

INTERNATIONAL LABOUR ORGANIZATION
Sectoral Activities Programme

Vocational education and skills development for commerce workers

Issues paper for discussion at the
**Global Dialogue Forum on Vocational Education and Skills
Development for Commerce Workers**

Geneva, 2008

Copyright © International Labour Organization 2008

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered in the United Kingdom with the Copyright Licensing Agency, 90 Tottenham Court Road, London W1T 4LP [Fax: (+44) (0)20 7631 5500; email: cla@cla.co.uk], in the United States with the Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923 [Fax: (+1) (978) 750 4470; email: info@copyright.com] or in other countries with associated Reproduction Rights Organizations, may make photocopies in accordance with the licences issued to them for this purpose.

ISBN 978-92-2-121394-9 (print)
978-92-2-121395-6 (web pdf)

First published 2008

Cover photographs: John Myers, ILO

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org.

Visit our web site: www.ilo.org/publns.

Printed by the International Labour Office, Geneva, Switzerland

Contents

	<i>Page</i>
Acknowledgements	v
Introduction	1
1. Background	1
2. The commerce sector: Role, characteristics and trends shaping employment and skills requirements.....	2
2.1. Consumer trends	3
2.2. An increasingly international and competitive environment	3
2.3. The regulatory framework	3
2.4. The special role of technology.....	3
3. Current employment, occupations and skills requirements in commerce.....	4
3.1. The commerce sector's share in overall employment in selected countries	4
3.2. Employment concentration in the biggest and smallest enterprises	5
3.3. Occupational and demographic profiles in commerce: The example of the United Kingdom.....	5
3.3.1. Full-time and part-time employment.....	6
3.3.2. A demographic profile of the retail workforce.....	6
3.4. Some key jobs and how they might be affected by trends in commerce and new technology.....	7
3.4.1. Retail	7
3.4.2. Wholesale	8
4. Changes in retail skills needs	9
5. Approaches to anticipating skills needs	10
6. Sectoral training funds: Some examples from Europe.....	12
7. ILO support for vocational education and training for commerce workers	14
8. Suggested points for discussion	14

Acknowledgements

This issues paper is based on information from a variety of sources. The social partners, ILO publications, various studies, national statistical databases and other publications available on the Internet were frequently consulted during its preparation. The paper was prepared by John Sendanyoye (Sectoral Activities Branch, Social Dialogue, Labour Law, Labour Administration and Sectoral Activities Department – DIALOGUE/SECTOR).

This issues paper is published under the authority of the International Labour Office.

Introduction

1. This issues paper has been prepared by the International Labour Office as a basis for discussion at the Global Dialogue Forum on Vocational Education and Skills Development for Commerce Workers, to be held on 24 and 25 November 2008, as part of the ILO's Sectoral Activities Programme.
2. The Governing Body of the ILO decided at its 298th Session (March 2007) that a global dialogue forum for the commerce sector would be held in the 2008–09 biennium.¹ It subsequently decided at its 300th Session (November 2007) that the Forum would examine current and future skills needs in the commerce sector as a basis for designing skills development strategies and vocational education programmes for workers to support their employment prospects and employability, as well as to improve business productivity and competitiveness.²
3. In addition to Government representatives of all interested member States, the Forum will bring together, at the expense of the ILO, six Employer and six Worker participants, selected after consultations with their respective groups of the Governing Body. Other Employer and Worker representatives may participate at their own expense. In accordance with the Governing Body's decision, the purpose of the Forum is to make consensus-based recommendations on the design of skills development strategies and vocational education programmes for workers in the commerce sector as a means of supporting their employment prospects and employability while also improving business productivity and competitiveness.
4. The aim of the ILO's Sectoral Activities Programme is to support governments and employers' and workers' organizations in developing their capacity to deal equitably and effectively with the social and labour problems of particular economic sectors. The Programme also offers a means of alerting the ILO to specific sectoral social and labour issues.

1. Background

5. As noted in the ILO report prepared for discussion at the Tripartite Meeting on the Social and Labour Implications of the Increased Use of Advanced Retail Technologies,³ technology has become as ubiquitous in retailing as groceries themselves. Technologies are enabling commerce enterprises to optimize staff scheduling, rationalize and improve supply chain functions, reduce product handling errors, improve inventory control and facilitate just-in-time delivery, thus increasing efficiency, reducing costs and ultimately increasing sales. More advanced technologies, whose operational and employment impacts are expected to be far-reaching, either are undergoing trials or are under development. As the vast majority of future jobs are likely to be related in some way to working with technological devices, employability will require greater information technology literacy and, more generally, training on the use of technology.

¹ GB.298/12(Rev.), para. 51.

² GB.300/16, para. 30.

³ ILO: *Social and labour implications of the increased use of advanced retail technologies*, Report for discussion at the Tripartite Meeting on the Social and Labour Implications of the Increased Use of Advanced Retail Technologies, Geneva, 2006.

-
6. Retailers and wholesalers acknowledge that the above technological and other trends put a premium on workforce skills. They increasingly recognize the need for dynamic vocational training systems and qualifications that are better attuned to the skills needs of businesses. In addition, encouraging prospective employees to view commerce as a skilled industry offering good employment and career opportunities requires investment in training. Only when those working in commerce are fully competent and skilled will the sector successfully be able to transmit the message that it is interested not just in the quantity of workers but also in attracting highly educated and talented individuals into the sector. Employers now acknowledge that they need to demonstrate commitment to continuous skills updating for their workforce; workers, too, must show willingness to undergo training. From their perspective, trade unions believe that enhancing productivity through skills development is valuable if productivity gains are translated into better working conditions, as promoted by the Decent Work Agenda. They are encouraging their members to participate in reskilling and training to achieve better rewards, greater recognition, improved quality of working life and enhanced employability in the face of change. Both social partners concur that, in the context of introducing new technologies, training should primarily be aimed at raising the skills levels of incumbent staff to enable them to retain the jobs whose content may change substantially or to take up the jobs that emerge with those technologies.
 7. The value of social dialogue in terms of allaying worker insecurity with regard to technological change and thus easing the process is also widely accepted. Consensus within the sector holds that the adoption of new technology would be immeasurably eased if workers were involved in the process from the start. Tripartite and bipartite dialogue should cover a broad range of issues, including anticipating and developing measures to address the impact of technological change on jobs and sharing in the benefits from technology-related productivity, enhanced worker employability and active labour market policies to support change.
 8. During consultations at the ILO in November 2007 in follow-up to the Governing Body's decision to hold a global dialogue forum for the commerce sector, the social partners emphasized that discussions at the forum should centre on technology-related changes to the sector's skills needs, that such changes could be anticipated and that vocational education and training systems could be readapted to meet those changes. It was noted that major retailers are expected to be the pioneers in the introduction of new technologies, with small companies adopting them only as they become more affordable. Discussions should therefore focus on impacts in developed countries where advanced technologies are most likely to be introduced first, with global commerce enterprises acting as transmission belts for their eventual transfer to less developed markets. The forum should also further clarify the respective roles and responsibilities of governments, enterprises and workers in technology-related training and skills development.

2. The commerce sector: Role, characteristics and trends shaping employment and skills requirements

9. Commerce links producers and consumers of goods and services. When consumers purchase goods, they usually buy them from a retail establishment. Institutions, including retailers and government agencies, normally buy from wholesale traders.
10. Factors such as changing consumer behaviour and economic trends, globalization, increasingly complex supply chains, public policy and regulations, technological developments and difficulties in attracting qualified workers are shaping the sector's operating environment.

2.1. Consumer trends

11. Consumer demand is highly variable. Some customers place ever more importance on branding and fashion trends, requiring increased capacity among retailers to anticipate trends in a timely manner; such customers tend also to want a wider choice of competitively-priced, high quality goods produced in an environmentally and socially-friendly manner and insist on superior service. Others have a lot of time but modest incomes and tend to demand value for money, while those with high incomes often have little time to shop and tend to place a premium on convenience. They also expect sales staff with high product knowledge. New tastes have developed as a result of increased foreign travel, globalization and greater ethnic diversity in many countries, increasing demand for a wider choice of products and thus requiring retailers to adopt more complex stock models, a broader range of products on which to develop knowledge and more extensive supply chains.

2.2. An increasingly international and competitive environment

12. More and more retailers are sourcing goods directly from manufacturers, bypassing wholesalers, or forming joint purchasing groups to increase their negotiating power with suppliers. As alternative retailers such as mail-order, home-shopping and Internet firms have proliferated, taking a growing market-share from traditional retailers, many of these traditional retailers have themselves expanded into different market segments, adding online stores and discount outlets to their portfolios. Competition has intensified and markets in high-income countries have become saturated, with any organic growth possible only as a result of the crowding out of competitors or international expansion. The pressure on margins is particularly acute, making operational cost containment a priority.
13. Over the last few years, a growing number of major retailers have boosted the share of their income earned outside their domestic markets from less than 10 per cent to more than 50 per cent. Such expansion has increased the need to communicate at a global level, creating demand for greater language skills and multicultural awareness, expertise in industrial relations and in different legal, financial and political systems and greater knowledge of different consumer needs and preferences around the world. An understanding of local consumer tastes, language and culture is required to develop local merchandise, determine price sensitivity and manage day-to-day customer liaison. Personalizing service at a local level requires appropriate recruitment and training strategies.

2.3. The regulatory framework

14. Public policy and regulations have a major impact on commerce. Legislation on sustainable development and carbon emissions, changes in import quotas, land planning and transport regulations are all pertinent to the sector's operations and employers need to ensure that their employees are aware of and abide by the regulatory framework in place.

2.4. The special role of technology

15. Technology is altering the way in which even the most basic functions are carried out, and the effects can be felt across the entire sector. A wide range of technologies either are undergoing trials or have already been implemented. They include but are not limited to digital advertising devices; smart scales; personal shopping assistants; self-scanning, checkout and contactless payment systems; personal digital assistants; mobile data

terminals; and pick-by-voice technologies. New storage and logistics systems driven by advanced technology are increasingly able to track products comprehensively across the distribution chain and store operations. Once it is in full use, radio frequency identification (RFID) technology will revolutionize both the supply chain and store operations, allowing goods to be tracked all the way from the factory to the shop-floor point of sale. The increasingly pervasive nature of technology in the workplace now means for employers that technology-related skills are a day-to-day requirement among their workforce. Equally importantly, these technologies will make it possible to automate a wide range of functions currently carried out manually by staff and will require completely different skills sets from those of the workers currently performing those functions.

3. Current employment, occupations and skills requirements in commerce

16. Any enterprise's competitiveness and profitability is highly dependent on a skilled and motivated workforce. Towards this end, the importance of training is now widely recognized. Identifying the training needed to match the changes in skills requirements from new technologies involves first understanding the sector's current occupational profiles and their associated skills and competencies.

3.1. The commerce sector's share in overall employment in selected countries

17. Commerce is a huge employer, accounting for the largest share of national employment in a significant number of countries. Data provided by the Statistical Office of the European Communities (EUROSTAT), show, for instance, that of the 19.6 million enterprises in the 27 Member States of the European Union in 2005, 6 million (32 per cent) were in the commerce sector, providing jobs for more than 30 million workers. In Australia, the sector was the largest employer in 2007, accounting for 1.94 million workers (16.6 per cent of the total workforce).⁴ Canada's retail and wholesale trade combined employed 2.3 million people in 2005, with retail alone, the country's largest employer, employing 1.7 million workers (12 per cent of national employment).⁵ The sector was likewise the largest employer in the United States in 2006, with a combined total of 21.2 million workers in retail and wholesale, representing a 15 per cent share of overall employment.⁶

⁴ Australian Government: *Employment outlook for retail trade*, Oct. 2007, <http://www.skillsinfo.gov.au>.

⁵ Statistics Canada: http://www41.statcan.ca/2007/60000/ceb60000_000-eng.htm.

⁶ US Department of Labor, Bureau of Labor Statistics: *Occupational outlook quarterly*, Fall 2007, <http://www.bls.gov/opub/ooq/2007/fall/art03.pdf>.

3.2. Employment concentration in the biggest and smallest enterprises

18. A report assessing current and future skills needs in the UK retail sector, carried out in the context of the Sector Skills Agreement process, underlines the sector's importance in employment and its current and future skills structures.⁷ As can be seen from table 3.1, the overwhelming majority of retailers are small, employing between one and ten people; only 3 per cent of retail employment units (8,800) have 50 or more employees. The sector has been characterized as "hourglass-shaped", with the largest volumes of activity divided between the biggest and smallest enterprises.

Table 3.1. UK retail enterprises by market share, 2005

	Enterprises (%)	Employment (%)	Turnover (%)
With no employees	57.7	7.4	5.0
All employers	42.3	92.5	95.0
1-4 employees	30.5	10.0	10.0
5-9	7.7	5.8	5.8
10-19	2.7	3.9	3.8
20-49	0.9	3.0	2.8
50-99	0.2	1.7	1.8
100-199	0.1	1.7	1.6
200-249	0.0	0.5	0.5
250-499	0.1	2.1	2.2
500 or more	0.1	64.0	66.5

Source: UK Small Business Service, 2005, in *Assessment of current and future skills needs*, summer 2007, http://www.skillsmartretail.com/pdfs/stage_one_report_skills_needs_assessment_final1.pdf.

3.3. Occupational and demographic profiles in commerce: The example of the United Kingdom

19. Information on the workforce mix and occupational profiles in UK retail provided in the same report⁸ shows that the majority of workers (around 1.5 million employees) are in sales occupations, followed by management roles (around 570,000 employees) and elementary occupations such as shelf fillers and trolley collectors (around 330,000 employees). The importance of retail for sales occupations is reflected in the fact that the sector employs just under 70 per cent of all sales staff in the United Kingdom. Table 3.2 provides an overview of UK retail employees by major occupation.

⁷ *Assessment of current and future skills needs*, http://www.skillsmartretail.com/pdfs/stage_one_report_skills_needs_assessment_final1.pdf.

⁸ *ibid.*

Table 3.2. UK retail employees by major occupation

Occupation	%
Sales occupations	51
Managers and senior officials	18
Elementary occupations	12
Administrative and secretarial	6
Associate professional and technical	4
Skilled trades occupations	3
Process plant and machine operatives	3
Professional occupations	5
Total	100

Note: Figures do not total 100 due to rounding.
Source: Labour Force Survey, 2006, in *Assessment of current and future skills needs*, op. cit.

3.3.1. Full-time and part-time employment

20. Retail trade is renowned the world over for its leading role in part-time employment. The UK example shows that, while a quarter of people employed in the United Kingdom as a whole are in part-time jobs, over half of those employed in the retail sector are part-time, many of them in the retail of food, beverages and tobacco in the specialized stores segment.⁹ These figures are relevant in the context of discussions on skills development, as part-time workers and employees in small businesses are traditionally less likely to receive work-based training.

3.3.2. A demographic profile of the retail workforce

21. The UK retail industry female-to-male staff ratio is 60:40 and three-quarters of all part-time positions are filled by women, mainly in sales occupations.¹⁰ Retail has a similarly rich history of employing newly arrived migrants. Indeed, the country's late-opening corner-shops and convenience stores were pioneered by immigrants in the 1960s and 1970s.

22. Young people are also heavily represented in the retail sector: almost a third of the sector's workforce is aged under 25, compared with only 14 per cent in the economy as a whole. Many of these young people work part-time, with a significant proportion in sales occupations, as many such positions enable students to combine study and earning. The high prevalence of younger workers represents both an opportunity and a challenge for retail, as while younger workers are likely to be more willing and able to adapt to new technology and changing working practices, many do not see the sector as offering long-term career opportunities and the industry loses their skills when they leave.

23. In line with the rest of the economy, the sector is also beginning to employ a greater proportion of workers over the age of 60. A number of major retailers are in fact making

⁹ *ibid.*

¹⁰ *ibid.*

extra efforts to recruit older workers. This is likely to be a key strategy for the future as this age group increases as younger age groups decline.

3.4. Some key jobs and how they might be affected by trends in commerce and new technology

3.4.1. Retail

24. Generally, no formal educational qualifications are now required to become a retail salesperson or cashier in the global retail sector; many people, in fact, get their first jobs in retail in these functions. A secondary school certificate or less is usually sufficient as most tasks can be learned on-the-job. Many larger retailers offer more structured formal web-based or computer-based classroom training to familiarize workers with company guidelines and the equipment with which they will work. The growing importance of customer service-based differentiation strategies means that sales staff need to be more knowledgeable about the merchandise they sell. For stores equipped with self-checkout facilities, cashiers need to receive training on how to supervise multiple stations, oversee their smooth operation and provide customer service as required. Like sales staff, stock clerks learn on the job, familiarizing themselves with the store layout, inventory system and the proper storage location for each stock item. Like order fillers, they are trained to read purchase orders and to maintain inventory records to reflect the movement of items from the delivery trucks to back-room storage and to the sales floor. They are also responsible for replenishing items on the store shelves as they empty.
25. As companies seek to increase margins and as the physical size of outlets increases, traditional boundaries among sub-sectors are disappearing and retailers are looking for a wider range of product-related skills. For example, as supermarkets enlarge their product ranges to include electrical products, clothing and entertainment products, the skills mix they require likewise expands. As they add home-shopping, Internet sales and the home delivery of groceries to the services they provide, the need for skilled staff to support these new formats and for more order-pickers and home delivery drivers increases. At the managerial level, there is a growing demand for well-educated store managers and professionals with the range of skills required to support the new business lines.
26. Opportunities for advancement into supervisory and even managerial positions, including by entry-level workers, exist in both large chains and small, independent stores, depending on experience and performance. In general, however, managers need post-secondary qualifications in business, marketing and inventory management skills.
27. New technologies and other trends have enabled retailers to take a central role in supply chain management. The combination of this role and retailers' global expansion has increased operational complexity, raising demand for staff with superior supply chain and risk management skills and excellent language and negotiating skills to operate in multicultural environments. It has also considerably raised the need for staff with the technological skills to support more complex organizational and technological structures.
28. While e-commerce is expected to limit the growth of some retail jobs, it will increase job opportunities for other occupations, such as Internet sales managers, webmasters, technical support workers and other related workers. Online shopping, the implementation of RFID technology to speed up register and checkout processes and the use of self-checkout registers are expected to reduce demand for cashiers. However, as various sales functions in retail involve extensive customer interaction and as many new technologies are primarily intended to help enterprises differentiate themselves through customer service, many enterprises will seek to redirect technology-generated savings towards customer

service rather than cost-cutting. Many job opportunities should therefore continue to be generated in sales and other frontline service functions.

- 29.** Major retailers, with vast worldwide transactions, need information technology (IT) to handle the enormous amounts of information they generate daily. The data captured by loyalty cards, for instance about the purchasing habits of individual households, are a potentially immense goldmine for those retailers who have the technological and human resource capability to gain insights into customer preferences and improve customer service accordingly. RFID will, in the future, generate more customer and product information. Just like the bar codes they will replace, RFID tags are primarily an identifying mark, but represent a technological and information-processing leap forwards. Their skills implications include the need for finer IT skills, in particular those related to database mining techniques, and also marketing knowledge and a vision of how to use the derived information in an ethical and profitable manner.

3.4.2. Wholesale

- 30.** Many jobs in wholesale trade sales currently require only a secondary-school education, although employers increasingly prefer at least some post-secondary school qualifications in business, marketing, industrial distribution or other related field. Entry-level workers usually receive on-the-job training – for example, in the operation of inventory management databases, online purchasing systems or electronic data interchange systems. Depending on the type of product distributed, some technical expertise is considered an asset.
- 31.** As in retail, new technologies are changing the shape and scope of the workforce in wholesale. The Internet, e-commerce, electronic data interchange, RFID applications and global positioning systems are improving the ability of wholesalers and their customers to gather price data, obtain product information, automate order processing and recordkeeping and track deliveries, considerably limiting the functions of sales, customer service and administrative support staff who would normally perform these processes. Customers can now order and pay for goods electronically, reducing the need for billing and posting clerks to process paper transactions. In addition, RFID technology is facilitating the streamlining of inventory control and ordering processes, reducing the need for manual barcode scans, and eliminating most counting and packing errors.
- 32.** With technologies making it easier for customers to source directly from the manufacturer or supplier, wholesalers are also shifting their competitive focus to customer service. Many are seeking to differentiate themselves through such services as installation, maintenance, assembly and repair work. Job opportunities in wholesale will therefore be created for workers able to perform these tasks, with a growth in demand for frontline sales workers who can aggressively prospect for clients, including demonstrating new products and offering improved customer service.
- 33.** In the medium-term, just-in-time delivery solutions, enhanced product identification and stock tracking technologies combined with sophisticated automated warehousing systems are expected to result in significant staff reductions in wholesale clerical and elementary occupation levels. Given the way in which technology and changing sales techniques are affecting skills requirements for all occupations across their industry, from warehousing to trucking and from management to sales, wholesalers are devoting increased resources to training to ensure that their workers continuously update their skills in line with these changes.

34. New jobs, especially those required to support the new technologies, such as computer specialists to develop, install, maintain, troubleshoot and update the new technologies and systems, should emerge.

4. Changes in retail skills needs

35. Table 4.1 summarizes the future skills needed by the UK retail sector, the drivers of change and the implications for training and skills development.

Table 4.1. Changing skills for retail staff

Traditional role	Drivers of change	New skills required	Implications for training and development
Only acknowledging the customers presence if they ask for help	Increasing competition	Actively offering help to achieve a sale	Focus on selling skills
	Sophisticated customer requirements	Increased product knowledge "going the extra mile"	Communication and interpersonal skills
	Focus on excellence in customer service		Specialist product training
Carrying out the instructions of the manager	Organizational restructuring/de-layering	Increased responsibility for line managers	Training and development to support widened roles
	Increased accountability and regulation	Flexibility, multi-skilling	Employers are trying to create "ownership" of work among their staff
		Staff should be proactive and use initiative	Communication of up to date policy and legislation
		Awareness of health and safety regulations	
Cash handling Shelf stacking	Increased use of IT	General IT literacy (e.g. electronic point of sale)	IT training
	Changing methods of stock control	Ability to read spreadsheets and computerized stock records	Online training

Source: London West LSC, 2001, in *Are you being served? Skills gaps and training needs within the retail sector*, Research paper 53, Oct. 2004, University of Warwick, adapted by Mercia Research and Skillsmart Retail, in *Assessment of current and future skills needs*, summer 2007, http://www.skillsmartretail.com/pdfs/stage_one_report_skills_needs_assessment_final1.pdf.

36. Employers have identified a wide range of areas in which they believe skills deficiencies can be overcome through increased training. These include: teamwork; customer handling; job-specific technical and practical skills; internal and external oral and written communication; problem-solving; literacy and numeracy skills; management; general IT use; office administration; and IT specialization. The most significant skills gaps relate to customer handling. There are also gaps in the technical skills and knowledge required for enhanced selling and up-selling, merchandising, supporting promotional activity and with regard to product knowledge, awareness of consumer rights' legislation, stock control, accounting and the use of specialist IT systems, underlining a growing need for skills in using new technology, more sophisticated selling techniques and better understanding of new legislation and its implications.

37. In line with the conclusions on skills for improved productivity, employment growth and development ¹¹ of the Committee on Skills of the 97th Session of the International Labour Conference (May-June 2008), training should be aimed at equipping workers with such core skills as literacy, numeracy, communication skills, teamwork and problem-solving and other relevant skills – including the ability to learn – as the building blocks for lifelong learning and capability to adapt to change. It should also incorporate higher-level professional and technical skills to allow workers to capitalize on opportunities for high-quality or high-wage jobs; result in portable skills based on systems that codify, standardize, assess and certify skills so that levels of competence can be easily recognized by social partners in different labour sectors across national, regional or international labour markets; and enhance workforce skills to enable enterprises to adopt new technologies and enter new markets. In addition to raising job-specific skills, vocational training should aim at helping workers to attain decent work and manage change, providing them with general employability skills, defined as competencies, to enable individuals to acquire both autonomy and extensive occupational capability in a range of contexts.

5. Approaches to anticipating skills needs

38. The Committee on Skills of the 97th Session of the International Labour Conference (May-June 2008) also highlighted in its conclusions ¹² the centrality of education, vocational training and lifelong learning as pillars of employability and sustainable enterprise development. It emphasized the essential role of skills development to address the opportunities and challenges of changing economies and new technologies. According to the Committee, skills development policies should aim at helping workers and enterprises adjust to change and although new products, markets and technologies could result in some skills being made redundant, lifelong learning could help maintain workers' employability and enterprises' sustainability. Better qualitative and quantitative information on which skills were becoming relevant, derived from an effective labour market information system built on active dialogue between Governments and the social partners was necessary. Comprehensive data collection and regular labour market research, complemented by assessments of specific sector requirements by bipartite institutions or employers' organizations, should be undertaken to support career guidance, employment services and lifelong learning. Skills identification needed long-term planning, accompanied by short-term monitoring to signal trends and changes early on. These conclusions are highly relevant to vocational education and training to raise commerce workers' skills in the face of technological change.

39. In its conclusions, the Committee also stressed the need for early and effective skills identification and forecasting systems, including the definition of skills profiles, to inform the formulation of training policies and their translation into training programmes.

40. Forecasting skills needs has a long tradition in many advanced countries, where a variety of approaches involve analyses at the macroeconomic, sectoral and regional levels, including quantitative, model-based projections, ad hoc sectoral or occupational studies, employer surveys, focus groups, round table discussions and employment observatories. A few examples, from which elements for good practice could be drawn, are briefly described below.

¹¹ ILO: *Record of Proceedings*, International Labour Conference, 97th Session, Geneva, 2008.

¹² *ibid.*

-
41. In France, the Institute of Economic Information and Forecasting (BIPE) carries out forecasts of occupational employment for the Ministry of Education. At the sectoral level, the results of the employment forecasts are based on a multisectoral macroeconomic model that is used to generate projections for some 75 sectors and 22 occupations or professional branches. In addition, data are collected through the employment surveys and vocational training qualification surveys carried out by the National Institute for Statistics and Economic Studies (INSEE); the surveys on young people starting their working life carried out by the Centre for Research on Qualifications (CEREQ); annual and compulsory surveys on continuing vocational training in companies; and irregular surveys of companies and qualitative data. Forecasts are also carried out at the sectoral level using existing data combined with more qualitative information.
 42. Occupational forecasts in Ireland produce employment projections by occupation, on the basis of sectoral employment forecasts. Quantitative work on changing skills needs is complemented by more qualitative approaches, including through expert groups on skills needs.
 43. In the Netherlands, the Government has a legal obligation to provide adequate education for all labour market participants, implying a need to anticipate changing skills needs. Projections covering a five-year period are undertaken every two years, based on a model developed by the Research Centre for Education and the Labour Market (ROA) at Maastricht University. The forecasts examine requirements by type of education and cover 127 occupational groups and 34 economic sectors.
 44. The Bureau of Labor Statistics in the United States carries out a detailed analysis of future job prospects in different sectors, including projections on the annual rate of growth of productivity and general labour market indicators.
 45. The example of the United Kingdom merits a more detailed review, as it is comprehensive and retail-specific. The Sector Skills Agreement (SSA) process undertakes an assessment of future skills needs in 25 different sectors. SSAs are compacts between employers, sector skills councils and providers and funders of education and training, designed to ensure that “the skills the sector needs are the skills the sector gets”.
 46. The sector skills councils (of which there are currently 25), led by the Sector Skills Development Agency, are mandated by the Government to develop SSAs between employers and providers of learning and training and to forecast employment and skills needs within their sector. While the councils are employer-led organizations with the role of representing employers’ skills needs to the Government and raising employer demand for skills, they include representatives of other stakeholders, particularly unions. They are expected to influence the supply of relevant educational training and raise employer commitments to skills.
 47. The SSA is a five-stage process, comprising: (1) an assessment of the sector’s current and future skills needs; (2) an assessment of the current learning provision available to the sector; (3) an analysis of any gaps and weaknesses in current workforce development activity based on evidence from the first two stages; (4) an assessment of the scope and level of collaborative action and commitment of resources by employers; and (5) the development of a costed action plan with key delivery partners. This is achieved using:
 - the existing quantitative forecasts for the UK, which provide cross-sectoral, comparable projections using national sources of information based on the Standard Industrial Classification (SIC) system or customized sector specific forecasts; and
 - qualitative scenarios with sector employers.

-
48. The strengths of the SSA in anticipating skills needs are that: the process is grounded in employer consultation (and involves other stakeholders, especially unions); it combines cross-sector, comparable sources of information based on national sources of SIC-structured information with qualitative information gathered from sector experts and employers; and each sector skills council is required to follow the same process, facilitating interaction with the supply side.
49. The European Centre for the Development of Vocational Training (CEDEFOP), the European Union's reference centre for vocational education and training, provides regular skills needs forecasts for Europe as a whole, in line with the priority emphasis in the Lisbon Strategy for Europe to do more to anticipate changing skills needs. Its latest forecast report on skills needs in Europe¹³ uses a modular approach comprising a multisectoral macroeconomic model, occupational and qualifications expansion demand modules and a replacement demand module to make employment trend projections for the 25 Member States of the European Union, Norway and Switzerland. The projections focus among other things on demand for skills by broad sector and occupation across broad groups, including service workers and shop and market sales workers; changes in the composition of qualification levels of elementary occupations; and the past and likely future qualification structure of jobs. CEDEFOP underlines the implications of the projected occupational change for policies relating to industry, education and training, guidance and counselling, active and passive labour market measures, migration, mobility and social affairs in Member States.

6. Sectoral training funds: Some examples from Europe¹⁴

50. European ministers responsible for vocational education and training have indicated that adopting a sectoral approach should be one of the main priorities of enhanced European cooperation on the subject. Accordingly, emphasis is placed on giving increasing support to the development of competencies and qualifications at the sectoral level, by reinforcing cooperation and coordination among the social partners in line with the priorities listed in a 2007 communication from the European Commission to the European Council¹⁵ calling for greater investment in people through a life-cycle approach to employment and education and for the modernization of labour markets.
51. European social partners actively cooperate with regard to training, as employers and workers both value the contribution training makes to productivity, competitiveness and employability. Such cooperation at the national, sectoral and enterprise levels may cover issues such as the identification of skills needs, the establishment of qualification frameworks, mechanisms for skills recognition and certification, resource mobilization and financing. Training for work with a lifelong perspective has therefore become a key

¹³ CEDEFOP: *Future skill needs in Europe: Focus on 2020*, 2008, http://www.trainingvillage.gr/etv/Upload/Information_resources/Bookshop/498/4080_en.pdf.

¹⁴ This section is based on the CEDEFOP report, *Sectoral training funds in Europe*, CEDEFOP Panorama series 156, 2008, http://www.trainingvillage.gr/etv/upload/etvnews/news/3667-att1-2-study_on_sectoral_training_funds_in_europe.pdf.

¹⁵ European Commission: *Strategic report on the renewed Lisbon strategy for growth and jobs: Launching the new cycle (2008-10): Keeping up the pace of change*, 2007, http://ec.europa.eu/growthandjobs/pdf/european-dimension-200712-annual-progress-report/200712-annual-report_en.pdf.

subject in the dialogue among social partners and between them and governments, resulting in social or tripartite agreements aimed at increasing productivity, competitiveness and employability.

- 52.** Danish sectoral training funds, which are not regulated by any law, are considered to exemplary voluntary training arrangements. Decisions relating to the funds are taken by the social partners. Once an enterprise affiliates itself to the collective agreement regulating the fund, it is obliged to contribute to that fund. Today in Denmark, there are more than 1,000 collective agreements regulating continuing vocational education and training, several of which contain a clause on sectoral training funds. Depending on the sector, between 80 and 100 per cent of workers are covered by a collective agreement, which means that a large part of the workforce is affected by training funds. There is a high degree of consensus and close cooperation between the social partners in the governance of the training funds, characteristic of a high degree of cooperation and social dialogue in Denmark on vocational training issues. However, limited resources limit the impact of fund-related activities.
- 53.** In Spain, the participation of the social partners is a key characteristic of the approach to continuing vocational training and education. Joint commissions, established by social partners under social dialogue and collective bargaining processes, set the main criteria and training priorities to be carried out at the sectoral level. Training activities aim at providing skills and qualifications at the sectoral and intersectoral levels that are transferable to different sectors. Sectoral training plans, defined by representatives of the social partners, are developed for specific sectors.
- 54.** One of the most important elements underpinning sectoral training funds in France is that training is generally subject to consensus between the social partners, which are viewed by all parties to be the most legitimate managers of the recognized fund collecting bodies known as OPCAs (*Organismes collecteurs paritaires agréés*). In most OPCAs, decisions are made unanimously, even if this is not required, giving agreements a high degree of legitimacy in the sector. Such consensus requires long deliberation, mutual trust and total transparency and provides a good starting point for the successful implementation of OPCA activities. In some sectors, this consensus is facilitated by the fact that the social partners have been working together for years. The quality and extent of social dialogue is dependent on the sectors and branches of activity; in those where social dialogue is poor, the OPCAs find it difficult to function.
- 55.** Despite important differences between countries, sectoral training funds share several strengths, making them an attractive option for policy relating to continuing vocational training and education. They play an invaluable role in fostering and strengthening cooperation and dialogue between social partners (at the central, sector and regional levels) not only with regard to training but sometimes also in other areas, such as general employment policy and safety and health at work. Among other things, the funds contribute to: reinforcing social dialogue; increasing company awareness of the importance of training and commitment; increasing the resources available for training purposes (for example through enterprise contributions and public funds); promoting the mutualization and stabilization of financial resources for training; reducing inter-enterprise training intensity differentials; promoting the participation of small and medium-sized enterprises in training; reducing inequalities in access to training by employees; promoting the quantitative and qualitative improvement of training supply; and playing a role as centres of expertise and sectoral knowledge.

7. ILO support for vocational education and training for commerce workers

56. ILO constituents have indicated that the ILO's main role with regard to vocational training and education in the context of the introduction of new technologies in commerce is seen as that of a clearing house and facilitator of information exchange. Such exchange might relate to best practices for skills development for enterprise sustainability and financing for training and retraining, especially for workers at risk of displacement or deskilling. The ILO should also focus in this context on following up the conclusions concerning the promotion of sustainable enterprises adopted by the International Labour Conference at its 96th Session (2007)¹⁶ as well as those on skills for improved productivity, employment growth and development adopted by the Conference at its 97th Session (2008).¹⁷
57. The conclusions of the Tripartite Meeting held in September 2006¹⁸ call on the ILO to undertake and disseminate the results of research on the effects of new technologies on the employment prospects of different groups of workers in a selected number of countries and to help develop toolkits, including examples of best practices for social dialogue on anticipating skills needs in different member States. Coordinated action across ILO programmes and centres such as the International Training Centre in Turin and the Inter-American Centre for Knowledge Development in Vocational Training, to support the vocational training efforts of constituents in different countries, could also be stepped up.

8. Suggested points for discussion

58. The following list of points is suggested as a framework for discussion.
1. What kind of training should be provided to meet the evolving skills requirements of commerce enterprises and to enhance commerce workers' employability in the context of ever more advanced retail technologies, taking into full account the current low-skills base and the high proportion of women workers and temporary and part-time workers in the sector?
 2. How can vocational training systems and their funding and management be improved to make them more responsive to the needs of commerce enterprises for better skilled staff, in line with the introduction of new technologies?
 3. What should be the key elements of national, enterprise and sectoral action plans to improve commerce workers' skills and employability, and what should be the respective roles and responsibilities of the government, the enterprise, individual workers and worker representatives in ensuring that appropriate training is provided to meet the requirements of businesses with regard to enhanced skills and workers' employability needs? How should the ILO support the constituents' efforts in the process?
 4. How can the timeframe for the introduction of new retail technologies and the associated changes in skills requirements be accurately forecast as a basis for effective planning, organization and delivery of worker training and retraining?

¹⁶ ILO: *Record of Proceedings*, International Labour Conference, 96th Session, Geneva, 2007.

¹⁷ ILO: *Record of Proceedings*, International Labour Conference, 97th Session, Geneva, 2008.

¹⁸ ILO: *Note on the proceedings*, Tripartite Meeting on the Social and Labour Implications of the Increased Use of Advanced Retail Technologies, Geneva, 2006.