

A Sub-Strategy for Alberta's Retail Industry



**Building and Educating
Tomorrow's Workforce**

FOREWORD

The retail sub-strategy was developed by government in collaboration with stakeholders from the retail industry. Invited representatives from the retail sector participated in focus groups over the months of May and June and provided input on the actions found in this document. Retail Council of Canada played a leadership role in bringing stakeholders together to participate in the two focus groups.

The following organizations contributed to the development of this strategy:

- Aritzia
- Athletes World
- Bata
- Best Buy Canada
- Black Photo Corporation
- Blockbuster Canada
- Bootlegger
- Canadian Tire
- Carlton Cards
- Cineplex Entertainment
- Cleo
- Costco Wholesale
- Danier Leather
- Easy Home
- Future Shop
- Golf Town Canada
- HBC
- Henry Singer Fashion Group
- HMV
- Home Depot
- La Senza
- Liquidation World
- London Drugs
- Luxottica Retail Division
- Marks' Work Wearhouse
- Michael Hill Jewellers
- Mr. Lube
- Payless Shoes
- Please Mum
- Purdy's Chocolates
- Rexall Drug Stores
- Retail Council of Canada
- Running Room
- Safeway Canada
- Shoppers Drug Mart
- Staples/Business Depot
- Sears Canada
- Tabi International
- The Brick
- The Forzani Group
- The North-West Company
- The Royal Doulton Company
- Tilley Endurables
- Toys'R' Us
- Urban Barn
- Wal-Mart Canada
- Warehouse One
- Winners Merchants
- Zale Corporation
- Zellers

BACKGROUND

Alberta is a leader in economic growth in Canada and the world. However, Alberta is faced with labour and skill shortages, which if not addressed, will constrain continued economic growth and prosperity.

Building and Educating Tomorrow's Workforce (BETW) is Alberta's new ten-year labour force development strategy. This strategy identifies 17 government-led priority actions to ensure Alberta has more workers, better trained people and innovative workplaces. The government priority actions to address labour force issues cross over several industry sectors. Lead government ministries are identified for each priority action.

Meeting Alberta's labour force challenges over the next decade requires the participation and involvement of all stakeholders. Government cannot do it alone. Strong collaboration and partnerships between government and various stakeholder groups is key to successful implementation of this strategy. Stakeholders include industry, labour groups, professional organizations, volunteer and community agencies, education and training providers, Aboriginal groups and where appropriate, other orders of government. Each stakeholder has an important role to play. Industry sectors will need their own actions and initiatives to address their unique economic pressures and challenges.

INDUSTRY SUB-STRATEGIES

Industry is committed to playing a lead role over the next 10 years in building and educating their workforce. The Alberta government is working together with industry stakeholders to develop sub-strategies. These sub-strategies provide industry associations and employers with the framework and foundation to help identify actions and initiatives to support BETW. It is a "starting point" for industry to initiate discussion with their constituents as to what concrete actions industry feels is the most important and requires "immediate action".

Since the sub-strategy is a framework to help industry identify actions and initiatives, industry may choose to enhance, add or delete some of the priority actions listed in the document. Industry will take the lead in implementing the concrete actions and initiatives under the sub-strategies. The Alberta government's role will be to facilitate and enable industry in the implementation of the sub-strategy.

High levels of co-operation and collaboration among stakeholders within an industry sector will be required for successful implementation of the sub-strategies. Creative solutions and a synergistic approach to implementing initiatives work best when stakeholders come together to work in partnership. Therefore, government will work with industry to bring stakeholders together to work on common projects and initiatives. Once stakeholders make a commitment to work together on common initiatives a Sub-strategy Steering Committee, with both stakeholder and government representation will be put in place to lead the implementation process.

PROFILE OF ALBERTA'S RETAIL INDUSTRY

Industry Definition

Alberta's retail industry includes establishments that sell products and related services directly to customers from stores or through other means, including e-commerce, in-home demonstrations, direct-response advertising, vending machines and infomercials.

Importance to the Provincial Economy

Alberta's retail industry accounts for approximately 5 per cent of Alberta's Gross Domestic Product.¹

This industry has shown strong growth in recent years, spurred by Alberta's overall robust economy and relatively high levels of personal disposable income.² Retail sales in the province climbed to 10.3 per cent in 2004. In 2005, with a 12.2 per cent increase, Alberta led the country in retail sales growth.^{3, 4}

Alberta is also seeing growth in the number of retail businesses. Between 1999 and 2003 (the latest year information is available for), the number of stores in Alberta rose by 2,212, or 12 per cent.⁵

There is considerable variation in the size of retail businesses in Alberta. Small and medium sized businesses employing less than 100 employees account for a significantly higher share of businesses in the industry (79.4 per cent) than businesses overall in the province (69.7 per cent).⁶ The industry provides a range of opportunities for self-employment.

Employment

More people are employed in Alberta's retail industry than in any other industry.⁷ In 2005, 211,900 people -- or roughly 12 per cent of all employed Albertans -- worked in retail. While the majority of workers in the industry are in sales or service jobs, business, finance and administrative positions account for about one quarter of the jobs in the industry.⁸

At 3.6 per cent, the unemployment rate in Alberta's retail industry in 2005 was slightly below the provincial average unemployment rate of 3.9 per cent.⁹

¹ Alberta Finance, *Alberta Facts 2005*.

² At \$26,691, Alberta's 2004 personal disposable income per capita was 15.3 per cent above the national average (Government of Alberta, *Budget 2006*)

³ Alberta Human Resources and Employment, *Retail Trade Industry Profile*, March 2006.

⁴ The Conference Board of Canada, *Provincial Outlook Summer 2006*

⁵ Retail Council of Canada documentation.

⁶ Alberta Human Resources and Employment, *Retail Trade Industry Profile*, March 2006.

⁷ Alberta Human Resources and Employment, *Retail Trade Industry Profile*, March 2006.

⁸ Retail Council of Canada documentation.

⁹ Alberta Human Resources and Employment, *Retail Trade Industry Profile*, March 2006.

For many Albertans, their first experience in the labour market is the retail industry. Youth account for a large proportion of those employed in the industry: individuals between the ages of 15 and 24 account for approximately 34 per cent of the retail workforce compared to 18 per cent of the overall provincial workforce.¹⁰

More women than men are employed in the retail industry. In 2005, women accounted for approximately 55 per cent of the retail workers in Alberta.¹¹

Part-time employment is more common in retail than most other industries. About one-in-three retail jobs is part-time compared to a ratio of less than one-in-five found across industries.¹² The part-time and flexible work opportunities available in retail allow workers such as students, parents with young children, the semi-retired and those who simply prefer to work part-time to balance work with other obligations and interests. Part-time workers and flexible work arrangements also allow retail businesses to cope with seasonal sales patterns.

Some occupations in the retail industry, such as pharmacists, offer relatively high earnings, while others, such as cashiers and clerks, are lower paying than many other jobs. Although wage levels have been moving up in the industry the average hourly wage for jobs in Alberta's retail trade¹³ occupations in 2005 was slightly over \$15, which is considerably below the average wage of almost \$20 across all industries.¹⁴

Outlook

Retail sales in Alberta are expected to continue to be buoyed by an overall strong provincial economy over the next several years. Sales growth is forecasted to be up by over 13 per cent in 2006.¹⁵

Employment in Alberta's retail industry is projected to generate almost 8 per cent of all new jobs in Alberta between 2005 and 2010. The Alberta Regional Occupational Forecast indicates the Retail Sales Person and Sales Clerk occupation is expected to create almost 10,000 new jobs in the next five years – more than any other occupation. There is concern about there being an adequate number of workers to fill these jobs, with a cashier shortage being forecasted by 2008.¹⁶

Challenges and Issues

Alberta's retail industry is facing a number of significant challenges. These include:

- **Increased competition for labour at all skill levels.** Alberta's strong economy has led to a tightened labour market and increased competition for workers within and among industries. At

¹⁰ Alberta Human Resources and Employment, *Retail Trade Industry Profile*, March 2006.

¹¹ Alberta Human Resources and Employment, *Retail Trade Industry Profile*, March 2006.

¹² Retail Council of Canada documentation.

¹³ Includes both Wholesale and Retail Trade.

¹⁴ Alberta Human Resources and Employment, *Retail Trade Industry Profile*, March 2006.

¹⁵ Alberta Human Resources and Employment, *Retail Trade Industry Profile*, March 2006.

¹⁶ Alberta Human Resources and Employment, *Retail Trade Industry Profile*, March 2006.

a time when there is strong growth in retail spending in the province, staffing challenges are being faced at all skill levels in Alberta's retail industry – from entry level, unskilled positions to skilled management positions. According to a 2005 Canadian Federation of Independent Business (CFIB) survey, 85 per cent of CFIB members in the retail industry reported hiring difficulties in the past three years.¹⁷ Competition for labour is most intense in rural and northern parts of the province where retail sales are increasing as a spin-off from high earnings in Alberta's Oil Sands industry.

Small and medium sized employers make up approximately 79 per cent of the industry. These smaller retail businesses face tough competition for staff from larger chains and big-box stores.

Difficulties recruiting workers and the forecasted shortage of cashiers in the province within the next two years are leading some retailers in the province to invest in new technologies, such as self-serve checkouts.

- **Lower wage jobs.** Alberta's strong economy is creating job opportunities in many industries that offer higher earnings prospects than the retail industry. Although increasing, wages for a large proportion of the jobs in the retail industry, such as clerks and cashiers, are below those for many other jobs and offer only limited upward earnings potential. According to the 2005 Wage and Salary Survey, the average hourly starting wage for cashiers was \$7.50, with the average top wage for cashiers being \$11.73.¹⁸ Workers seeking higher earnings – or needing higher earnings to meet their living costs – are pursuing higher paying jobs in other industries.

Because the industry finds it difficult to compete for workers on the basis of wages, it increasingly needs to compete on other fronts, such as offering staff discounts on merchandise and fun work environments.

- **Shortage of affordable housing.** The shortage of affordable housing in several Alberta communities is contributing to the challenge retail employers face in recruiting and retaining workers. Workers need jobs with a sufficient income to meet their housing costs and other basic living needs for their specific communities.
- **High staff turnover rates.** Despite providing valuable work experience and skills training, employment in the retail industry is often viewed as a 'stepping stone' to building a career in another industry, making workforce retention a key challenge in the industry.¹⁹ The shortage of unskilled workers in Alberta's current tight labour market is also leading to workers in lower-paying jobs, such as youth working in retail, to be easily lured to jobs offering perhaps only slightly higher wages. Increasing staff development opportunities within the industry is seen to be one way to counter high staff turnover.

¹⁷ *Shortage of Qualified Labour Survey*, Canadian Federation of Independent Business, August 2005, Alberta Data

¹⁸ *Retail Trade Industry, Industry Profile*, Alberta Human Resources and Employment, March 2006

¹⁹ The Retail Council of Canada reported that part-time staff turnover in the industry averaged about 66 per cent in 1999. http://www.retailcouncil.org/toolkit/essentials/sal_new.asp

The high staff turnover rate in the industry is increasing the need for human resource management and supervisory training in the industry.

- **Low awareness of the diverse retail career paths.** About one-quarter of the jobs in the retail industry require highly knowledgeable professionals in fields such as market research, human resources management, and finance. More needs to be done to increase the awareness of career influencers of the range of career opportunities in the industry, along with promoting retail as a viable industry in which to pursue a lifelong career.
- **Shrinking traditional labour pool.** The retail industry relies heavily on young workers and women to meet its needs for positions such as sales staff in stores. The population of Albertans between 15 to 24 years of age is expected to grow at a slower rate than the overall provincial population over the next five years,²⁰ which may intensify the difficulties that retailers currently face in competing for workers. Another trend affecting the industry is the declining participation by younger women, with children, in Alberta's labour force.²¹
- **Barriers to hiring workers from untraditional labour pools.** Retail businesses increasingly need to look to other potential pools of workers, including mature workers, persons with disabilities, immigrants, Aboriginal Albertans and income support clients to meet their labour force needs. However, there are barriers and unique challenges associated with recruiting and retaining workers from these groups. For example:
 - Pension regulations make it difficult for many businesses to set up phased retirement programs, whereby mature workers can work part time and supplement their salary by drawing on their pension. Furthermore, income tax rules act as a financial disincentive for people to continue working after retirement, because taxes need to be paid on pension as well as work income²².
 - Canada's current immigration rules make it difficult for individuals from other countries who are unskilled or do not meet the required language standards to come here to work.
 - Low awareness among some retail employers of how persons with disabilities can be accommodated at their workplaces.
 - Low awareness of effective approaches for integrating Aboriginal workers at workplaces.

²⁰ The average annual growth of the 15 to 24 year old age group in Alberta is expected to be 0.9 per cent between 2006 and 2011, compared to an expected annual growth rate of 1.7 per cent for the province as a whole.

²¹ The labour force participation rate for women with at least one child under the age of six years old in Alberta fell by a full percentage point in 2005 to 64.9 per cent, which is three points lower than the 1999 participation rate and 10 points below the rates in Quebec and Atlantic Canada. *Canadian Economic Observer*, June 2006, Statistics Canada.

²² *Too Few People, Too Little Time: The Employer Challenge of an Aging Workforce*. The Conference Board of Canada, July 2006.

INDUSTRY PRIORITY ACTIONS

INFORM

Information sharing will play a vital role in addressing labour force pressures in Alberta's retail industry. The inform theme focuses on increased access to information for informed decision-making on the part of employers, workers, youth entering the workforce and individuals considering employment in Alberta's retail industry.

1.1.	<p>Develop a Retail Marketing Strategy to brand and promote employment in the Retail industry to different target groups of potential employees:</p> <ul style="list-style-type: none"> • Identify target groups (e.g., high school students, spouses and teenaged children of military and oil and gas employees that have moved recently to Alberta, immigrants, mature workers, Aboriginal Albertans, persons with disabilities, etc.). • Identify and address employee attraction and retention barriers for the various target groups (e.g. lack of awareness of career opportunities in the Retail industry, pension constraints, employer understanding of approaches for accommodating persons with disabilities at workplaces). • Develop a branding strategy, including key messages about benefits of retail jobs for the different target groups (e.g., flexible work hours and supplementary income opportunities for students and stay-at-home parents; social interaction opportunities for mature workers). • Identify effective distribution channels for communicating messages about career opportunities and benefits of employment in the Retail industry to identified target groups. • Develop and disseminate information resources to promote retail as an employment choice to identified target groups.
1.2.	<p>Increase the promotion of retail as a career choice to high school students (e.g., through Career and Technology Studies courses, Career and Life Management course, increasing the knowledge of and resources available to school counsellors, increasing the promotion of www.retaileducation.ca -- a web site providing information about retail career paths, education and training opportunities and options, scholarship information -- participating in high school job/career fairs, etc.).</p>
1.3.	<p>Increase the sharing of effective labour force practices information among employers in the retail industry (e.g., effective approaches for integrating immigrants, people with disabilities, and Aboriginal Albertans in the retail labour force).</p>
1.4.	<p>Increase the sharing of information among retail businesses about accommodating people with disabilities in retail jobs.</p>
1.5.	<p>Partner with organizations representing people with disabilities to disseminate information about employment and career opportunities in retail.</p>

1.6.	Develop information resources to help retailers inform workers in entry-level, lower-paying jobs about available supports and services (e.g., Alberta Adult Health Benefit, Alberta Child Health Benefit, Alberta Child Care Subsidy, public transit benefits, etc.).
1.7.	Regularly develop and distribute information on average compensation levels in Alberta's retail industry to help employers make compensation decisions.
1.8.	Research why employees choose to leave employment in the retail industry.

ATTRACT

This theme relates to attracting workers from outside Alberta and Canada to meet some of the demand for labour in Alberta's Retail industry.

2.1.	Partner with other industry sectors' (e.g., oil and gas, construction, manufacturing) recruitment campaigns for attracting workers to Alberta; promote opportunities in Alberta's retail industry to other family members (e.g., spouses, teenaged children) to earn supplemental income in Alberta.
2.2.	Participate in initiatives aimed at attracting Temporary Foreign Workers and new immigrants to Alberta and to help position Alberta as a 'destination of choice' for immigrants.
2.3.	Lobby the federal government to make changes in the Employment Insurance program to encourage unemployed workers in areas of high unemployment to move to areas experiencing labour shortages (e.g., supports for travel to investigate employment opportunities, financial supports for re-locating and settling in new communities, etc.).

DEVELOP

Develop a high-performance workforce

The develop theme has two components. The first focuses on building Alberta's retail workforce through education and training.

3.1.	Promote and support increased participation in the Retail Sales Associate (RSA) and Retail First Level Manager (FLM) professional designation programs.
3.2.	Support and promote programs aimed at improving supervisory and management capacity in the Retail industry (e.g., University of Alberta's Canadian Institute of Retailing and Services – CIRAS).
3.3.	Develop a strategy to strengthen human resource management practices throughout Alberta's retail industry (e.g., supervisory training, training in effective practices for integrating mature workers, immigrants, persons with disabilities, and Aboriginal Albertans into workplaces, etc.).
3.4.	Increase the integration of immigrants into Alberta's retail workforce by encouraging the expansion of formal and informal ESL training for workers (e.g., part-time training, formal on-the-job training, and informal on-the-job training, such as English speaking employees mentoring immigrant employees with a desire to develop their English language skills).
3.5.	Develop culturally appropriate training materials for immigrants working in retail jobs.
3.6.	Increase participation and direct involvement of retailers in high school courses and post-secondary programs to promote retail as a career. (e.g., providing work experience and co-op learning opportunities, serving as guest speakers and instructors, participating in the Retail Council of Canada's post-secondary "Retail Road Show", etc.).
3.7.	Increase support for and promotion of scholarships available for students pursuing a post-secondary program in a retail or business-related program (e.g. Retail Council of Canada's Retail as a Career Scholarship Program).
3.8.	Propose training tax incentives to encourage employers to provide ongoing development opportunities for new and existing employees.

Develop a high performance work environment

The second component of the develop theme relates to developing high performance work environments in Alberta's retail industry. Developing high performance work environments focuses on improving workplaces and work arrangements, achieving the right mix of capital investment, adopting existing and emerging technologies, and improving business processes.

3.9.	Expand the sharing of information about innovative business processes (i.e., Lean Enterprise) and technology applications that enhance productivity in the retail industry.
3.10.	Expand efforts to improve workplace health and safety in Alberta's retail industry.

RETAIN

The retain theme relates to enhancing the attractiveness of working in Alberta's retail industry so that workers – including mature workers, immigrants, Aboriginal Albertans and those who may experience difficulty maintaining employment – remain engaged and working in the industry.

4.1.	Work with community agencies to provide improved supports for workers in the retail industry, including Aboriginal people, new immigrants and workers with low incomes (e.g., settlement services, ESL support, welcoming communities, welcoming workplaces, Parent Link Centres).
4.2.	Develop and distribute information resources to help entry-level retail workers link with the community supports and services they may need to maintain employment (e.g., information about the Alberta Adult Health Benefit, Child Health Benefit, Child Care Subsidy, immigrant services, public transportation subsidies, etc.).
4.3.	Develop and distribute information to retailers about effective employer practices to reduce employee turnover.
4.4.	Promote the importance of employee development as a retention strategy.
4.5.	Partner with training providers and under-represented groups community agencies (e.g., Aboriginal Albertans, mature workers, immigrants, persons with disabilities) to develop cultural diversity and multi-generational training programs for supervisory and front-line staff in Alberta's retail industry to help improve the retention of under-represented groups in the industry.
4.6.	Work with municipalities and the provincial government on affordable housing in the province/communities.
4.7.	Propose changes to pension and income tax provisions that discourage individuals from continuing to work after retirement.

MOVING FORWARD

Industry will lead the implementation of the sub-strategy. Government will work with industry to seek out industry champions willing and able to implement the sub-strategy. In many cases, industry associations are in the best position to take on this leadership role.

Industry champions will face a number of challenges in implementing the sub-strategies. Challenges in implementation will include:

- obtaining the active involvement of industry constituents and other stakeholders
- collaborating with stakeholders (i.e. associations, labour groups) within and across industries
- eliminating fragmentation and duplication of initiatives within and across industries
- selecting the actions and initiatives with the greatest impact to work on first
- identifying gaps
- ensuring sustainability of the sub-strategy over the next decade

Retail Council of Canada, Retail Alberta and the Canadian Federation of Independent Business are the key industry associations representing retail employers in Alberta. All three organizations support the use of the retail sub-strategy as a starting point for further discussion and action. Government will work with these industry champions.

Industry champions will work with their constituents to validate the actions found in the sub-strategy and select the concrete actions with the greatest impact members want to focus their activities on immediately. Government will work with the industry champions, in a facilitating and enabling role, to implement the sub-strategy. This will include working with the various industry champions to identify those situations where it is more efficient and effective, within an industry and across industries, to collaborate on similar projects. Government will facilitate bringing the parties together.

Industry will work with government to monitor success over the next ten years. Industry champions from the different sectors are asked to report on their progress by sharing their achievements and best practices.

By industry and government working together Alberta will continue to excel and all industries will benefit.