Commerce

Employment

Commerce (both retail and wholesale trades or distributive trades) is a labour-intensive industry. Not surprisingly, it is among the largest employers the world-over. For example, as noted in the ILO 2008 Issues paper for discussion at the Global Dialogue Forum on Vocational Education and Skills Development for Commerce Workers, the sector, of which retail is the dominant component, provided jobs for more than 30 million workers in the 27 Member States of the EU in 2005. Similarly data provided by the Statistical Office of the European Communities show that of the 19.6 million enterprises in the 27 Member States of the European Union in 2005, 6 million (32%) were in the commerce sector. The sector was likewise the largest employer in Australia, Canada and the United States, and is among the largest employers in almost all countries. Unlike many other sectors, commerce is also universal: many countries may, for instance, not have a car or petroleum or a significant manufacturing industry, but all countries have a commerce sector.

As the largest or one of the largest sectors in the national economy, commerce typically makes a substantial direct contribution to economy-wide employment. For example, in the United Kingdom, the retail sector alone provided 2.8 million jobs in 2009, representing about one tenth of the national workforce. In Australia, it employed almost 1.2 million people in 2010, which is approximately 10.7 percent of the country’s total workforce. In South Africa, it employed 2.8 million people in the second quarter of 2010, accounting for around 21.7% of the country's total workforce. In the same period, the retail industry employed 21% of the total workforce in Chile, 20% in Jamaica and 19% in Philippines. However, beyond this direct employment role, commerce also plays an invaluable role as the essential link between other economic sectors and the final consumers of their products and services, thus stimulating jobs in such sectors as well.

Retail trade is also renowned the world over for its leading role in part-time employment. The example of the United Kingdom is telling; while a quarter of people employed in the country as a whole are in part-time jobs, over half of those employed in the retail sector are part-time, many of them in speciality food, beverages and tobacco retailing.

Retail trade is also especially important as a source of jobs for women and young people, including those entering the labour market for the first time. It is the leading division in commerce in terms of both employment and overall value added. Small firms continue to dominate retail employment, although the ongoing process of consolidation is leading to a corresponding concentration of employment in fewer firms in many developed and some developing countries. For industrialized countries where private consumption typically contributes to about two thirds of national economic output, the total employment in commerce constitutes around 15%, two-thirds of it in retailing. Food retailing in many developed retail markets captures a fluctuating 40% of commerce employment; clothing 20%, house equipment 13%, and motor vehicles around 10%.

While basic human resource practices are converging in tandem with globalization, differences still exist among countries in employment policy and practice, working conditions and industrial relations, reflecting the sector’s heterogeneity. Employment and working conditions can be highly precarious, mainly due to the predominance of small firms, cost-cutting and flexibility-seeking strategies of companies.

Generally, no formal educational qualifications are now required to become a retail salesperson or cashier. A secondary school certificate or less is usually sufficient as most
tasks can be learned on-the-job. For many developed markets, while a core of regular, full-time employees is retained, many retailers utilize contingent labour to fill momentary or intermittent needs or to provide one-time-only services. Growing price and other competition factors in many countries are increasingly pressuring profit margins, encouraging the emergence of human resource management practices that favour part-time work, uncertain working time schedules, low remuneration, high staff attrition and therefore insufficient training and retraining. In many developing countries with a less modern commerce sector, there is also a high incidence of non-remunerated work in family enterprises. Women especially accumulate disadvantages; they are often concentrated in retailing and many of them hold lower status, lower-paid and often casual jobs.

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. 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.

As in retail, new technologies are also 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 keep records and track deliveries, thus considerably limiting the functions of sales, customer service and administrative support staff who would normally perform these processes. With technologies making it easier for customers to source directly from the manufacturer or supplier, wholesalers are also shifting their competitive focus on customer service. 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 reduction in wholesale clerical and elementary occupation levels.

The Committee on Skills of the 97th Session of International Labour Conference (May – June 2008) highlighted 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. These conclusions are highly relevant to vocational education and training to raise commerce workers’ skills in the face of technological change.