research on the retail industry’s contribution to, and strategies for, job creation is to provide an overview of employment in the retail industry and to identify what the industry can do to better contribute to job creation. To meet this research aim, the following research objectives were set:

- To identify the factors influencing job creation in the retail sector
- To recommend actions retailers could take to contribute to job creation in the sector

Since the retail sector is such a large contributor to South Africa’s economy, accounting for about 12.5% of GDP and about 21% of the total workforce (W&RSETA 2014), increases in job creation in the sector can have a large impact on one of South Africa’s major difficulties, namely unemployment, and will thus contribute substantially to one the National Development Plan’s core priorities, namely job creation.

GLOBAL PERSPECTIVES

Global retail sales saw an unprecedented growth in the early 2000’s, almost doubling in size between 2003 and 2008 with a high of \$14.4 trillion (IMAP 2010). The recession that followed placed pressure on disposable income

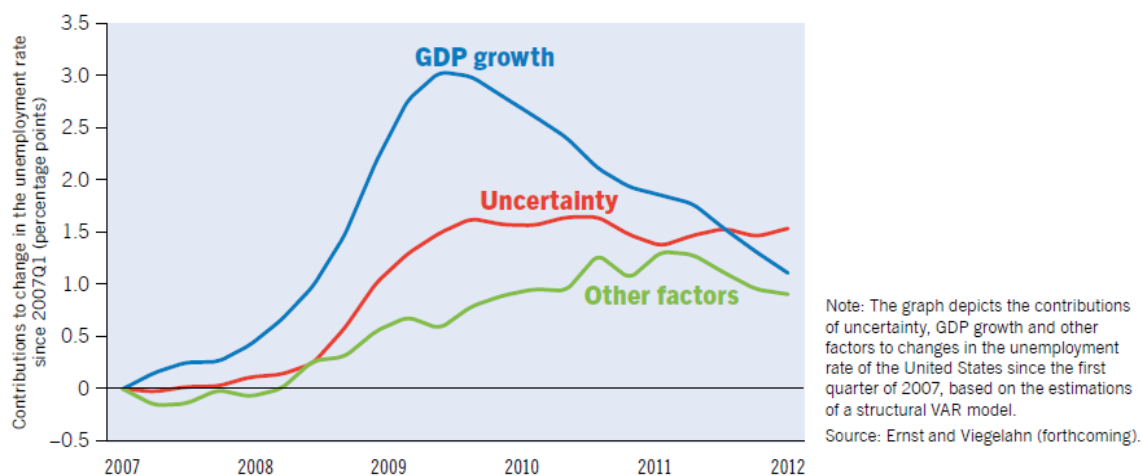
and thus consumers’ spending ability resulting in a 3.7% reduction in volume in 2009 (Economist Intelligence Unit 2010). Since then, retailing has bounced back to a certain degree; however both retailers and their customers are much more conservative than they were during the long-term economic boom that ended in 2007. Stores of all types have been seeking creative ways to reduce and cut operating expenses. Methods ranging from reducing the size of stores to lowering the employee head count to reducing inventory exposure have been applied.

According to Bertrand and Kramartz (2001) the zoning laws that were introduced in France in the early 1970s and that has since then restrained the creation and extension of large stores in the retail industry and has a negative impact on retail employment. Hence the sluggish employment growth witnessed in the French retail sector over the last two or three decades. This may have been the result of labour market rigidities. Instead the product market and barriers to entry appear to have played a significant role.

The post-recession period has revealed an interesting, almost paradoxical, dichotomy. Sales of luxury items have made a strong comeback in America and Europe. Until 2013, luxury sales had been surging in developing markets such as China, where high-end stores including Tiffany & Co., Hermes and Gucci have done well (Plunkett 2014). The more price conscious behaviour of middle to lower income consumers are resulting in a shift towards private-label items at the expense of established brands. At Kroger, for example, house-brands made up 40% of products sold, up from 34% in 2010 (Plunkett 2014).

One of the factors weighing on labour markets is employers withholding employment expansion based on uncertainty. In other words, given the persistence of weak aggregate demand and the uncertainty about the strength and speed of future recovery, firms may choose to wait for new information and further developments before investing and hiring (International Labour Office 2014). Figure 1 shows the factors that influenced

**FIGURE 1:
THE MARKETING MIX AS A REPOSITIONING TOOL**



Source: ILO 2014

the hiring uncertainty in the USA since 2007. As can be seen the two biggest drivers are the rate of economic growth and uncertainty.

South Africa will follow some of the trends experienced by developing nations, while other trends of the more developed economies will be followed. Either way, the sector is currently undergoing a shift which will have a medium and long term impact on economic and employment growth.

TRENDS IN THE SOUTH AFRICAN RETAIL INDUSTRY

Employment structure of South African retail sector

Employment in the South African Trade sector (Wholesale and retail trade, repair of motor vehicles, motor cycles and personal and household goods, hotels and restaurants) has followed the international trend of decline since the financial crisis of 2008. However, it has remained relatively flat since 2010 (W&RSETA 2014).

There were a total of 2 032 053 people employed in the retail sector in the first quarter of 2014. This is down by 177 155 from the first quarter of 2008 representing an 8% contraction in employment (W&RSETA 2014).

In summary, there were 292 451 fewer people employed in the formal retail sector in 2014 as

compared to 2008 with 128 057 employees migrating to the informal economy. Self-employed individuals in both the formal and informal economy bore the brunt of the job losses. There were 740 365 (34% of total employment) self-employed individuals in 2008 which was reduced to 633 205 (31%) in 2014. This is a contraction of 107 160 representing 60% of net job losses (Stats SA 2014).

Drivers of change

Convenience store format to compete in retail trade

Changing consumer lifestyles have led to a relatively new trend in the South African retail market– the emergence of convenience stores as a shopping destination. These stores are typically owned by retailers. With convenience stores open for longer hours, South Africans have found this format to be a safer and more time-saving shopping experience.

With this, South Africa's leading retailers have jumped on to the bandwagon, introducing new store formats to cash in on this growing trend. According to a market research survey by Euromonitor International (2014), Woolworths Holdings led the convenience stores market in 2009. Woolworths Food outlets are located at Engen Petroleum's forecourt stores (or gas

stations), which are becoming popular thanks to the convenience shopping drive. Others in the fray include Pick n Pay, which introduced Pick n Pay Express outlets through British Petroleum (BP) forecourt stores in 2009, and Sentra Value outlets owned by Shoprite and Sasol forecourts focusing on restaurant chains (Thomas White International 2011).

Technology

Without doubt the greatest driver of change in the retail sphere is the emergence and growth of E-Commerce. In 2012, Amazon.com climbed into the top 10 largest retailers in the USA at the expense of powerful legacy brands such as Kmart, Sears and JC Penny (McKinsey 2012). While South Africa is lagging behind the USA in terms of the penetration of online shops, there are indications that we are following the trend. The Online Retail in SA 2011 study (World Wide Worx 2011) shows that the total spent on online retail goods in South Africa passed the R2-billion mark in 2010 for the first time. It reached R2.028 billion, growing at 30% more than the previous year. This incredible growth has not gone unnoticed by international investors with TakeALot.com receiving a \$100 million injection from Tiger Global Management for expansion into sub-Saharan Africa (Business Day 2014).

Changing buying patterns

Recession creates habits which are difficult to change. Many people, regardless of wealth, are expected to pursue increasingly polarized shopping decision processes. For categories these shoppers care deeply about, it is expected that a rise in premium products that are tailored to their specific needs will be experienced (Price Waterhouse Coopers 2012a).

Employment in retail

The global recession that followed the financial crisis of 2008 saw a global contraction in employment. While there are currently positive signs of recovery, statistics show that the unemployment gap continues to grow (International Labour Office 2014). In 2013, this

gap reached 62 million jobs world wide, including 32 million additional jobseekers, 23 million people who became discouraged and no longer look for jobs and 7 million economically inactive people who prefer not to participate in the labour market.

Casualisation of labour

The 2014 / 2015 W&RSETA SSP update reported that the sector is characterised by high levels of casualisation. Atypical forms of employment prevail, together with labour brokering, permanent temps, temporary managers and supervisors in the workplace, especially retail outlets (W&RSETA 2014).

Strategic interventions

The changing environment with pressures from macroeconomic factors and the transformative effect (long term) of online retailing will require new strategies for current retailers to maintain and grow their sales. This is important as it has been established that there is a large proportion of retail jobs that are considered vulnerable and employment growth in the retail sector responds well to positive economic performance. Therefore, the continued success of the sector is likely to have a direct impact on employment.

From the retailers' side, strategies are focused on maintaining and stimulating demand for their products and services. Extensive analysis has been done on a global level to suggest how best to respond to the changing environment. Some of the key points are:

Value versus price offerings

There has long been a battle in the retail space in terms of price versus value. Many retailers found to their peril that it is difficult to compete on price alone. In the past, the typical mid-market response to price wars was to differentiate their offering by adding value rather than cutting price. However, current changes in consumer behaviour are challenging the long term viability of this approach (Price Waterhouse Coopers 2008a). If consumers genuinely believe they can get the same or better value by switching to cheaper

stores or products, then that suggests that value and price are no longer synonymous, if they ever were.

Personalising products and services

Traditionally, retailers and wholesalers have gathered a lot of data regarding customers and buying patterns but that information was not always collected with a thorough understanding of what was intended to be done with it. Price Waterhouse Coopers (2008b) state that looking forward to 2020, retailers need to focus on 'data extraction' rather than 'data collection'. This coordinated approach will allow retailers to build personalised relationships with their customers. While this is by no means a new approach, technology will take a customised e-commerce experience and bring it to retailers. For example, thanks to Bluetooth Low Energy (BLE), a technology that lets Bluetooth 4.0 devices such as PayPal Beacon, Estimote, and iBeacon communicate with smart phones, retailers will be able to send tailored notifications to each shopper's device, depending on where they are in the store (Vend 2014). Retailers will also utilise social media to track trends. 'Likes' on Facebook and pins on Pinterest will tell retailers what products are hot and which are not and this will influence how items are displayed in the retail space (Vend 2014).

At its heart, retail innovation will only be successful if it can substantially increase customers' quality of life throughout the shopping experience (including pre- and post-purchase experience). Only by doing so will a retail firm benefit from continued customer preference. Whilst much innovation within the sector is naturally focused on increasing efficiency, boosting productivity and the speeding up of administrative processes, the most effective kind of retail innovation occurs when there is a re-engineering of the shopping process in a more holistic and radical way (Reynolds 2013).

Global versus local

Most large South African retailers see the growth potential in expanding into the rest of Africa. The retail market is relatively under developed on the continent and thus opportunities

exist to expand to the North. Shoprite for example has opened up stores in seventeen African countries so far. Mr Price recently opened its first store in Ghana, while Pepkor is in the midst of R100m expansion into Nigeria, with plans to open 50 outlets (Price Waterhouse Coopers 2012). The question that remains to be answered is what the impact of foreign expansion will be on local employment. It probably would not affect in-store staff but could require growth in, for example, purchasing and logistics staff.

An area of possible growth for employment in South Africa is to utilise e-commerce platforms for small producers and retailers to access markets outside of their geographic area. This may be regional expansion within South Africa, into the continent or fully international. It warrants further investigation to see what support government can give to stimulate this growth as it has already been established that the concentrated nature of the South African retail environment makes it difficult for small business to penetrate.

Access to jobs for young people

Increasing employability and obtaining of gainful employment are the goals of every student intern and job seeker. Internships, paid or unpaid, serve as a rite of passage to a job or a career, and they do play an important role for their constituents (students/interns, employers and academic institutions), the nation's society, labour force and economy. From the employers' and academic institutions' perspective, there are numerous benefits with low or non-existent costs. From the student interns' perspective, when comparing the costs and benefits of unpaid to paid internships, it appears that the unpaid ones come with high opportunity costs and contribute substantially less to the interns' success and goal of securing gainful employment (Pologeorgis 2012).

Skills for success

Any strategy to grow employment is based on the availability of the requisite skills in the labour market. South Africa is characterised by a very large pool of relatively low skilled workers, and as one moves to higher skill levels the number of available workers falls. In the traditional

high employment industries, this would not be problematic as the mix of skills demanded follows a similar profile. According to the W&RSETA Sector Skills Plan (W&RSETA 2013), the wholesale and retail sector follows an even more exaggerated mix with a greater proportion of low skill occupations than the economy as a whole.

The question remains that if the future skills mix of the sector is to be considered, will it remain unchanged or will it follow the same profile as historically? In general, as the world evolves into the knowledge economy, the employment growth is no longer organic. Structural changes affect the basic mix of skills required with the proportion of low skilled jobs decreasing and mid to high level skilled jobs increasing. Furthermore, technological innovation increases productivity per worker and the entry level skills demanded per post.

Since the focus of this study is employment growth, the reality is that the biggest impact will be felt in the lower skilled occupations and therefore, additional study needs to consider what would be required at these levels to stimulate employment.

RESEARCH METHODOLOGY

The research methodology for this study consisted of a literature study, analysis of secondary data and a survey based on an in-depth questionnaire. The purpose of the primary data collection exercise was to unpack some of the issues identified by the literature review and secondary data analysis (as presented in the literature review section of this paper) and to articulate them within the South African retail context. The research was undertaken amongst the largest retailers in the country as well as SMMEs and learners on workplace experience programmes (interns).

Research design

The research method applied in conducting this research was essentially a qualitative approach, aimed at investigating the job creation strategies within the retail industry. Positivism emphasizes the objectivist approach to studying social phenomena (Dash 1993). In this paradigm, the object of study is independent of researchers without any bias, while knowledge is discovered

and verified through direct observations or measurements of phenomena. An argument is constructed by taking apart a phenomenon to examine its component parts (Babbie 2008). This objective approach was used by applying structured (but open ended) questionnaires derived from the literature review.

Qualitative research is aimed at gaining a deep understanding of a specific organization or event, rather than surface descriptions of a large sample of a population (California State University 2014).

The qualitative research interview obtains qualitative descriptions of the life world of the subject with respect to interpreting of their meaning. The main task in interviewing is to understand the meaning of what the interviewees say (Kvale 1996). Thus qualitative interviews were seen as the appropriate method for conducting this research.

Sampling

The research was with senior managers of the top 10 largest retailers in the country and other relevant managers, owners and managers of small, micro and medium enterprises (SMMEs), and five students who were participating, or have participated, in internships and work experience programmes, in order to collect relevant data on strategies for job creation in the wholesale and retail sector.

The ten large companies were selected using purposive sampling, whilst the SMMEs and students were selected using convenience sampling from the W&RSETA database. This was essentially self-selection, as the sample resulted from those who chose to respond to the e-mailed questionnaire.

The final sample was made up of 33 organisations represented by 33 participants and 5 interns that participated in the survey. The detailed breakdown is as shown in Table 1:

Instrument

The questionnaire was derived from the objectives of the study and from the literature review. The questionnaire consisted of 44 questions and contained mostly open ended response categories, but with a few closed ended questions. The 44 questions covered facts

and opinions on permanent and casual aspects relating to numbers of employees; opportunities, strategies, barriers and funding for job creation; laws and infrastructure needed; public private partnerships; scarce skills; and entrepreneurship, interns and technology impact on job creation. The mostly open ended nature of the questionnaires was consistent with the qualitative nature of this research. The interview guide for the Interns, also derived from the objectives and literature review, was comprised of six open ended questions covering timing of internship, experiences relative to their studies and retailers where they worked, challenges faced and opinions about employment prospects. Both instruments were pilot tested with experts in the topic and were found to be satisfactory.

Data collection

The researchers used the questionnaire to solicit answers from the retailers (large and small), asking participants for explanations where relevant, and their responses were captured electronically. The same questionnaire was used for both telephonic and e-mail interviews. The on-line questionnaires were administered with the assistance of the W&RSETA. The questionnaire was distributed to all relevant constituencies which comprised of small, medium and large retailers. The responses were collected online, with 35 responses being received, but with two being blank responses.

Telephonic interviews were also held with the five interns who were supported by W&RSETA constituencies and employed in different sectors of the Retail Sector organizations. Each participating intern was asked a series of six open ended

questions, with responses being electronically recorded. The purpose of the telephonic interviews was to solicit the views and experiences of the Interns in the various organizations within the Retail Sector. Three of the Interns were almost at the end of their Intern programme, the eleventh month. The other two were on their second month of the twelve month programme.

Data analysis

The electronically recorded responses were transcribed and then deconstructed and reconstructed according to the themes identified in the literature review in order to provide an integrated and overall summarised response to the research and to give a balanced view of the research findings (Coffee and Atkinson, in Lee 1999). The themes identified were: The ability of the Retail Sector to Create jobs; Constraints on employment growth; Labour environment; Compliance and bureaucracy; Base level of skills; Small businesses to grow employment; Youth employment in the retail sector; Learnerships; The role of technology on employment; Intern employment; and Skills needs.

Trustworthiness

The rigor and trustworthiness of the findings are supported by the use of three strategies suggested by Padgett (1998). Peer debriefing and member checking was achieved by holding a focus group at which the findings were presented for the critique by a group made up of respondents and experts in the field. Furthermore, data triangulation was used, collecting data from

**TABLE 1:
SAMPLE DETAIL OF PARTICIPANTS**

	Large	Medium	Small	Micro	Student	Total
Executive Management	2	6	4	1	-	13
Senior Management	4	1	6	1	-	12
Middle Management	3	2	1	-	-	6
Technician/Specialist	1	-	1	-	-	2
Intern	-	-	-	-	5	5
Total	10	9	12	2	5	38

different types of respondents (managers, owners, students, etc.). We therefore have confidence in the trustworthiness of the findings presented.

RESEARCH FINDINGS

The study revealed the different perceptions held by the different respondents in their different categories within the retail sector and their world view or frame of reference. A good example is how respondents at different levels answered the question, “what are the barriers that are stopping retailers from hiring more employees?” Executive Management attributed this to high wage demands; whereas Senior Management attributed this to red tape and bargaining councils, whilst middle Management attributed this to tough economic conditions and the Technical/specialists attributed this to volatile markets and high labour costs.

Profile of respondents

The respondents were stakeholders of the Wholesale and Retail SETA and their positions included Executive Management (13), Senior Management (12), and Middle Management/Branch Management (6) Technical/Specialists (2) and (5) Interns.

Executive Management and Senior Management each comprised 33% of the respondents, whilst Middle Management and the Technical/Specialists comprised 13%. The Interns were interviewed separately from the retail management team although their responses were incorporated in the study findings.

The size of organizations that participated in

the research were represented as follows; 33% were large organizations followed by small organizations at 34% with 27% representing medium size organizations and 6% represent the micro organizations. The spread of different organization is important to understand the dynamics of the retail sector organizations and their impact across the spectrum.

Key findings and implications

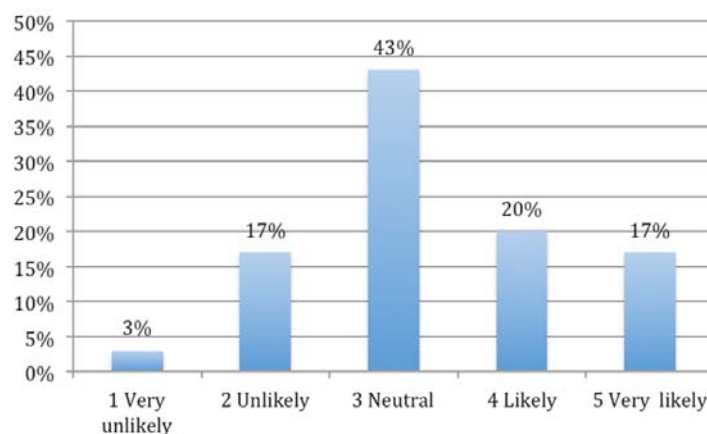
There are issues that cut across questions and therefore the findings are grouped thematically. Not all responses to all questions are therefore presented.

The ability of the retail sector to create jobs

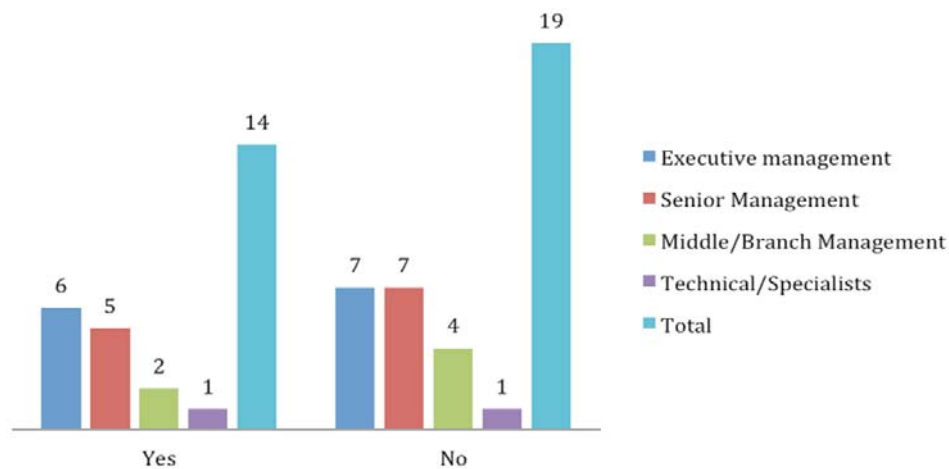
The response on the likelihood of the sector to create jobs in the future drew mixed reactions and responses. Overall, respondents had different views on the matter, from pessimistic to optimistic. The greatest proportion of respondents, however, was neutral. Interpreting this in the context of the other answers given in the survey provides an impression that there are strong opportunities for growth in employment but are being hindered or dampened by specific constraints. The purpose of this section is to unpack some of these so that interventions can be developed to take advantage of the perceived opportunities.

The response, in Figure 2, indicated that many of the respondents (43%) were ‘not sure’ about the creation of jobs or they may have been non-committal in their responses. This may indicate the insecurity and volatility of jobs in the retail sector. The ones that indicated ‘likely’ amounted

**FIGURE 2:
LIKELIHOOD OF CREATING JOBS**



**FIGURE 3:
INCREASE IN EMPLOYMENT OF CASUAL EMPLOYEES'**



to 20% of the respondents. Those who thought it was 'unlikely' were 17% the same as 'very likely' responses; with 'very unlikely' being 3%. Thus the level of optimism (37%) against pessimism (20%) reflects on the unfolding challenges of job creation and developments within the retail industry.

Constraints on employment growth

The responses on whether there has been an increase in the employment of casual employees can be seen in Figure 3.

Most respondents indicated that there has not been an increase in the employment of the number of casual employees. There is disagreement on the employment of casual labour amongst respondents. This could be due to the levels at which each company employs casual labour; some may employ more and others less.

Labour environment

The single most cited reason that restricts companies from hiring more employees relates to the perceived restrictiveness of the current labour environment. This is not to say that the perceptions are valid but rather that they exist and are pervasive.

Compliance and bureaucracy

There was a perception amongst respondents that the bureaucratic burdens on businesses are onerous. From SARS to Employment Equity

Reporting to BBBEE audits, compliance to the various arms of government adds to the cost of doing business. This is particularly prevalent within the small to medium organisations where one respondent indicated that there is a deliberate attempt to remain below the various thresholds and not grow so that the additional requirements are avoided. This obviously can affect job creation and is discussed further in 'Small businesses to grow employment'.

Base level of skills

The retail sector can be considered an 'entry level' sector in that there are a large number of posts that are not skills intensive and can absorb the high number of low / semi-skilled unemployed in the country. However, it was noted by respondents that the base level of competence in terms of literacy and numeracy is poor. Training needs to be done, which is expensive.

Small businesses to grow employment

By 2030, if the National Development Plan (NDP) has performed the way the National Planning Commission (NPC) hopes it will, 90% of the jobs it has created will be in small and medium enterprises (SMEs) (Department of the Presidency, 2011). Retail is no exception in this regard. Large retailers will continue to expand and create more jobs through the opening of more stores but employment is likely to follow the state of the economy and GDP growth.

Small businesses on the other hand are able to respond more quickly to specific needs and smaller opportunities within the market. These may go un-serviced by large employers but can sustain a small business. This means that it is possible to grow both the number of small businesses as well as the number of those employed therein. An example highlighted by respondents was that of Jewellery stores. An increase in opportunities for small stores will increase the employment in occupations from highly skilled goldsmiths to sales staff to store clerks and more.

Youth employment in the retail sector

Youth unemployment is one of the most concerning issues in the modern South African labour market. Therefore employment related initiatives need to consider the impact and opportunities for the youth in the sector. The following points were made by respondents:

- There is room for the development of ‘pre-work’ programmes. It is recommended that W&RSETA articulate clear career paths that can be communicated to the youth.
- It was also mentioned by some respondents that it would be beneficial to the employability of the youth to improve the business, financial and computer skills of prospective matriculants.
- Regionalised training facilities that involve local business from the word go to combine in-house training with formal training were suggested.
- Youth wage subsidy was mentioned in a number of forms but the principle remains. Employers (especially small businesses) would be in a position to hire if the wage was subsidised.

Learnerships

The implementation of learnerships was extensive amongst the participants but feedback was mixed in terms of their effectiveness. Learnerships still represent a valuable tool in providing workplace training skills and directing young people into gainful employment. However, the following points were noted that could possibly be considered in order to increase the effectiveness of current programmes:

- It was felt that the learnerships were not entirely user friendly to employers. It was noted that increased flexibility beyond PIVOTAL programmes would be valued.
- Assistance with W&RSETA processes. There seems to be an element of confusion around the requirements and processes from the W&RSETA. Additional support in terms of the nature of learnerships and how employers can get involved would likely increase participation.
- The role of private versus public TVET providers was queried. It was noted that private providers are better suited to meet the needs of employers but the perception is that public providers receive greater support. It is possible therefore that in the short term, an increase in the support for private providers may increase the impact of learnerships.

The role of technology on employment

It was found in the literature review that technology is having and will continue to have a large scale effect on the retail sector. Specifically, how advances in technology will impact on employment was investigated through the survey. In general, technology is likely to have a combination of the following effects, depending on the nature of the role affected:

1. Employment is reduced through automation or increases in productivity
2. Skills requirements of those using the system are increased
3. Entirely new occupations are created

It was noted by a respondent that young people will tend to be more adept at modern technology and represents an opportunity for employment and development in the future

The literature review highlighted the growth of online retailers. This was acknowledged by respondents and will have a growing impact in the future, reducing the need for low skilled workers, but increasing the need for high level, new skills.

Intern employment

The interns interviewed indicated that they welcome the internship opportunity for twelve months. However, they were faced with some

challenges at the workplace. Some indicated that there was no proper induction or interest to develop them during the internship programme. Others indicated that they were learning a lot in a short space of time and they were regarded as part of the team in the workplace. Most of them were not sure what will happen when the internship ends. They indicated that they did not want to contemplate their future prospects. Only one indicated that an offer for a permanent position has been made.

The feedback from respondents combined with those of interns raises the question on the conceptualisation of placing interns. It is recommended that a more holistic approach is taken so that the internship plays a part in a more clearly identified process that will provide greater benefit to both the employer and the intern.

Skills needs

The final finding reported has to do with the skills needs and skills shortages reported by respondents. It needs to be reinforced that this is a qualitative assessment and therefore as such does not represent an empirically derived list. The list below reflects the dynamics of the 33 participating companies and represents an insight into some of the skills needs.

- While the majority of posts are in the lower skilled occupations, the skills gaps and training needs are more concentrated in the higher skilled occupations.
- As mentioned previously the entry level occupations have low skills needs and are good for entrance into the productive economy. There are skills requirements in these occupations though, which focus on literacy and numeracy. However, a valuable point was made by a respondent that it may have greater impact to develop soft skills that will impact on the work readiness and effectiveness of candidates. Most importantly an understanding of business ethics and workplace conduct is required.
- Pre work programmes as discussed in 'Internship employment' could also have a positive impact on the retail sector.
- Finally the skills that, if developed, would

most likely lead to full time employment are shown in Table 2 (this includes current hard to fill vacancies):

**TABLE 2:
SKILLS NEEDED FOR
FULL TIME EMPLOYMENT**

Repairs and maintenance (electrical and mechanical)	Upstream (design, innovation etc.) Example: Jewellery / Goldsmith
Sales / Telesales	Management / Leadership Skills
Customer service	Store Operations
Logistics	Human Resources
ICT	Engineering
Pharmacists	

The programmes as required by the wholesale and retail sector include programmes for managers such as Management/Leadership skills as well as specialist skills such as design and innovation, for example, for Jewellery/Goldsmiths, and Professional skills, for example, for Pharmacists. The technical skills required include Electrical and Mechanical skills (Refer to table 2).

The area of possible growth for employment in South Africa is e-commerce and it warrants further investigation what support the South African government can give to stimulate this growth as it has already been established that the concentrated nature of the South African retail environment makes it difficult for small business to penetrate.

RECOMMENDATIONS FOR THE RETAIL SECTOR

Although recommendations have been integrated with the study findings in the above section, these recommendations have been summarised to clarify what the retail sector (including the W&RSETA) could do to improve job creation in the sector and to better prepare job entrants for these positions in the sector.

Increased training to meet industry's base level

business should be provided by the W&RSETA for school leavers entering the sector, specifically in:

- literacy and numeracy,
- financial and computer skills
- soft skills, e.g. relationships, workplace conduct, business ethics, etc.

A more holistic approach needs to be taken so that internships play a part in a more clearly identified process that will provide greater benefit to both the employer and the intern – better induction for both learner and employee, agreement on the role of interns and clarity regarding what happens after the learnership ends. It is recommended that the W&RSETA articulate clear career paths that can be communicated to the youth, and that ‘pre-work’ programmes be developed to introduce and prepare entrants for the sector. This preparation training could involve regional training, possibly through the W&RSETA branches, and should involve local business from the beginning to integrate formal training with workplace learning. Young entrants, especially in small retailers, should have their wages subsidised, if not via a youth wage subsidy, then via the W&RSETA.

Flexibility and efficiency of learnerships should be improved by the W&RSETA providing more guidance on their nature and how to participate in learnership programmes. A ‘help desk’ concept should be considered. Increased support from the W&RSETA for private education providers could increase the number and impact of learnerships.

Finally, focus of job creation activities should be on the ‘scarce skills’ as identified by the W&RSETA as these will contribute to sector improvements, while creating the greatest number of jobs. At the same time, the W&RSETA should be aware of the growth of on-line retailing and include interventions to help learners, new entrants and other employees to upgrade to the new higher level skills required, which is where future jobs will be created.

CONCLUSION AND FUTURE RESEARCH

In conclusion the creation of jobs within the Retail Sector has shown that it is not based on one factor but requires a multi-factor approach;

also the external environment plays a vital role in developing this sector. The PESTEL (political, economic, social, technological, environment and legal) model can help to understand this. The Political decisions have an impact on the Retail Sector’s direction, with the NDP being a classic example. The economic factors have a strong bearing in driving the Retail Sector to create jobs or shed jobs based on the supply and demand within the sector.

The Social factors cannot be ignored as they also play a pivotal role in determining the Retail Sector contribution, especially regarding support of the SMME’s and emerging small businesses in creating jobs.

The power and influence of Technology cannot be overlooked by the Retail Sector as this is one of the key factors affecting the Retail sector, especially online shopping, e-commerce and e-marketing, which reduces the space of the shop floor and influences warehousing and transport logistics. Mechanisation and automation in the sector is going to create new jobs and careers.

The study has shown that a comprehensive and viable strategy which is actionable is crucial for alleviating unemployment in the sector, especially youth unemployment. The usage of different integrated strategies and methods by the Retail Sector and W&RSETA are an important factor in finding solutions to reduce unemployment through offering the youth entrepreneurial opportunities in the sector.

The empowerment and transformation of the Retail Sector is an imperative. The Retail Sector cannot afford to be an onlooker but must be an active stakeholder in changing and improving the entire Retail Sector.

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