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Question and Answer

ILO to address the greying of the workforce in retail commerce

According to a recent ILO study^{2/}, 2 billion people will be aged 60 or over by 2050. While most discussions about population ageing turn around the sustainability of pension systems, a forthcoming ILO meeting to be held in Geneva on 21-22 September, will focus on the impact of the greying of societies on labour supply in the retail commerce sector, an industry that has traditionally drawn a large proportion of its workers from people aged 30 and under. ILO Online spoke with John Sendanyoye, the ILO's Commerce Sector Specialist.

1) What is the ILO *Global Dialogue Forum on the Needs of Older Workers in relation to Changing Work Processes and the Working Environment in Retail Commerce* going to address?

John Sendanyoye: This discussion is going to examine ways in which work processes and the working environment in the labour-intensive retail commerce sector can be adapted to the needs of an ageing workforce, taking into account the effects of technological and other recent changes in the sector. This population ageing is a result of two concurrent trends: a worldwide increase in life spans and a dramatic and continuing drop in global fertility rates. While longer and healthier lives represent one of the major achievements of modern societies, in combination with declining birth rates and therefore future labour supply, they also promise serious social, economic and labour market repercussions around the world. This will particularly affect the commerce sector which has hitherto been dependent on attracting a younger workforce.

2) What are the employment characteristics and working conditions in the commerce sector?

John Sendanyoye: The commerce sector is frequently the largest, or one of the largest, sectors in the national economy. In 2005, the sector provided jobs for more than 30 million workers in the 27 Member States of the EU. In Japan, in 2010, the retail sector employed 7.3 million workers, accounting for 11.6 per cent of the nation's jobs. But the sector's role in economic well-being goes well beyond its direct contribution to national output and employment. As the link between producers of goods and their consumers, an effective retail industry is also an essential engine of growth for diverse sectors. One only needs to remember that the biggest share of consumer expenditure, which accounts for about 70 per cent of most developed countries' gross output, is spent through retail outlets.

But, while the retail industry is a major source of employment across the world, low employee pay – especially for front-line jobs – characterizes much of the sector, in part reflecting the very high proportion of low-skilled occupations and part-time work. It is also important to note that female workers have traditionally dominated the retail labour market in many countries.

3) How is the age profile of workers in the retail commerce changing?

John Sendanyoye: Traditionally, the retail workforce has included a very high proportion of young workers. In the United Kingdom, for instance, the 16-24 age group constituted nearly a third of the industry's workforce in 2009. In the United States, that age group constituted 29 per cent of all retail workers. However, subtle changes in the age structure of

the industry are already taking place. While 16-24 year-old employees still dominate the retail profile in the United Kingdom, the number of UK retail workers aged 55 or over increased by over 50,000 between 2002 and 2009, even as overall employment in the sector was declining in the latter part of this period. This means that older workers now represent one in seven of the industry's workforce in that country.

Not surprisingly, the retail industry in Japan, with the world's oldest population, has a correspondingly higher share of over 50s in its workforce: 32 per cent in 2009 compared with the UK's 22 per cent.

4) Does the greying of the workforce only affect developed countries?

John Sendanyoye: While developed countries have advanced the furthest in this demographic transition, most developing countries are expected to be similarly affected in the decades ahead, although it is difficult to predict how closely the effects will resemble those in the more developed countries.

5) How can the retail sector attract and retain more older workers?

John Sendanyoye: As the share of the youth population aged 30 and under declines and that of those aged 50 and over increases, to remain competitive in the labour market the industry must increasingly draw its workers from the expanding population segment of the older age group. These concerns are especially critical for a sector known for its combination of high labour-intensity and above-average labour turnover.

The sector therefore needs to readjust its employment practices, work processes and working environment in order to attract and retain more 50+ year olds, especially in sales and customer service roles. Measures to make the sector more attractive to such older workers need to be developed and implemented by the social partners in the retail sector, in cooperation with policy-makers. Such measures could draw on good practices that already exist in both public and private sector organizations, covering such areas as: training, development and promotion; flexible working practices; and ergonomics and job design.

6) How can the ILO and its constituents face demographic change and support decent work in the retail sector?

John Sendanyoye: While population ageing is irreversible, demographic change will be less problematic if the right policy measures are put in place. To cope with the inevitable labour shortages resulting from such change, employers will have to hire and/or maintain more older workers. According to a 2010 analysis of the retail sector in the United Kingdom, the potential pool from which retailers can draw employees is nearly three times greater for the 50+ age group than for the 16-24 age group. The potential is particularly immense when one considers that the retail sector currently draws only 3 per cent of this age group.

Social dialogue among governments, employers and trade unions in the sector could greatly facilitate the adoption of effective measures to enhance the sector's ability to attract and retain workers of all ages in a highly competitive demographic context. Such dialogue – a bedrock principle of the ILO – is crucial to ensuring that the measures adopted in this regard are well suited to the specific characteristics and needs of the retail industry.

**/ Employment and social protection in the new demographic context, International Labour Office, Geneva, 2010.*

For more information, see the report to the meeting: *Adapting work processes and working environments in retail commerce to older workers' needs*, International Labour Office, Geneva 2011.