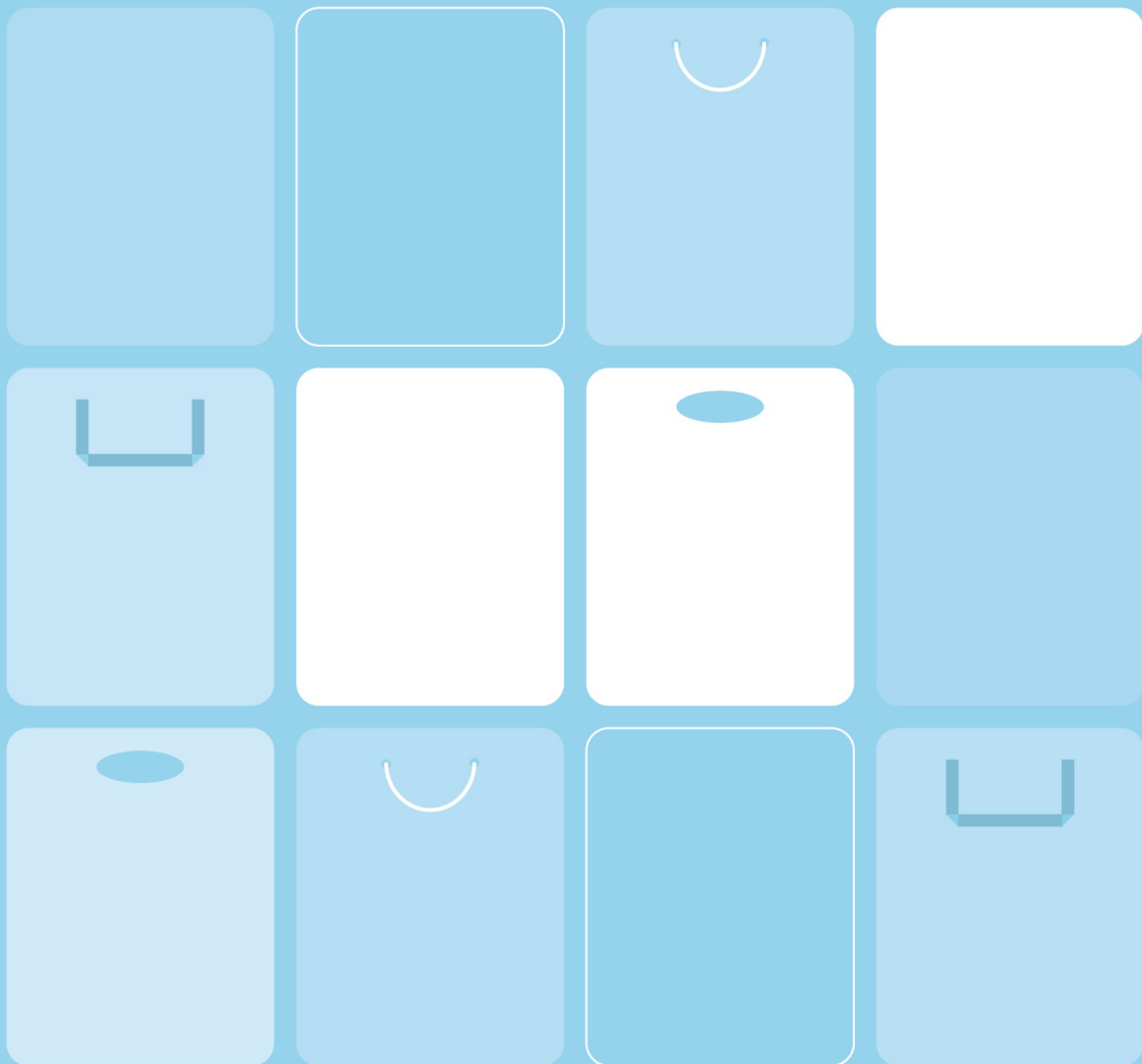


# 零售業人力發展專責小組報告

## Report of the Task Force on Manpower Development of the Retail Industry





# Table of Contents

	Page
Foreword	3
Membership	4
Executive Summary	8
1 Introduction	12
2 Performance of the Retail Industry	14
Overall	14
Performance by Type of Retail Outlets	15
Contribution by Tourists	16
3 Manpower Situation in the Retail Industry	18
Retail Workforce Characteristics	18
The Manpower Problem	23
Causes of the Problem	27
4 Projected Manpower Demand and Supply	38
Retail Industry Outlook	38
Manpower Demand – Projection to 2018	39
Manpower Supply Projection	43
5 Existing Services Relevant to Retail Manpower	46
Recruitment and Employment Services	46
Qualifications Framework	48
Secondary Education and Career Guidance	49
Yi Jin Diploma Programme	50
Vocational Education and Training (VET)	51
Post-Secondary Education	52
Retraining	53

# Table of Contents

	Page
6	54
Overall	54
Adopting Good People Management Policies in the Workplace	54
Providing Recruitment, Employment and Placement Services More Targeted at the Retail Industry	56
Strengthening VET on Retail and Promoting Retail Work Experience for Students	58
Raising the Industry’s Image	64
Managing Manpower Demand through Enhancement in Productivity	67
Other Observations	68
Annexes	
A	70
B	74
C	78
D	82
E	84
List of Charts	85
List of Tables	86
List of Abbreviations	87

# Foreword

Hong Kong has long taken pride as a Shopping Paradise. This is owed in no small part to our robust retail industry with people as its central asset. To manage the day-to-day operations of our retail outlets and exploit the opportunities brought by strong local consumption and vibrant inbound tourism, people with different talents and experiences are needed for frontline and managerial positions.

In view of the increasing manpower shortage in the retail industry, the Task Force on Manpower Development of the Retail Industry (Task Force) is appointed by the Financial Secretary to look into the issues of manpower as crucial to the healthy development of the industry in the long run. We have examined facts and figures relating to the present state of play of the industry and its manpower situation and its likely growth in the next few years; and reviewed measures already in place to help nurture talents for the industry in order to identify room for improvements and inspire new ideas.

I am grateful to Members for their industrious efforts in completing the work within the target timeframe of nine months. With the benefits of Members' diverse background and expertise, there were constructive exchanges of views from different perspectives. This has helped ensure a balanced consideration of all relevant factors in recommending directions for future efforts. We have also identified some wider structural issues, affecting not only the retail industry but also the whole economy, that are more suitable for a thorough debate within the community in the context of our population policy.

The Task Force could not have completed its work without the professional input from various Bureaux, Departments, statutory bodies and the secretariat. I would like to express my appreciation to all of them.

Work does not end with this Report. More has to be done, and perception has to be changed. The Task Force recommendations will provide a common platform for all stakeholders to work together. We look forward to seeing concrete responses from the Government, education and training providers and employers alike in the near future.

With the right people contributing their best parts in a retail career, Hong Kong is set to bring its time honoured brand of Shopping Paradise to new heights.



A handwritten signature in blue ink that reads "Chan".

**Professor Andrew CHAN Chi-fai, SBS, JP  
Chairman**

**Task Force on Manpower Development of the Retail Industry**

# Membership



**Mr Winston CHOW Wun-sing**

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**Ir. James KWAN Yuk-choi, JP**

A handwritten signature in black ink, appearing to read 'James Kwan'.



**Dr LEE Shu-kam**

A handwritten signature in black ink, appearing to read 'Shu-kam Lee'.



**Mr Brian LI Tze-leung, SBS, JP**

A handwritten signature in black ink, appearing to read 'Brian Li'.



A handwritten signature in black ink, appearing to read 'Guy Look'.

**Mr LOOK Guy**



A handwritten signature in black ink, appearing to read 'Philip Ma'.

**Mr Philip MA King-huen**



A handwritten signature in blue ink, appearing to read 'Caroline Mak'.

**Ms Caroline MAK Sui-king**



A handwritten signature in blue ink, appearing to read 'Francis Mok'.

**Mr Francis MOK Gar-lon**

# Membership



A stylized handwritten signature in black ink, consisting of a large loop followed by a horizontal line and a small flourish.

**Ms Malina NGAI Man-lin, JP**



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**Ms Janis TAM Kam-yee**



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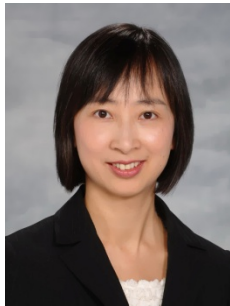
**Mr TANG Cheung-sing**





A handwritten signature in blue ink, appearing to read 'Andrew Wong'.

**Mr Andrew HY WONG, JP**  
**Permanent Secretary for Commerce and Economic Development**  
**(Commerce, Industry and Tourism)**



A handwritten signature in black ink, appearing to read 'Michelle Li'.

**Ms Michelle MS LI, JP**  
**Deputy Secretary for Education**



A handwritten signature in blue ink, appearing to read 'Doris Cheung'.

**Ms Doris MC CHEUNG, JP**  
**Deputy Secretary for Labour and Welfare (Welfare)**



A handwritten signature in black ink, appearing to read 'Susanna Chan'.

**Ms Susanna SC CHAN**  
**Deputy Executive Director, Vocational Training Council**

# Executive Summary

## The Retail Industry

1 The retail industry is an important economic sector. In terms of direct contribution to the overall economy, the total value-added of the retail industry amounted to 3.9% of Hong Kong's gross domestic product value in 2011. Direct contribution aside, the vibrant and diversified retail industry has been mutually supportive of other sectors including import and export, wholesale and logistics as well as related service sectors such as banking and finance, real estate and advertising.

## The Retail Manpower Problem and Projection

2 The retail industry has been facing a tightening manpower situation in recent years. From 2003 to June 2013, the number of persons engaged in the retail industry steadily increased from 208 000 to 264 800 (representing an increase of 27.2%). Over the same period, the number of vacancies has more than quadrupled to about 8 100 in June 2013 and the vacancy rate of the sector stood at a relatively high level of 3%. The manpower tightening may reflect the combined result of a number of factors –

- (a) the buoyant performance of retail sales, partly attributed to thriving inbound tourism. This has translated into vibrant manpower demand growth in the retail industry;
- (b) a tightening in the overall manpower situation on the back of a strong labour demand, particularly among the lower-skilled occupations including service and sales workers;
- (c) the relative competitiveness of the compensation package (notably remuneration level and working conditions) of the retail industry compared with those of other low paying sectors which share a similar lower-skilled manpower pool. The introduction of the statutory minimum wage has made jobs in the retail industry less attractive in comparison; and
- (d) some unfavourable perception of the retail industry in terms of working hours, career prospect, etc.

3 The retail business outlook remains positive in the medium term. The retail manpower demand is expected to grow at an average annual rate of 1.4% from 2010 to 2018 (compared to 1.1% for the overall economy). The Government projects a manpower shortfall of 22 000 by 2018 at various education levels between lower secondary and first degree. The retail industry may face a fair share of the negative manpower balance in this target group.

## Key Recommendations

4 The Task Force recommends that –

(A) *Adopting Good People Management Policies in the Workplace*

- (1) retail employers should keep abreast of the labour market situation and maintain a competitive remuneration level to attract and retain staff;
- (2) retail employers should keep the working conditions of their staff under review and seek proactive improvements where appropriate;
- (3) Labour Department (LD) should continue its efforts in fostering discussion between employers and employees on good people management practices and promoting and sharing effective practices relevant to the trade;

(B) *Providing Recruitment, Employment and Placement Services More Targeted at the Retail Industry*

- (4) LD should set up a dedicated webpage for retail jobs at its Interactive Employment Service which enjoys high popularity, and promote the webpage to job seekers;
- (5) LD should consider how it may bring vacancy information closer to job seekers in the locality;
- (6) retail employers should seek the Employees Retraining Board's (ERB) help in recruiting trainees, and the ERB should work with training bodies and employers in enhancing and expanding the re-training services and placing the trainees in the retail trade;

(C) *Strengthening Vocational Education and Training on Retail and Promoting Retail Work Experience for Students*

- (7) the Vocational Training Council (VTC) and other vocational education and training providers, in alignment with the Specification of Competency Standards for the retail industry and in consultation with industry stakeholders, should undertake in the long term an overall review of their programmes related to the retail sector at various Qualifications Framework (QF) levels to facilitate the recruitment and provision of manpower best suited to the needs of the industry;

# Executive Summary

- (8) the VTC should expedite its efforts in designing and rolling out in the short term appropriate retail work-integrated schemes at various QF levels to meet the needs of both employers and trainees, retail employers should provide inputs to programme contents and contributions like reasonable compensation, course fee sponsorship and on-the-job training to the trainees, and the Government should provide appropriate support;
- (9) the Government should suggest to post-secondary institutions including the VTC to monitor the medium-term demand for top-up degree / senior year places of first degree programmes from retail employees and to plan well ahead for appropriate programmes to meet the needs as may be identified;
- (10) Education Bureau (EDB) should suggest to post-secondary institutions to work with retail employers to see how best to take forward the idea of providing retail work experience to students at large as part of their learning. For those students who prefer to gain the experience through part-time jobs, LD should help to publicise to them the job opportunities as offered by employers;

## *(D) Raising the Industry's Image*

- (11) the retail industry, through the various employer associations and notably the Hong Kong Retail Management Association, should enhance its efforts in promoting a positive image of the industry as a whole to the public and attract aspiring members of the workforce to join the industry. The Government should join hands with it to pursue publicity and promotion initiatives;
- (12) EDB should enhance the retail sector's involvement in career guidance programmes and career-related experiences for students;
- (13) the Retail Industry Training Advisory Committee set up under the QF, together with employers and education and training institutions, should promote to the public the progression and continued learning opportunities for retail workers; and

## *(E) Managing Manpower Demand through Enhancement in Productivity*

- (14) the Government should engender an industry support scheme, with dollar-to-dollar matching contribution from participating enterprises, to help the industry in particular small and medium enterprises to review and identify room for improving productivity and adopting relevant practices and technologies to manage manpower demand.

## Other Observations

5 Apart from industry-specific factors affecting the manpower situation, the Task Force notes that in the background there is a worsening manpower imbalance. There is a view that the existing importation of labour schemes, which normally exclude retail occupations such as cashiers, sales assistants and warehouse keepers, should be run more flexibly to cater for the tightening manpower situation in the retail industry. Such a course is in the overall interest of the economy, and the local workforce should not be affected in principle and in practice. On the other hand, there is also a view that, instead of relaxing the importation requirements, the compensation package including the remuneration level and working conditions should be enhanced first to attract and retain staff in the retail sector, given the gap in salary level between the retail industry and all industries. Importing labour in the retail sector may have an adverse impact on providing enough jobs to youngsters who are facing an unemployment problem. The Task Force would relay the relevant observations to the Steering Committee on Population Policy for deliberation in the proper context of population policy, as the latter is engaging the public on ways to tackle the manpower shortage issues of Hong Kong as a whole alongside other population challenges.

# 1 Introduction

**1.1** The retail industry<sup>1</sup> is an important economic sector. In terms of direct contribution to the overall economy, the total value-added of the retail industry amounted to 3.9% of Hong Kong's gross domestic product (GDP) value in 2011. Direct contribution aside, the vibrant and diversified retail industry has been mutually supportive of other sectors including import and export, wholesale and logistics as well as related service sectors such as banking and finance, real estate and advertising. Its importance is also manifested in the number of workers employed. As at June 2013, 264 800 persons were engaged in the industry, or about 9.8% of total employment among the private sectors surveyed<sup>2</sup>. The number of jobs attributed to it will be even larger if we take into account the other economic sectors in mutual support.

**1.2** The retail industry performs strongly in recent years, due to keen demands from residents and tourists alike. While the robust development should mean more business opportunities, employers in the retail industry have expressed concern about increasing difficulty in recruiting workers. This might have an adverse impact on the industry and in turn the economy generally.

**1.3** In view of the situation, the Financial Secretary announced in his Budget speech 2013 the setting up of a Task Force on Manpower Development of the Retail Industry ("the Task Force"). Its terms of reference are to review the manpower needs of the retail sector, and advise the Government on matters relating to the overall manpower development of the industry in order to sustain its longer term growth. The Task Force was expected to complete its work within 2013.

**1.4** The Task Force draws on the expertise and experience from individuals within the retail sector and beyond, and includes relevant Government officials. The membership of the Task Force is as follows –

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1 Retail industry is defined as the resale (sale without transformation) of new and used goods mainly to the general public for personal or household consumption or utilisation.

2 Source: Quarterly Survey of Employment and Vacancies, C&SD.

**Chairman**

Prof. Andrew CHAN Chi-fai, SBS, JP

**Members**

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Ir. James KWAN Yuk-choi, JP

Dr LEE Shu-kam

Mr Brian LI Tze-leung, SBS, JP

Mr LOOK Guy

Mr Philip MA King-huen

Ms Caroline MAK Sui-king

Mr Francis MOK Gar-lon

Ms Malina NGAI Man-lin, JP

Ms Janis TAM Kam-ye

Mr TANG Cheung-sing

Secretary for Commerce and  
Economic Development  
or representative

Secretary for Education  
or representative

Secretary for Labour and Welfare  
or representative

Executive Director of the  
Vocational Training Council  
or representative

**Secretary**

Principal Assistant Secretary for  
Commerce and Economic Development  
(Commerce and Industry)

**1.5** The Task Force has met five times since its establishment in March 2013, and invited representatives of the Hong Kong Retail Management Association (HKRMA) and Government departments and statutory bodies to sit in at meetings including the Economic Analysis and Business Facilitation Unit (EABFU), Census and Statistics Department (C&SD), Labour Department (LD) and the Employees Retraining Board (ERB).

**1.6** The Task Force has also made reference to overseas experience, and benefitted from the sharing of ideas by the Construction Industry Council (CIC) in tackling manpower problems. Moreover, it has taken into account the views of youngsters on retail industry as a career, gathered through focus group sessions organised by the Secretariat of the Task Force with the support of the Vocational Training Council (VTC), Hong Kong Shue Yan University, the Hong Kong Polytechnic University, the Hong Kong Baptist University and Education Bureau (EDB).

**1.7** The views and recommendations of the Task Force are set out in the ensuing Chapters and submitted to the Administration in December 2013 for consideration.

# 2

## Performance of the Retail Industry

### Overall

**2.1** The retail industry has weathered ups and downs over the past decade or so (Chart 2.1a)<sup>3</sup>. First hit by the economic downturn in 2001 and then the Severe Acute Respiratory Syndrome epidemic in 2003, total retail sales volume held virtually flat from 2000 to 2003, and the share of value-added of the retail industry in the economy shrank from 2.4% in 2000 to 2.1% in 2003.

**2.2** After that, retail sales enjoyed a period of uninterrupted expansion during 2004-2008 alongside sustained economic growth and thriving inbound tourism. It was until the onset of the global financial crisis in late 2008 which hampered consumer sentiment and resulted in a mild setback in the retail industry.

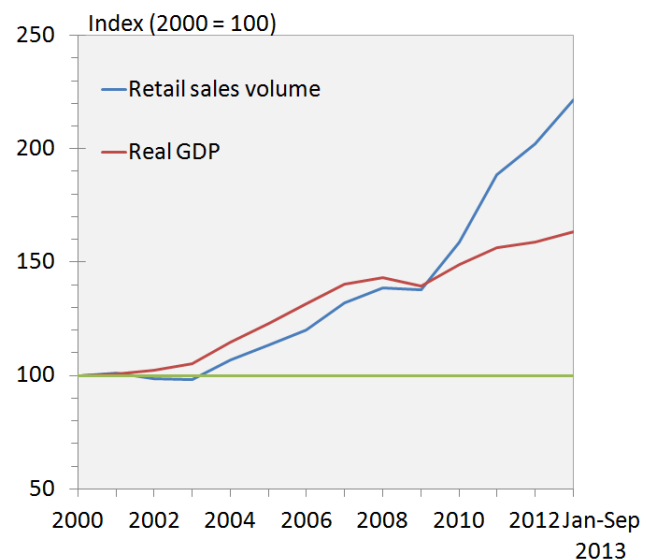
**2.3** The volume of retail sales then re-accelerated strongly and far-outpaced the overall economic growth in the ensuing years. Over the 10-year period between 2001 and 2011, the value-added of the retail industry surged 1.5-fold with its share in GDP almost doubled, from 2.3% in 2001 to 3.9% in 2011 (Chart 2.1b).

**2.4** In 2012, despite the modest economic growth, the volume of retail sales still expanded appreciably by 7.2%. Retail sales continued to fare remarkably well upon entering 2013 amid favourable labour market conditions. Taking the first nine months of 2013 as a whole, the volume of total retail sales surged 11.9% year-on-year. In value terms, the total retail sales increased

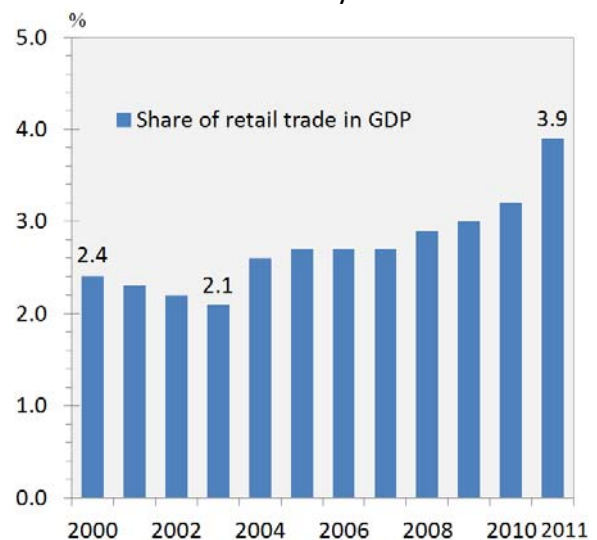
12.5% over the same period (amounting to \$367.4 billion in the first nine months of 2013).

Chart 2.1 – Performance of the Retail Industry

(a) Retail sales volume grew faster than the overall economy in recent years



(b) The retail industry accounted for a rising share of the economy



Source: GDP by Economic Activity and Monthly Surveys of Retail Sales, C&SD

3 The volume indices of retail sales before 2005 are the 2004-2005 based series which follows the Hong Kong Standard Industry Classification (HSIC) Version 1.1, while those since 2005 are the 2009-2010 based series which adopts HSIC Version 2.0. Splicing has been applied to the indices to maintain continuity.



## Performance by Type of Retail Outlets

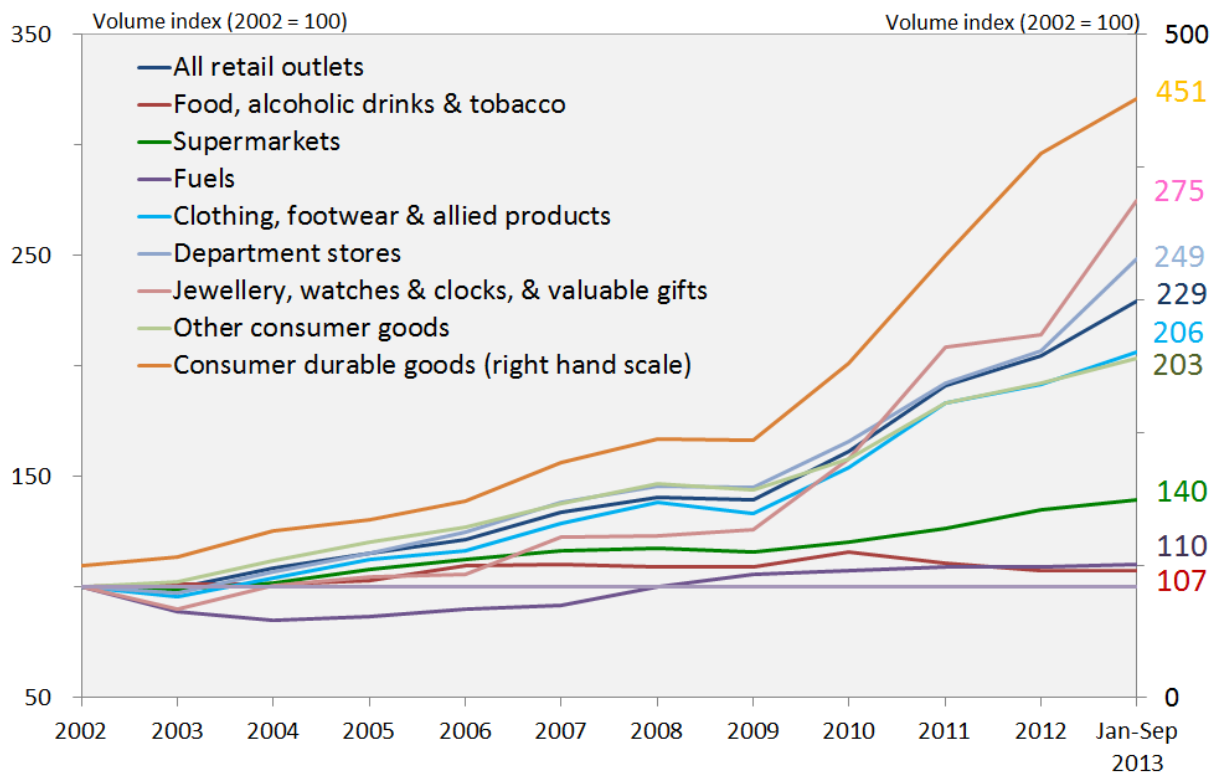
**2.5** Analysed by broad type of retail outlets, the continued expansion of retail sales had been rather broad-based since 2003 (Chart 2.2). Most types of retail outlets saw their sales volume growing at a roughly similar pace. Even during the difficult time of the global financial crisis in 2008-2009, no segment within the industry was visibly dented.

**2.6** From 2010 onwards, the sales volume of consumer durable goods increased significantly, conceivably bolstered in part by the successive launches of new consumer electronic products. Sales of luxury goods

and sales in department stores also rose appreciably over the same period. Likewise, those of other types of retail outlets saw varying degrees of expansion except for food, alcoholic drinks and tobacco.

**2.7** Latest statistics indicate that these trends continued to prevail in general for the first nine months of 2013. The sales volume grew notably for the following types: “jewellery, watches and clocks, and valuable gifts”, commodities in department stores, and consumer durable goods, by 28.3%, 20.2% and 10.1% year-on-year respectively.

Chart 2.2 – Retail Sales Volume (by Broad Types of Outlets)



Source: Monthly Surveys of Retail Sales, C&SD

# 2 Performance of the Retail Industry

## Contribution by Tourists

**2.8** The spectacular performance of the retail industry was in part contributed by the fast growth in inbound tourism, with visitor arrivals increasing at an average annual rate of 11.4% over the past ten years to reach 48.6 million in 2012. Using the shopping expenditure of incoming visitors<sup>4</sup> as a proxy for inbound tourism's contribution to the value of retail sales, the proportion of visitor spending in retail sales has been on a steady rise over the past decade, almost tripling from about 12% in 2000 to about 35% in the first half of 2013 (Chart 2.3a).

**2.9** In terms of contribution to the growth of retail sales, visitor spending has also played a notable role over the period. This was especially vital at the time of economic downturns, when local consumer sentiment was feeble in 2001-2003 and 2009 (Chart 2.3b).

**2.10** Nonetheless, Chart 2.3 shows that in many past years local residents remained the key source of growth in terms of retail sales value, most visibly during the surge in 2011. In terms of contribution to the overall economy, the tourism ratio for the retail industry stood at 0.31 in 2011 (the latest figure available). It meant that 31% of value-added generated by the retail industry came directly from inbound tourism consumption, and the rest from locals.

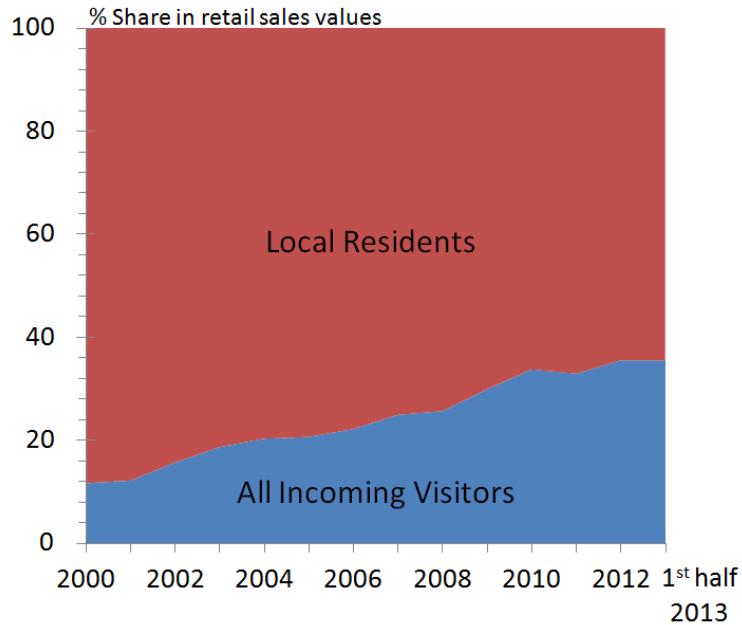
**2.11** As such, the future development of the industry would hinge on both favourable local employment and income conditions as well as a steady expansion in inbound visitors' spending.

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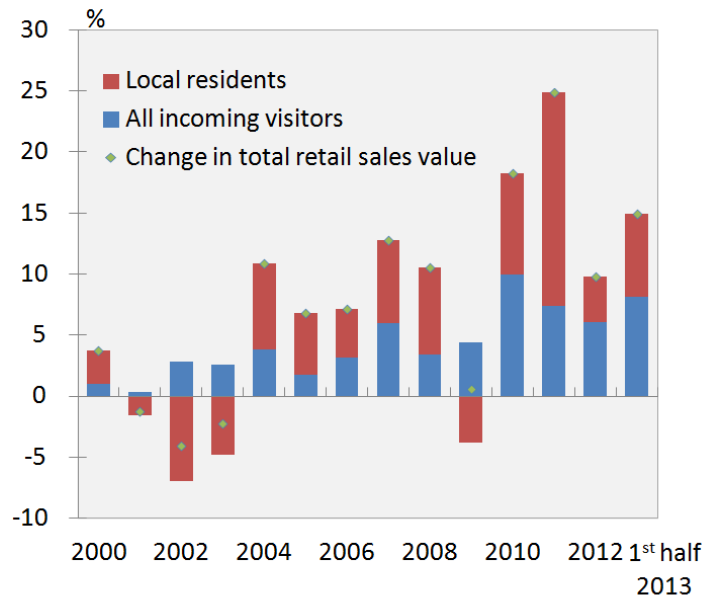
<sup>4</sup> Source: Departing Visitor Surveys, Hong Kong Tourism Board.

Chart 2.3 – Relative Importance of Inbound Tourism to Retail Sales<sup>5</sup>

(a) Share in retail sales values



(b) Contribution to growth in retail sales value



Source: Departing Visitor Surveys, Hong Kong Tourism Board; Monthly Surveys of Retail Sales, C&SD

5 Local residents' expenditure on retail sales is roughly estimated as the difference between total retail sales value (as sourced from C&SD's monthly survey of retail sales) and visitors' shopping expenditure (as sourced from the Hong Kong Tourism Board's Departing Visitor Survey).

# 3 Manpower Situation in the Retail Industry

## Retail Workforce Characteristics

**3.1** As at June 2013, there were some 65 000 establishments in the retail industry, engaging 264 800 persons<sup>6</sup>. According to the 2012 Annual Earnings and Hours Survey (AEHS), retail employees were characterised by a high proportion of lower-skilled workers as compared with other sectors in the economy as a whole (which was a feature also observed in other industries identified

as “low paying sectors”<sup>7</sup> (Table 3.1)). A more detailed comparison with the other low paying sectors indicates that the retail industry employed a larger share of higher-skilled employees (Table 3.1). Within the lower-skilled segment in the retail industry, service workers and shop sales workers is the largest occupation group (64.3% of all retail employees) (Table 3.2).

Table 3.1 – Number of Employees<sup>8</sup> (by Skill Segment)(May – Jun. 2012)

Industry	Higher-skilled Segment <sup>9</sup>	Lower-skilled Segment <sup>10</sup>
Retail	<b>45 500 (17.0%)</b>	<b>221 700 (83.0%)</b>
All Industries <sup>11</sup>	1 141 500 (39.9%)	1 722 500 (60.1%)
Restaurants	15 000 (7.2%)	194 300 (92.8%)
Estate Management, Security and Cleaning Services	28 700 (12.8%)	195 100 (87.2%)
Other Low Paying Sectors	10 600 (11.5%)	82 000 (88.5%)

Note: Figures in brackets represent the percentage of the total number of employees in the respective industry groups.

Source: 2012 AEHS, C&SD

- 6 The figures are from C&SD’s Quarterly Survey of Employment and Vacancies, which is establishment-based and excludes hawkers and retail pitches. According to C&SD’s General Household Survey, the number of employed persons in the retail industry (including hawkers and retail pitches) was 328 300 for the second quarter of 2013.
- 7 The low paying sectors as identified by the Minimum Wage Commission are : (i) retail; (ii) restaurants; (iii) estate management, security and cleaning services; and (iv) other low paying sectors, namely: elderly homes, laundry and dry cleaning services, hairdressing and other personal services, local courier services; and food processing and production.
- 8 Figures in Table 3.1 are compiled from the 2012 AEHS which is establishment-based, like the Quarterly Survey of Employment and Vacancies. Nevertheless, figures compiled from these two surveys may not be strictly comparable owing to differences in the survey reference period.
- 9 Occupational groups covered by “higher-skilled segment” include managers and administrators, professionals and associate professionals.
- 10 Occupational groups covered by “lower-skilled segment” include clerks, craft and related workers, plant and machine operators and assemblers, service workers and shop sales workers, and elementary occupations.
- 11 The total number of employees were 2 864 000 according to the 2012 AEHS which covered all employees under the Minimum Wage Ordinance (MWO) (i.e. all employees except Government employees, live-in domestic workers, student interns and work experience students as exempted by MWO) and excluded self-employed persons, employers and unpaid family workers. According to C&SD’s General Household Survey, the number of employed persons, which covered employees (including Government employees and domestic helpers), self-employed persons, employers and unpaid family workers, was 3 658 000 for the second quarter of 2012.

Table 3.2 – Number of Employees in the Lower-Skilled Segment (by Occupation Group)(May – Jun. 2012)

Industry	Clerks	Service Workers and Shop Sales Workers	Craft and Related Workers, Plant and Machine Operators and Assemblers	Elementary Occupations
Retail	<b>22 500</b> <b>(8.4%)</b>	<b>171 900</b> <b>(64.3%)</b>	<b>9 100</b> <b>(3.4%)</b>	<b>18 300</b> <b>(6.8%)</b>
All Industries	495 400 (17.3%)	461 100 (16.1%)	332 100 (11.6%)	434 000 (15.2%)
Restaurants	5 500 (2.6%)	148 200 (70.8%)	2 100 (1.0%)	38 400 (18.4%)
Estate Management, Security and Cleaning Services	16 500 (7.4%)	1 700 (0.8%)	6 500 (2.9%)	170 500 (76.2%)
Other Low Paying Sectors	5 500 (5.9%)	30 000 (32.4%)	13 100 (14.1%)	33 400 (36.1%)

Note: Figures in brackets represent the percentage of the total number of employees in the respective industry groups.

Source: 2012 AEHS, C&SD

### Box 3.1 – Size of Establishments in the Retail Industry

Of the 65 046 retail establishments<sup>12</sup>, 64 746 or 99.5% employed less than 50 people in each of them. They employed a total of 227 671 persons, representing 86.0% of the retail workforce. Among these 64 746 establishments, 58.2% engaged only one or two persons.

Source: Quarterly Survey of Employment and Vacancies June 2013, C&SD

12 An establishment is defined as an economic unit that engages, under a single ownership or control, in one or predominantly one kind of economic activity at a single physical location, e.g. a retail shop.

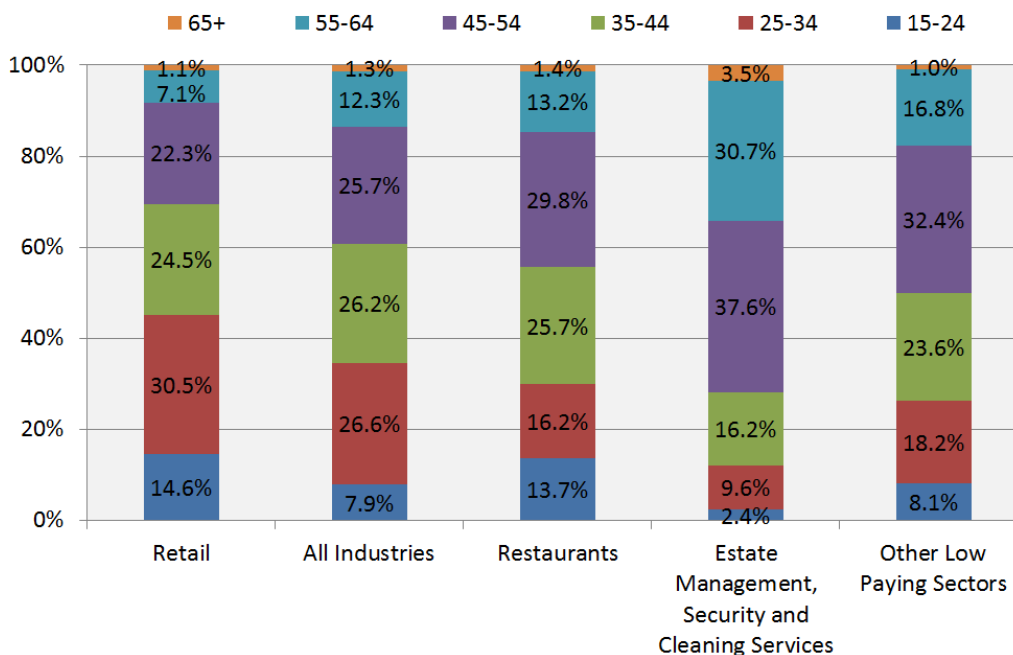
# 3

## Manpower Situation in the Retail Industry

3.2 Comparing a number of other characteristics of the retail workforce against employees in all industries as a whole, and other industries within the low paying sectors concerned, we observe that –

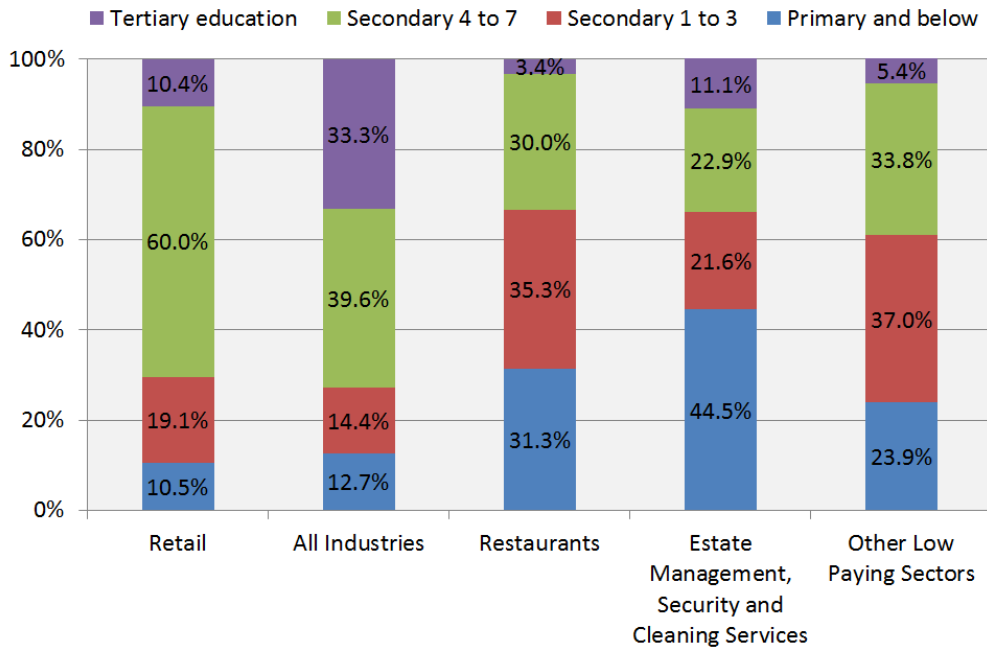
- (a) there is a larger proportion (45.1%) of younger persons (aged 15 to 34) in the retail industry than all industries and other industries within the low paying sectors concerned (Chart 3.1);
- (b) comparing with all industries as a whole, there is a higher percentage (89.6%) of employees in the retail industry who have received no more than secondary education. But comparing with other industries within the low paying sectors, the retail sector hired more workers with education at upper-secondary level and above conceivably owing to a larger proportion of higher-skilled jobs available (Chart 3.2);
- (c) most retail employees are hired full-time but the share of part-timers (13.1%) is notably higher than that for all industries, just below that of restaurants (Chart 3.3);
- (d) the retail industry has a higher proportion (66.3%) of employees working more than 5.5 days per week than that of all industries. The corresponding share for retail is however lower than that of other industries within the low paying sectors (Chart 3.4); and
- (e) the retail industry engaged more female employees (62.1%) than all industries as a whole, and more than restaurants and estate management, security and cleaning services (Chart 3.5).

Chart 3.1 – Proportion of Employees (by Age Group)  
(May – Jun. 2012)



Source: 2012 AEHS, C&SD

Chart 3.2 – Proportion of Employees (by Education Attainment)  
(May – Jun. 2012)



Source: 2012 AEHS, C&SD

Chart 3.3 – Proportion of Employees (Full-time vs Part-time)  
(May – Jun. 2012)

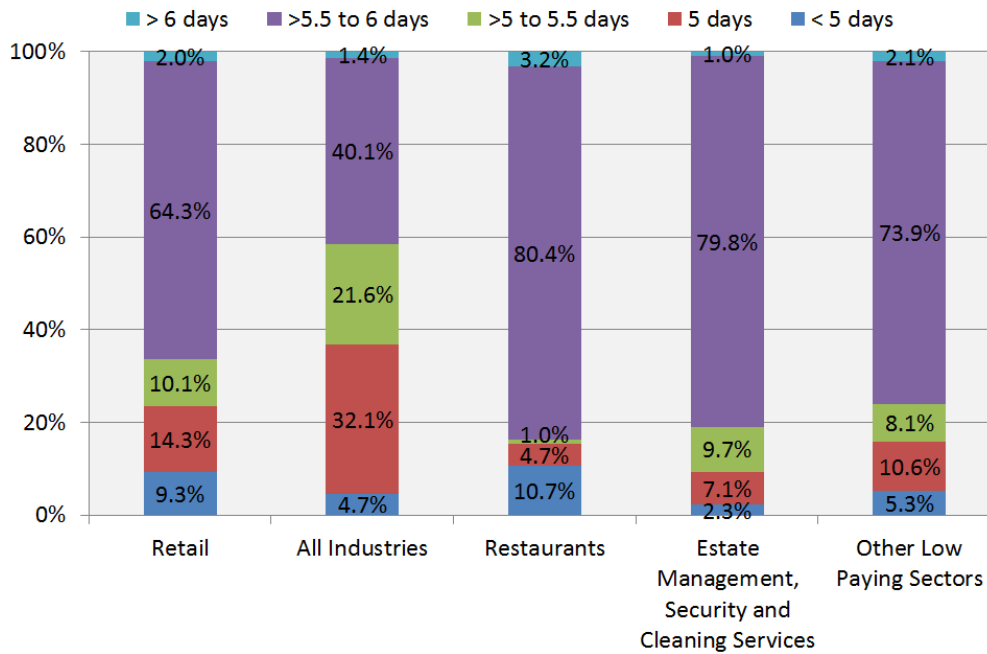


Source: 2012 AEHS, C&SD

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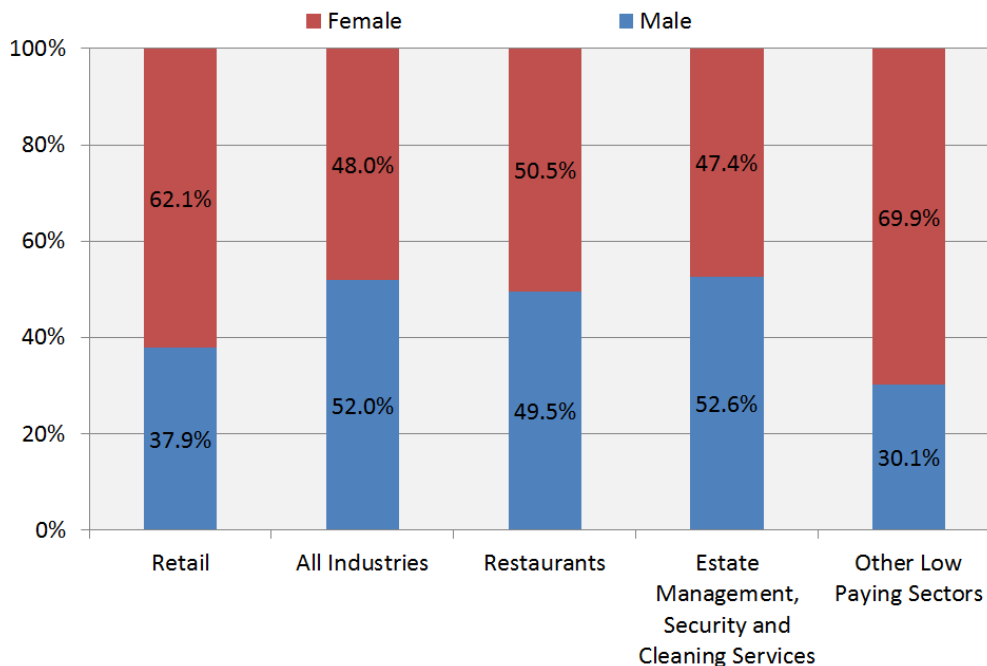
## Manpower Situation in the Retail Industry

Chart 3.4 – Proportion of Employees (by Working Days per Week)  
(May – Jun. 2012)



Source: 2012 AEHS, C&SD

Chart 3.5 – Proportion of Employees (by Gender)  
(May – Jun. 2012)



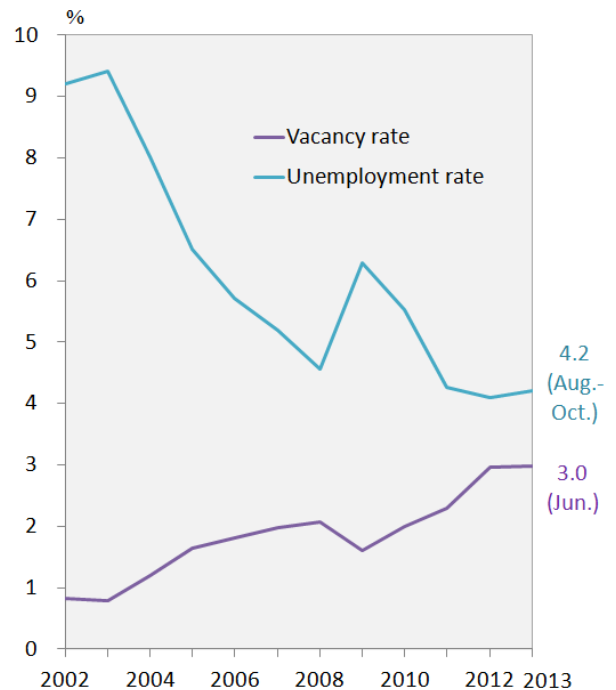
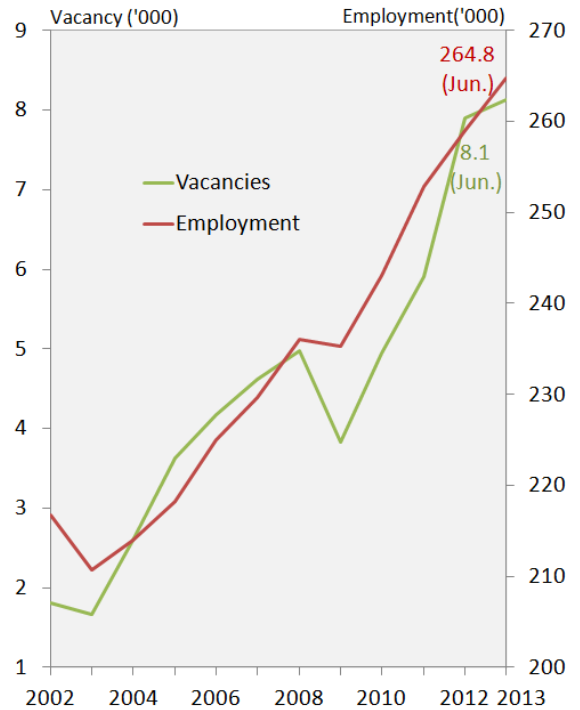
Source: 2012 AEHS, C&SD



### The Manpower Problem

3.3 In recent years, the retail industry is facing a tightening manpower situation. From 2003 to June 2013, the number of persons engaged in the retail industry steadily increased from 208 000 to 264 800 (Chart 3.6). The cumulative growth rate of 27.2% over the period has slightly outpaced that of total employment in the private sector (21.8%, from 2 218 500 to 2 701 600)<sup>13</sup>. Meanwhile, the number of retail vacancies has more than quadrupled to 8 100 in June 2013, and the vacancy rate (a percentage of job vacancies to total employment opportunities) of the sector stood at a relatively high level of 3.0%<sup>14</sup>, slightly above the overall average of 2.8% in the private sector. The tightness in retail manpower situation is also exhibited in a general downtrend in unemployment rate<sup>15</sup> of the industry from 9.4% in 2003 to 4.2% in August – October 2013.

Chart 3.6 – Trends of Employment, Unemployment and Vacancy of the Retail Industry



13 The figures are from the Quarterly Survey of Employment and Vacancies, C&SD. The corresponding increase in the labour force (including employed and unemployed population) over the same period was 11.9% (from 3 465 800 in 2003 to 3 877 200 in Q2 2013) according to C&SD’s General Household Survey.

14 The vacancy rate would become 3.3% if outlets engaging less than three persons were excluded, and 3.6% if those engaging less than ten were excluded.

15 The retail unemployment rate refers to the number of unemployed persons who were previously engaged in the retail industry as a percentage of the labour force in the industry (i.e. employed persons in the retail industry cum unemployed persons with a previous job in the retail industry).

Source: Quarterly Surveys of Employment and Vacancies and General Household Surveys, C&SD

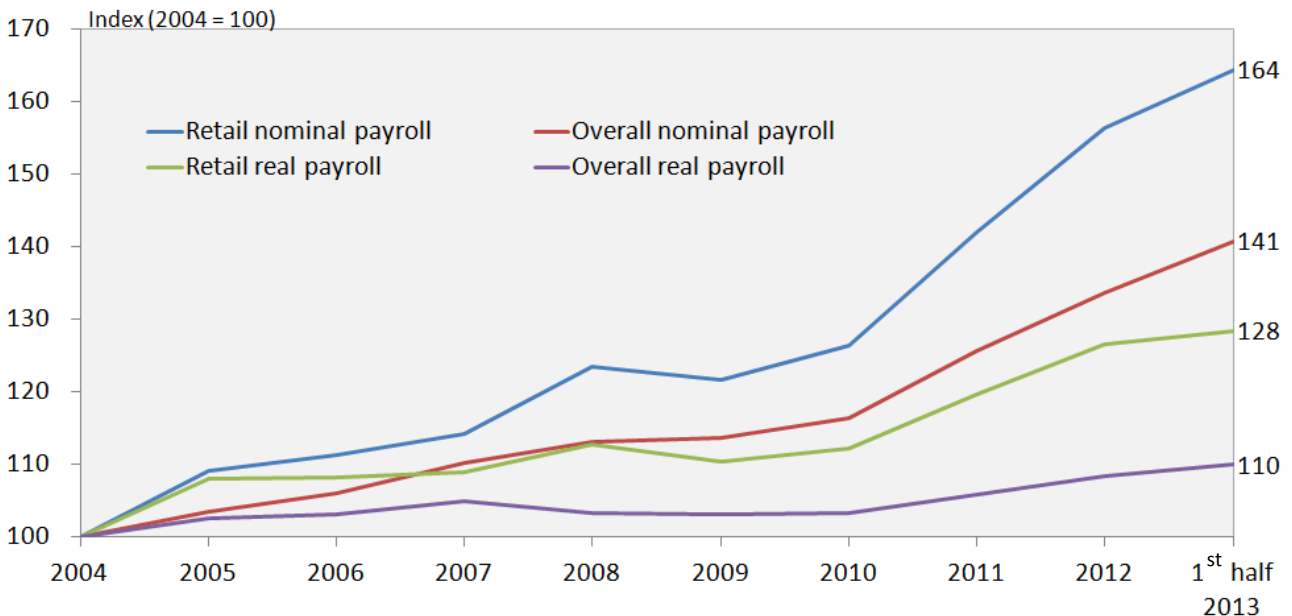
# 3

## Manpower Situation in the Retail Industry

**3.4** The HKRMA has also recorded high vacancy figures through surveys of its member companies<sup>16</sup>, which are mostly large companies. The vacancy rate for frontline staff rose from 1.3% in 2003 to 6.3% in mid 2013. The overall retail vacancy rates, based on other ad hoc surveys by the HKRMA with smaller samples, were 7.4% and 9.5% in 2011 and 2012 respectively. The respective number of retail vacancies was 4 569 and 5 102. The rising trend of vacancies was in line with that of the surveys of C&SD, though the figures were different in magnitude. The difference is probably explained by the size of respondent companies. A comparison of the methodologies of the two sets of surveys is at **Annex A**.

**3.5** Irrespective of the source of information, **the rise in vacancies over the years is a vivid manifestation of tightening manpower balance in the retail industry.** The situation would not only affect the quality of services, of which Hong Kong is proud, it might also have driven faster growth in earnings. Labour earnings for the retail industry have seen appreciable increases in recent years, outpacing the overall earnings growth (Chart 3.7). The faster earnings growth of the retail workforce, though well underpinned by the vibrant business expansion in tandem, has inevitably added to the costs of running a retail business. All these are possible factors constraining the growth of the sector.

Chart 3.7 – Trends of Earnings of Retail Industry



Source: Labour Earnings Surveys, C&SD

16 The surveys cover some companies in the catering industry.

### Box 3.2 – Sectoral Difference in Vacancy Position

There is sectoral difference in the vacancy position within the retail industry. Among the sectors with higher vacancy rates, many registered strong sales performance in recent years as shown in Chart 2.2, such as department stores, clothing, footwear and allied products, and other consumer goods.

Type of Retail Outlets	Number of Vacancies	Vacancy Rate
Other consumer goods*	2 408	3.2%
Clothing, footwear and allied products	1 974	3.8%
Food, alcoholic drinks and tobacco (other than supermarkets / convenience stores)	967	2.1%
Department stores	948	7.7%
Consumer durable goods	818	2.4%
Supermarkets / Convenience stores	608	2.0%
Jewellery, watches and clocks, and valuable gifts	258	1.3%
Fuels	143	3.9%
<b>All retail outlets (overall)</b>	<b>8 124</b>	<b>3.0%</b>

Note: (\*) Mainly include books, newspapers, stationery and gifts, Chinese drugs and herbs, medicines and cosmetics, etc.

Source: Quarterly Survey of Employment and Vacancies June 2013, C&SD

# 3 Manpower Situation in the Retail Industry

## Box 3.3 – Regional Difference in Retail Employment and Vacancy Situation

There is also a regional difference in the employment and vacancy situation of the retail workforce. Overall speaking, the retail manpower situation in Hong Kong Island and Kowloon was tighter than the New Territories.

Districts	No. of Persons Engaged		No. of Vacancies		Vacancy Rate
Hong Kong Island	63 740	(24.6%)	2 230	(28.3%)	3.4%
Kowloon	106 950	(41.3%)	3 510	(44.4%)	3.2%
New Territories	88 370	(34.1%)	2 150	(27.3%)	2.4%
<b>All districts (Overall)</b>	<b>259 050</b>	<b>(100%)</b>	<b>7 900</b>	<b>(100%)</b>	<b>3.0%</b>

Note: Figures in brackets are the proportion of the total number.

Source: Quarterly Surveys of Employment and Vacancies in 2012, C&SD

## Causes of the Problem

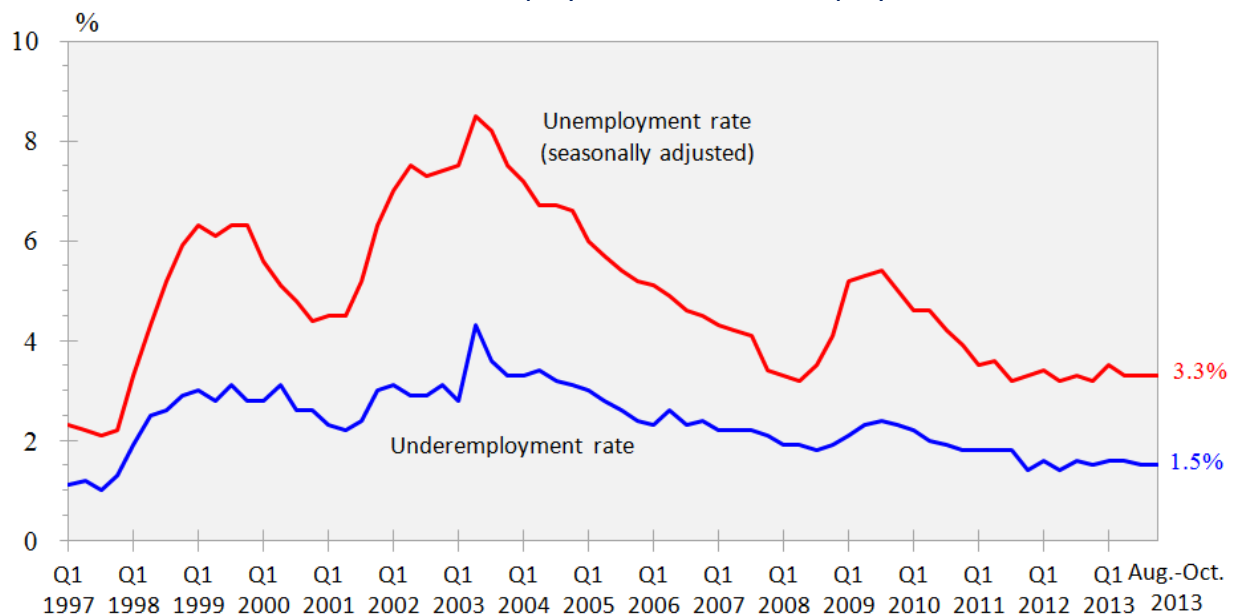
**3.6** The tightening in the manpower balance of the retail industry in recent years may reflect the combined results of a number of factors, chief among which is the buoyant performance of retail business as discussed in Chapter 2. Other relevant factors are analysed in the ensuing paragraphs.

### Overall Tightening Manpower

**3.7** There is a tightening in the overall manpower situation on the back of the strong labour demand supported by a resilient domestic sector and thriving

inbound tourism. This is particularly so among the lower-skilled occupations including service and sales workers. This is also reflected by the relatively low unemployment rate in recent years (Chart 3.8). The seasonally adjusted unemployment rate, at 3.3% in August – October 2013, has indeed been hovering around low levels of 3.2%-3.6% since early 2011, essentially signifying a persistent full-employment situation. The latest unemployment situation with breakdowns by age group, education attainment and gender are at Tables 3.3 – 3.5.

Chart 3.8 – Trends of Unemployment and Underemployment Rates



Source: General Household Surveys, C&SD

# 3

## Manpower Situation in the Retail Industry

Table 3.3 – Unemployment Rate by Age Group (Aug. – Oct. 2013)

Age Group	No. of Unemployed Persons	Unemployment Rate
15 – 19	6 800	14.1%
20 – 24	28 700	10.0%
25 – 29	18 000	3.9%
30 – 39	22 500	2.3%
40 – 49	25 800	2.6%
50 – 59	22 700	2.6%
>= 60	5 500	2.2%
<b>Overall</b>	<b>130 100</b>	<b>3.3%<sup>#</sup></b>

Note: (#) Seasonally adjusted

Source: General Household Survey, C&SD

Table 3.4 – Unemployment Rate by Education Attainment (Aug. – Oct. 2013)

Education Attainment	No. of Unemployed Persons	Unemployment Rate
Primary or below	13 300	3.3%
Lower Secondary	21 000	3.7%
Upper Secondary	50 200	3.3%
Post-secondary	45 500	3.3%
<b>Overall</b>	<b>130 100</b>	<b>3.3%<sup>#</sup></b>

Note: (#) Seasonally adjusted

Source: General Household Survey, C&SD

Table 3.5 – Unemployment Rate by Gender (Aug. – Oct. 2013)

Gender	No. of Unemployed Persons	Unemployment Rate
Male	74 100	3.7%
Female	56 000	3.0%
<b>Overall</b>	<b>130 100</b>	<b>3.3%<sup>#</sup></b>

Note: (#) Seasonally adjusted

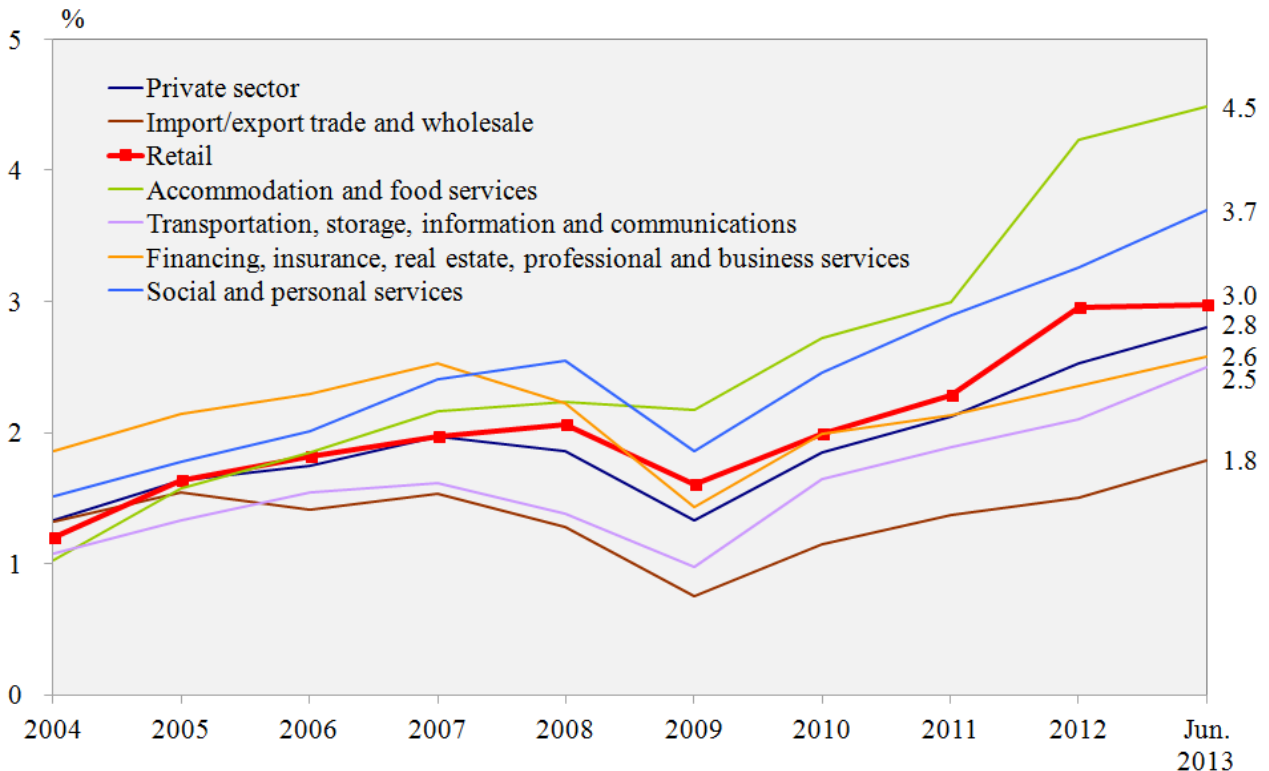
Source: General Household Survey, C&SD

### Box 3.4 – Youngsters are a Pool to be Further Tapped

In 2012, 14.6% of employees in the retail industry were aged 15 to 24 (Chart 3.1). More people of this age group could have entered the industry, as reflected by the corresponding number of unemployed persons (35 600) in Table 3.3 above. The unemployment rates of the age groups below 25 years old are also higher than those of other age groups and the overall. Conceivably, the difficulties for youngsters to be engaged in the retail industry may be due to their perceived lack of working experience, higher job mobility, etc.

**3.8** The tightening labour market conditions are rather broadly based, as reflected by the increases in the job vacancy rate across many major sectors including retail (Chart 3.9). A similar pattern is also seen in the number of job vacancies per 100 unemployed persons (Chart 3.10). The demand for lower-skilled workers was remarkably strong over the past year or so, resulting in a generally tight manpower situation for the lower-skilled occupations (Chart 3.11). It follows that **the retail sector faces particularly keen competition for labour from those industries with a higher proportion of lower-skilled jobs**, including the low paying sectors discussed in paragraph 3.1 above.

Chart 3.9 – Vacancy Rate in Selected Service Sectors

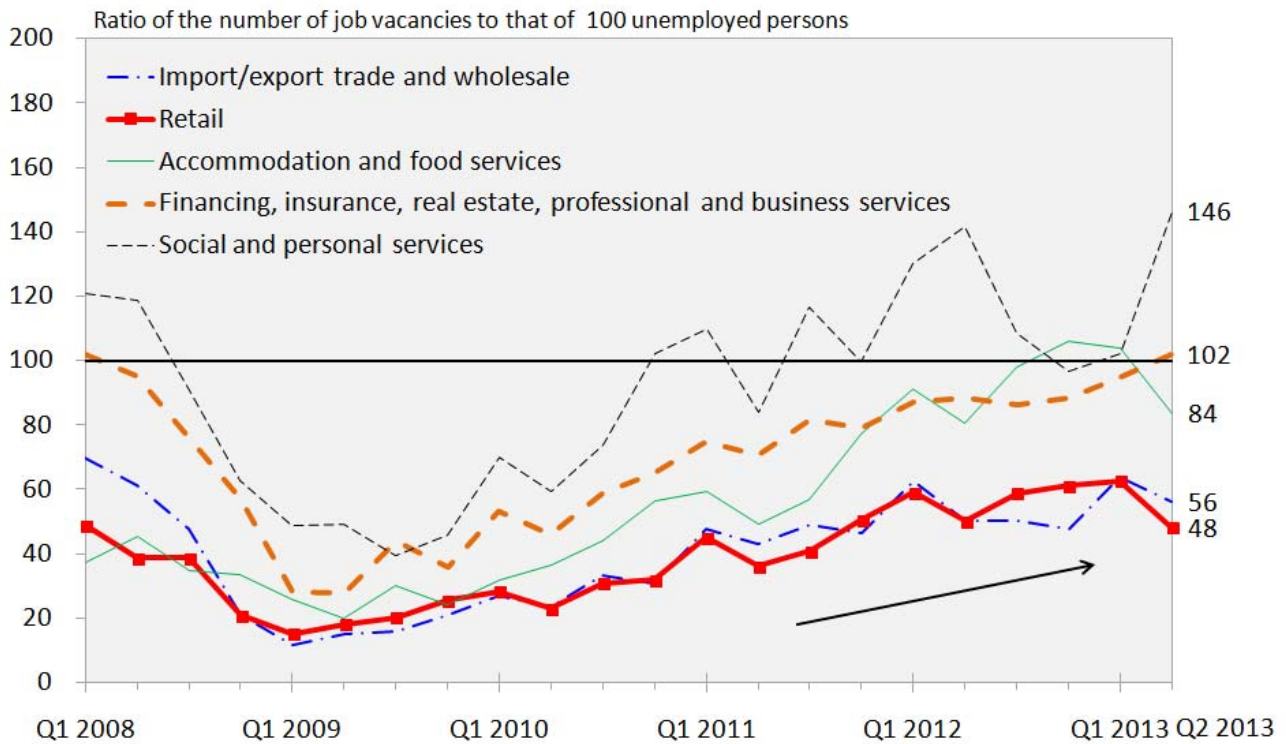


Source: Quarterly Surveys of Employment and Vacancies, C&SD

# 3

## Manpower Situation in the Retail Industry

Chart 3.10 – Number of Job Openings in Private Sector Establishments

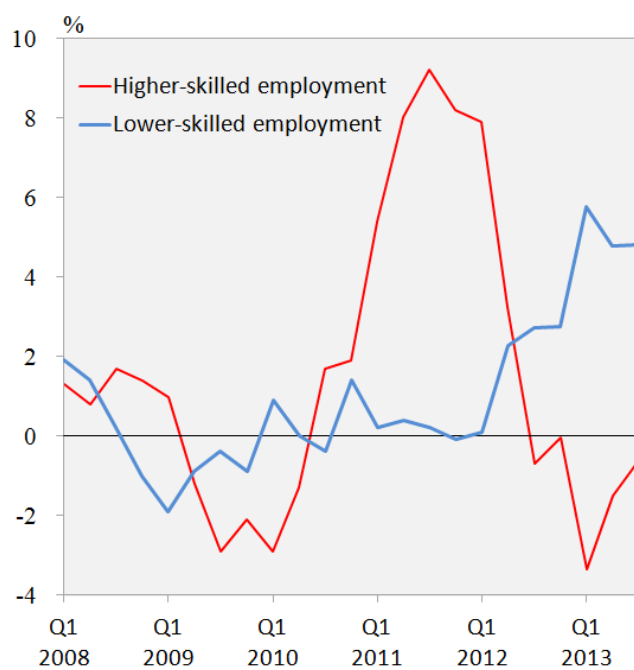


Source: Quarterly Surveys of Employment and Vacancies and General Household Surveys, C&SD

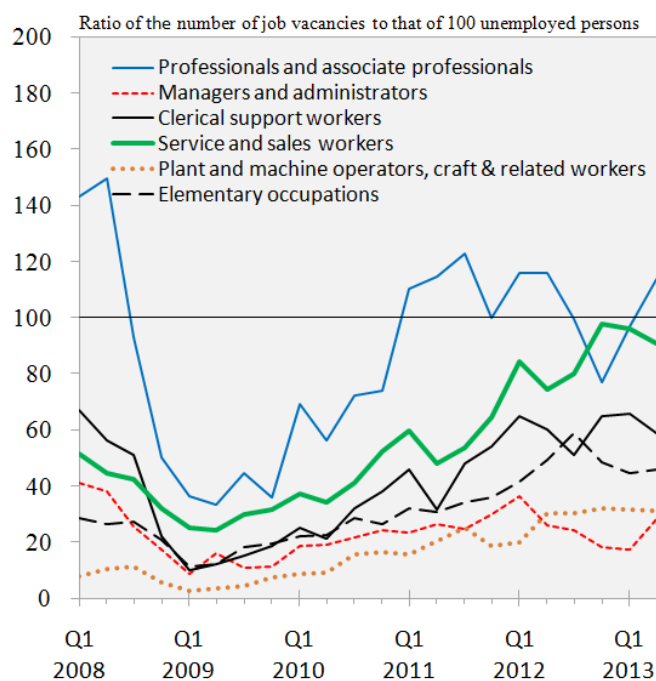


Chart 3.11 – Demand for the Lower-skilled Segment

(a) Year-on-year rate of change



(b) By occupation



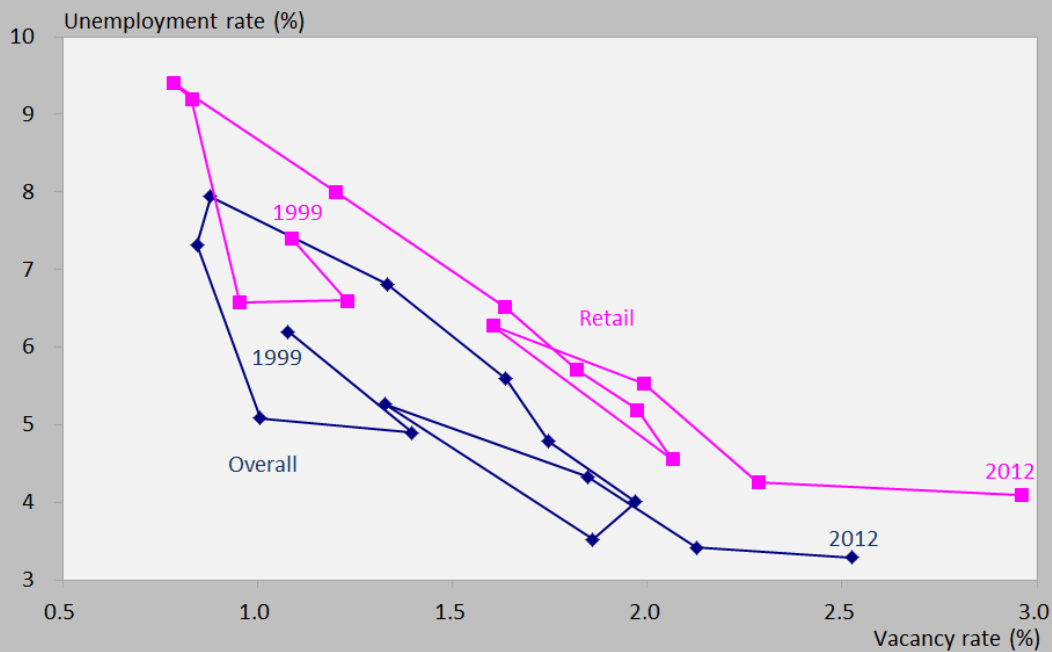
Source: Third Quarter Economic Report 2013, EABFU

# 3

## Manpower Situation in the Retail Industry

### Box 3.5 – Frictional Unemployment in the Industry

Despite the large number of vacancies, the unemployment rate for the retail industry has been persistently higher than the overall unemployment rate. The Beveridge curve as shown below, which depicts the relationship between job vacancies and unemployment, suggests greater friction for the retail industry than the overall economy. In particular, for a given level of vacancy rate, the retail industry tends to see a higher unemployment rate vis-à-vis the economy-wide average.



Source: Quarterly Surveys of Employment and Vacancies and General Household Surveys, C&SD

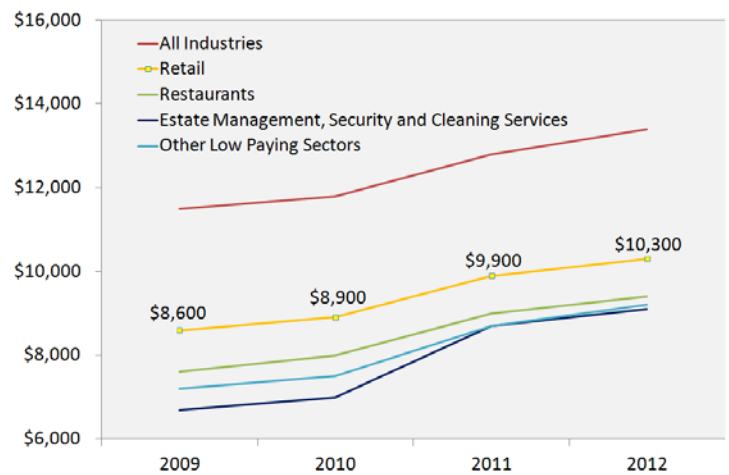
The friction may be partly explained by the fact that workers aged 15-24 comprise many first-time job-seekers who are in the transition from schooling to employment. Such transition process usually involves considerable searching and switching before settling into a more stable employment, resulting in higher frictional unemployment among youngsters.

The higher incidence of part-time work in the retail industry (13.1% vs 7.1% for all industries as a whole) is probably also relevant (Chart 3.3). Since many part-time positions are temporary and on-and-off, this would tend to translate into higher turnover as part-timers may face more frequent job searching.

## Competitiveness of Compensation Package

**3.9** In competing with other industries for manpower, the relative attractiveness of the compensation package is perhaps the first and foremost factor. The retail median monthly / hourly wages (\$10,300 / \$38.5) are lower than the respective figures for all industries (\$13,400 / \$54.8) (Table 3.6). This is not unreasonable as the retail industry comprises predominantly lower-skilled jobs (83% compared to 60% of all industries) (Table 3.1 above). Comparing with the other industries that also has a high proportion of lower-skilled workers, the retail industry fares better. However, the wage gap among these industries has been narrowed since 2011 (Chart 3.12). This may be due to the introduction of the Statutory Minimum Wage (SMW) since May 2011. The smaller gap between the retail industry and the other low paying sectors concerned may have affected the relative attractiveness of retail jobs.

Chart 3.12 – Trends of Median Monthly Wages



Source: AEHSs, C&SD

Table 3.6 – A Comparison of Industries by Monthly Wages and Hourly Wages

Industry	Median Monthly Wages	Median Hourly Wages
<b>Retail</b>	<b>\$10,300</b>	<b>\$38.5</b>
All Industries	\$13,400	\$54.8
Restaurants	\$9,400	\$35.2
Estate Management, Security and Cleaning Services	\$9,100	\$31.1
Other Low Paying Sectors	\$9,200	\$37.5

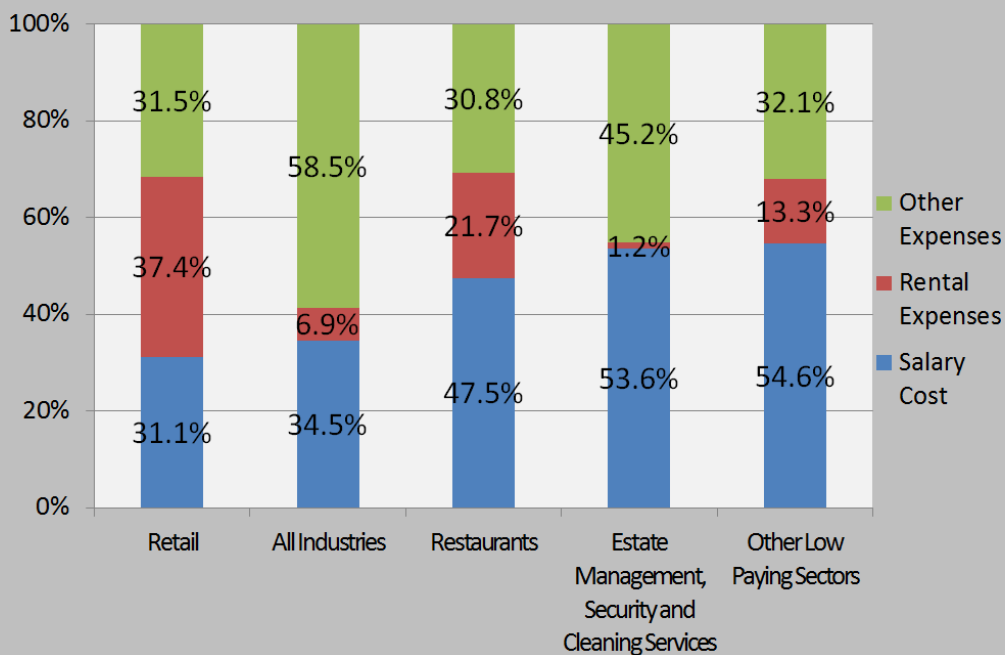
Source: 2012 AEHS, C&SD

# 3

## Manpower Situation in the Retail Industry

### Box 3.6 – Non-Salary Operating Expenses of the Retail Industry

Comparing to all the industries as a whole and other industries within the low paying sectors, retail bears the largest part of non-salary operating expenses. In particular, rental expenses as part of the total operating expenses is the largest in the retail sector. The industry is facing increasing pressure of rental increase. This might limit the room for upward adjustment of salaries.



Source: 2011 Annual Survey of Economic Activities, C&SD

**3.10** Working conditions are also a part of the compensation package and duration of work is a key indicator. In terms of working hours, retail employees have a median weekly working hours of 48 hours, which is slightly longer than that for all industries (45 hours). The same relative position is also found in the number of working days per week. The percentage of retail employees who have to work more than five days per week (76.4%) is higher than that for all industries (63.2%). Nevertheless, the retail sector has a shorter work week than other industries within the low paying sectors. A summary of the figures of 2012 is at Table 3.7.

**3.11** Many retail employees are required to work unsocial hours and over weekends and public holidays. It is also common for shop-front workers to stand for a long time during their duties. These long-standing industry practices are matters of labour concerns.

**3.12** In sum, the compensation package of retail jobs does not enjoy a clear advantage over other industries within the low paying sectors in competition for labour.

Table 3.7 – A Comparison of Industries by Median Weekly Working Hours and Distribution of Working Days per Week (May – Jun. 2012)

	Retail		All Industries		Restaurants		Estate Management, Security and Cleaning Services		Other Low Paying Sectors	
Median Weekly Working Hours	<b>48.0</b>		45.0		54.0		53.5		48.0	
% of Employees Working <5 Days per Week	<b>9.3%</b>		4.7%		10.7%		2.3%		5.3%	
% of Employees Working 5 Days per Week	<b>14.3%</b>		32.1%		4.7%		7.1%		10.6%	
% of Employees Working >5-5.5 Days per Week	<b>10.1%</b>	<b>76.4%</b>	21.6%	63.2%	1.0%	84.6%	9.7%	90.6%	8.1%	84.1%
% of Employees Working >5.5-6 Days per Week	<b>64.3%</b>		40.1%		80.4%		79.8%		73.9%	
% of Employees Working >6 Days per Week	<b>2.0%</b>		1.4%		3.2%		1.0%		2.1%	

Source: 2012 AEHS, C&SD

# 3 Manpower Situation in the Retail Industry

## Unfavourable Perception

**3.13** As a low paying sector comprising mainly lower-skilled workers, the retail industry in general does not seem to project a favourable image. This is reflected to some extent by job-changing behaviour. The industry has a high percentage (84%) of job-changers who have left their last job voluntarily (Table 3.8). For the reasons of voluntary departure (Table 3.9), about one-third of the job-changers whose last jobs were in the retail industry were not satisfied with their earnings or employee benefits. Other reasons include unsatisfactory job nature, hours of work and physical working conditions. Some of these reasons are consistent with the observations summarised in paragraphs 3.9 to 3.11 above. The perception of those who are or used to be in the retail sector could affect how people in their family and social circles think about the industry.

**3.14** To ascertain youngsters' perception of the industry and see how it has affected them in choosing a career in the industry, we conducted focus group discussions with students and recent graduates in October 2013. The participants generally find a career in the retail industry unappealing. They think that retail jobs in general offer poor working conditions, such as long standing time and insufficient break. Stress in meeting sales quotas is also turning youngsters away. Most youngsters merely regard retail jobs as an easy way to get quick cash or a stepping stone to get work experience, without an intention to stay on. The factors are similar to those identified by job-changers. One particular impression that might deter them from entering the industry is the lack of career prospect as they see it. Details of the discussions are recorded in **Annex B**.

Table 3.8 – Main Reasons for Leaving the Last Job (by Industry of Last Job)

Reason for Leaving Job	Retail	All Industries	Accommodation and Food Services	Real Estate
Leaving Last Job Voluntarily	<b>84.0%</b>	60.9%	77.2%	73.7%
Leaving Last Job Involuntarily	<b>11.7%</b>	11.5%	17.3%	11.0%
Completed Work/Contract	<b>4.3%</b>	27.6%	5.5%	15.2%

Source: Special Topic Enquiry "Job-changing of employed persons" (January-March 2012), C&SD

Table 3.9 – Main Reasons for Leaving the Last Job Voluntarily (by Industry of Last Job)

Reason for Leaving Job	Retail	All Industries	Accommodation and Food Services	Real Estate
Unsatisfactory Earnings / Poor Employee Benefits	<b>33.4%</b>	28.4%	22.6%	33.5%
Disliked the Nature of Work / Administration / Colleagues / Staff	<b>25.8%</b>	22.4%	29.6%	15.0%
Disliked Long / Inconvenient / Inflexible Hours of Work	<b>11.6%</b>	12.9%	16.7%	22.4%
Disliked Physical Working Conditions	<b>9.1%</b>	10.7%	12.8%	#
Other Reasons for Leaving Last Job Voluntarily	<b>20.1%</b>	25.6%	18.3%	22.7%

Note: (#) not released due to large sampling error

Source: Special Topic Enquiry "Job-changing of employed persons" (January-March 2012), C&SD

# 4 Projected Manpower Demand and Supply

## Retail Industry Outlook

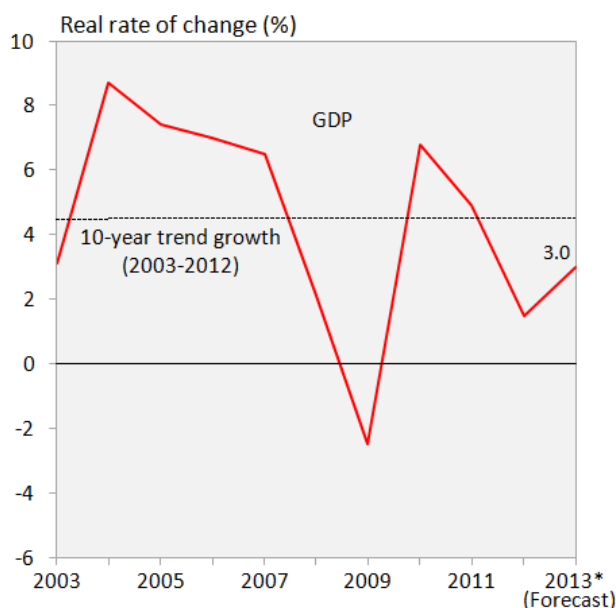
**4.1** As discussed in Chapters 2 and 3 above, the retail manpower tightening problem stems principally from strong manpower demand as a result of prosperous business. Retail sales continued to grow robustly in the first nine months of 2013, by 12.5% in value and 11.9% in volume over the same period in 2012. The growth pace moderated somewhat in the third quarter of 2013. Nevertheless, the still-favourable labour market conditions and continuing growth of inbound tourism should provide support to the retail business in the near term.

**4.2** The medium term outlook for the Hong Kong economy remains positive, as Hong Kong is in the best position to leverage on regional economic strength in moving

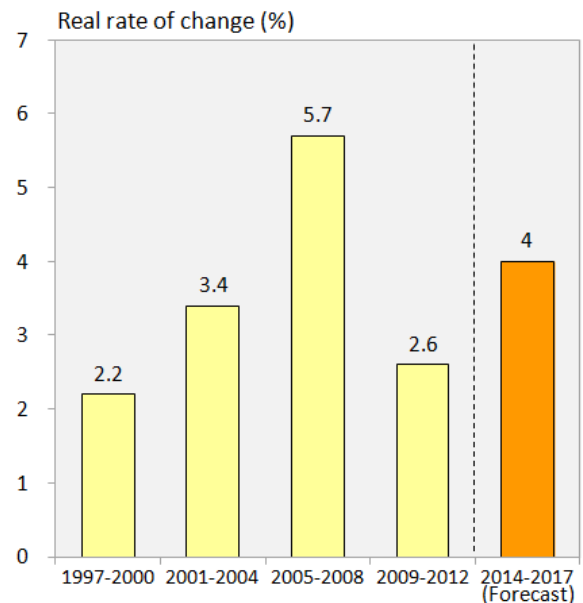
towards a high value-added, knowledge-based economy (Chart 4.1). In particular, the relatively fast economic growth and income gains in the Mainland, the further development of other Asian economies, and the continued enhancement of local tourism infrastructure will continue to bode well for our inbound tourism, which should in turn render impetus to the growth of local retail business. While total visitor arrivals may not sustain a growth pace as rapid as that seen in the past few years, tourist spending will likely remain an important driving force for retail sales growth and help serve as a cushion during times when local consumer sentiment is less upbeat or weak in the years to come. How far the business potential is going to be translated into manpower demands is examined in the following paragraphs.

Chart 4.1 – Near Term and Medium Term Economic Outlook

(a) Economy expected to show faster but sub-trend growth in 2013



(b) Trend economic growth over the medium term will be broadly in line with the past trend



Note: (\*) GDP growth forecast as at 15 November 2013

Source: 2012 Economic Background and 2013 Prospects, EABFU

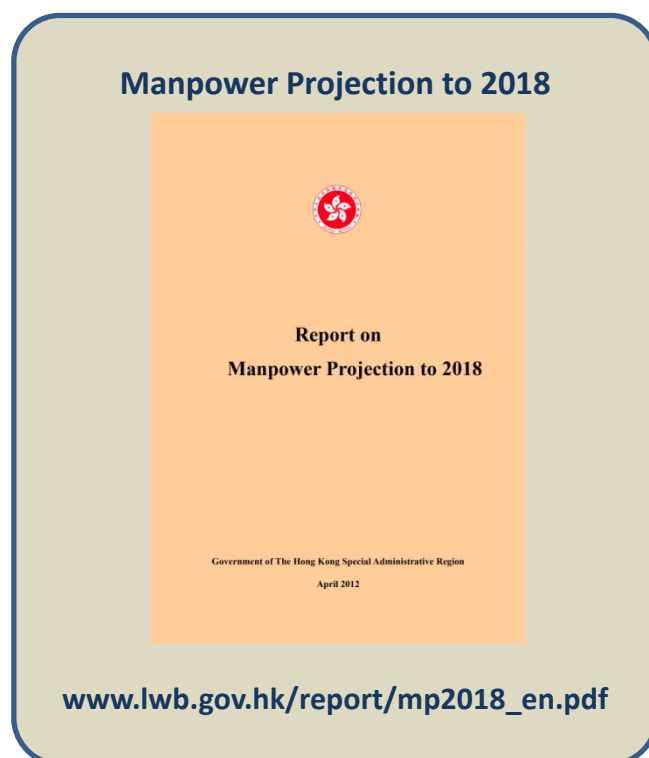


## Manpower Demand – Projection to 2018

**4.3** According to the demand forecast in the Manpower Projection to 2018<sup>17</sup> (MP2018) carried out by the Government which adopts 2010 as the base year, **the retail manpower demand is estimated to grow at an annual rate of 1.4% on average between 2010 and 2018.** In terms of headcount, the manpower requirements would increase from 305 900<sup>18</sup> in 2010 to 341 900 in 2018. The average annual growth rate of manpower requirements of the retail sector (1.4%) is projected to be higher than the average annual growth rate of the economy as a whole (1.1%). Given the cyclical nature of retail business, a scenario study of the projection is provided at **Annex C** for general reference.

**4.4** Most of the manpower requirements of the retail trade will remain to be service workers and shop sales workers (60.2% in 2010 and 59.5% in 2018). From 2010 to 2018, the demand for this occupation group will increase by an average annual rate of 1.2% while that of some other occupations in the lower-skilled segment will decrease. The growth rates of the manpower requirements of the higher-skilled workers are expected to be higher, in particular that of managers and administrators. Details are in Table 4.1 .

**4.5** By education attainment, the largest portion of workers required in the retail sector is those with upper secondary education (49.9% in 2010). The demand for workers with this education level will continue to rise at a rate of 3.1% per annum and the proportion is projected to increase to 57.2% in 2018. Details are in Table 4.2.



<sup>17</sup> The Projection is being updated to 2022, for release in 2014.

<sup>18</sup> The figure was estimated mainly based on C&SD's General Household Surveys and Quarterly Survey on Employment and Vacancies. The figure covered hawkers and retail pitches but not 4 940 vacancies in the retail sector in 2010.

# 4 Projected Manpower Demand and Supply

Table 4.1 – Manpower Requirements of Retail Industry by Occupation Group in 2010 and 2018

Occupation Group	Actual Manpower Requirement in 2010		Projected Manpower Requirement in 2018		Projected Change from 2010 to 2018	Projected Average Annual Change (2010-2018)
	Number	% share	Number	% share	Number	%
Managers and Administrators	22 500	7.4	32 000	9.4	+ 9 500	+ 4.5
Professionals	3 900	1.3	5 200	1.5	+ 1 200	+ 3.5
Associate Professionals	28 700	9.4	36 600	10.7	+ 7 900	+ 3.1
Clerks	32 900	10.8	37 700	11.0	+ 4 800	+ 1.7
<b>Service Workers and Shop Sales Workers</b>	<b>184 200</b>	<b>60.2</b>	<b>203 300</b>	<b>59.5</b>	<b>+ 19 100</b>	<b>+ 1.2</b>
Craft and Related Workers	9 400	3.1	6 100	1.8	- 3 300	- 5.2
Drivers, Plant and Machine Operators, and Assemblers	2 500	0.8	1 500	0.4	- 1 000	- 6.0
Elementary Occupations	21 800	7.1	19 600	5.7	- 2 200	- 1.3
<b>Total</b>	<b>305 900</b>	<b>100.0</b>	<b>341 900</b>	<b>100.0</b>	<b>+ 36 000</b>	<b>+ 1.4</b>

Note: There may be a slight discrepancy between the sum of individual figures and their corresponding totals in the above statistical table owing to rounding.

Source: Report on MP2018

Table 4.2 – Manpower Requirements of Retail Industry by Education Level in 2010 and 2018

Education Level	Actual Manpower Requirement in 2010		Projected Manpower Requirement in 2018		Projected Change from 2010 to 2018	Projected Average Annual Change (2010-2018)
	Number	% share	Number	% share	Number	%
Lower Secondary and below	108 000	35.3	76 900	22.5	- 31 100	- 4.2
<b>Upper Secondary</b>	<b>152 500</b>	<b>49.9</b>	<b>195 400</b>	<b>57.2</b>	<b>+ 42 900</b>	<b>+ 3.1</b>
Craft	400	0.1	900	0.3	+ 500	+ 11.8
Technician	6 700	2.2	12 200	3.6	+ 5 600	+ 7.9
Sub-degree	10 000	3.3	15 100	4.4	+ 5 200	+ 5.4
First Degree	24 600	8.0	35 400	10.4	+ 10 800	+ 4.7
Postgraduate	3 800	1.2	5 900	1.7	+ 2 100	+ 5.6
<b>Total</b>	<b>305 900</b>	<b>100.0</b>	<b>341 900</b>	<b>100.0</b>	<b>+ 36 000</b>	<b>+ 1.4</b>

Note: There may be a slight discrepancy between the sum of individual figures and their corresponding totals in the above statistical table owing to rounding.

Source: Report on MP2018

# 4 Projected Manpower Demand and Supply

4.6 The following factors support the growth of the retail industry and its manpower demand –

- (a) technology advancements in the use of social media and mobile devices together with fast changing consumer tastes would result in shorter product life cycle, more opportunities in cross-selling and the need for more frequent changes in product design;
- (b) e-commerce development will facilitate more business-to-consumer transactions and hence more manpower for information technology professionals;
- (c) the increasing income of Mainland residents, upgraded tourism infrastructure and expanded capacity together with Renminbi appreciation;
- (d) large scale infrastructure development will provide fast and convenient means for Mainland tourists to visit Hong Kong; and
- (e) the deepening economic integration between Hong Kong and the Mainland, together with strong economic fundamentals and rising disposable income in the two places;

while the following factors may limit the growth of the industry –

- (f) some new mandatory requirements such as SMW have led to higher operating costs;
- (g) the global economic outlook may adversely affect the sentiments of consumers and hence local spending; and
- (h) the local market is quite saturated, together with increasing rental and operating costs.

## Manpower Supply Projection

**4.7** Unlike some industries that have established pre-employment training systems and hence can predict the size of manpower supply through the number of planned training places (e.g. the construction industry), it is difficult for the retail industry to come up with an estimation of its future supply of labour because of the absence of special training requirements for entrance into the retail industry in general.

**4.8** For the retail sector, half of the jobs are being taken up by workers with upper secondary education. According to MP2018, while the overall labour force is projected to grow at an average annual rate of 0.6%, the manpower supply at the upper secondary education level will decrease at an average annual rate of 0.1% to 1 303 800 during the period from 2010 to 2018 (Table 4.3).

Table 4.3 – Local Manpower Supply by Education Level in 2010 and 2018

Education Level	Actual Manpower Supply in 2010		Projected Manpower Supply in 2018		Projected Change from 2010 to 2018	Projected Average Annual Change (2010-2018)
	Number	% share	Number	% share	Number	%
Lower Secondary and below	1 017 300	29.7	795 200	22.2	- 222 100	- 3.0
<b>Upper Secondary</b>	<b>1 314 900</b>	<b>38.4</b>	<b>1 303 800</b>	<b>36.4</b>	<b>- 11 200</b>	<b>- 0.1</b>
Craft	12 500	0.4	17 700	0.5	+5 200	+ 4.4
Technician	111 700	3.3	150 600	4.2	+ 38 800	+ 3.8
Sub-degree	175 200	5.1	260 600	7.3	+ 85 400	+ 5.1
First Degree	633 100	18.5	786 600	22.0	+ 153 500	+ 2.8
Postgraduate	155 300	4.5	267 900	7.5	+ 112 600	+ 7.1
<b>Total</b>	<b>3 420 200</b>	<b>100.0</b>	<b>3 582 400</b>	<b>100.0</b>	<b>+ 162 200</b>	<b>+ 0.6</b>

Notes: (1) The figures in the above table exclude foreign domestic helpers.

(2) There may be a slight discrepancy between the sum of individual figures and their corresponding totals in the above table owing to rounding.

Source: Report on MP2018

# 4 Projected Manpower Demand and Supply

**4.9** However, it should be stressed that in a society that embraces lifelong learning, it is common for people to acquire higher qualifications than those required by individual jobs (for instance, an employee at a job requiring first degree qualification may acquire a post-graduate qualification to facilitate career advancement). In addition, very often there exists some degree of substitutability between workers with different education qualifications. Thus, for a more meaningful picture we have assessed the manpower resource balance by broad education category, namely (a) lower secondary and below; (b) education levels between lower secondary and first degree (i.e. upper secondary, craft, technician and sub-degree); and (c) first degree and above, as set out in Table 4.4.

**4.10** It is projected that there will be a small manpower surplus of about 8 500 at the education level of lower secondary and below, a manpower shortfall of 22 000 at various education levels between lower secondary and first degree, and a more or less balanced manpower at first degree and above with a slight manpower shortfall of 500. **The retail industry will face a fair share of the negative manpower balance in this target group of education levels (i.e. upper secondary, craft, technician and sub-degree), thereby potentially aggravating further the already tight sectoral manpower situation.**

Table 4.4 – Projected Manpower Resource Balance by Education Level in 2018

Education Level	(a)	(b)	(c) = (a) – (b)
	Projected Manpower Supply in 2018	Projected Manpower Requirement In 2018	Projected Manpower Resource Balance in 2018 [surplus (+) / shortfall (-)]
Lower Secondary and below	795 200	786 700	+ 8 500
<b>Upper Secondary, Craft, Technician and Sub-degree</b>	<b>1 732 700</b>	<b>1 754 600</b>	<b>- 22 000</b>
First Degree and above	1 054 600	1 055 000	- 500
<b>Total</b>	<b>3 582 400</b>	<b>3 596 400</b>	<b>- 14 000</b>

Notes: (1) The figures in the above table exclude foreign domestic helpers.

(2) There may be a slight discrepancy between the sum of individual figures and their corresponding totals in the above table owing to rounding.

Source: Report on MP2018

# 5

## Existing Services Relevant to Retail Manpower

5.1 The Government and related organisations, including LD, EDB, the VTC and the ERB, are providing various services to meet the manpower needs of the retail industry. LD facilitates recruitment and employment. The VTC, the ERB and other education and training providers offer programmes having regard to the QF, as well as career guidance and placement services for entry into the industry. A summary of the key services are set out in the ensuing paragraphs. A diagram of retail-related education and training programmes is at **Annex D**. The information helps to provide a factual basis for exploring possible measures to help address the retail manpower problem.

### Recruitment and Employment Services

5.2 LD provides a wide range of recruitment and employment services. It disseminates employers' vacancy information, and provides job seekers with avenues for searching jobs.

5.3 The Interactive Employment Service (iES) website provides a round-the-clock platform for employers to advertise their vacancies at no charge. Vacancy information is released on the iES and its smartphone applications. Job seekers registered at iES may receive notification of vacancies that match their job search criteria. A total of 909 394 vacancies from the private sector were advertised on iES from January to September 2013, among which 137 950 were from the retail industry. During the period, iES recorded over one million page views per day on average.

5.4 LD operates 12 job centres throughout the territory, including the "Employment in One-stop"<sup>19</sup> in Tin Shui Wai. They provide free and comprehensive employment services to job seekers. Visitors can browse the latest vacancy information and obtain job referral and advisory services. Facilities are provided to help job seekers complete the whole job hunting process.



19 The one-stop employment and training centre in Tin Shui Wai streamlines, integrates and enhances employment and training / retraining services of LD, Social Welfare Department and the ERB.



**5.5** LD also organises large-scale job fairs at strategic locations across the territory to help employers reach out to job seekers. From January to September 2013, a total of 12 large-scale job fairs were held and attracted some 21 000 job seekers. In these fairs, 93 retail employers provided some 7 500 vacancies. To cater for the needs of employers and job seekers in the locality, LD also organises smaller-scale district-based job fairs in its 12 job centres. From January to September 2013, a total of 370 such fairs were organised. These job fairs attracted around 21 000 job seekers and provided some 37 000 retail vacancies.

**5.6** LD administers various employment programmes targeting people coming from different background. Employers of different industries, including retail, are encouraged to participate to recruit suitable employees. Under the respective programmes, namely the Youth Employment and Training

Programme (YETP)<sup>20</sup>, the Employment Programme for the Middle-aged and the Work Orientation and Placement Scheme, financial incentives are offered to employers for providing employment opportunities and on-the-job training to employees.

**5.7** A dedicated Recruitment Centre for the Retail Industry (RCRI) was set up in June 2010 as a free service venue where employers can readily stage recruitment activities and job seekers can attend job interviews. The RCRI provides customised support for retail employers. Recruitment exercises take place almost every working day. From January to September 2013, the RCRI organised 181 job fairs during which 21 596 job seekers attended on-the-spot interviews.



20 “Tailor-made training-cum-employment projects” are launched under YETP for individual establishments including those in the retail industry. These projects provide pre-employment job skills training custom-made for a particular establishment, followed by on-the-job training of 6 to 12 months. In the 2012/13 Programme Year, 17 such projects were run for retail employers.

# 5

## Existing Services Relevant to Retail Manpower

### Qualifications Framework (QF)

**5.8** On education and training, a major development in recent years is the launching of the QF in May 2008. The QF is a seven-level hierarchy covering qualifications in the academic, vocational and continuing education sectors. It establishes an accessible articulation pathway and multiple entry and exit points to promote lifelong learning, with a view to enhancing the quality, professionalism and diversification of our workforce, and to helping individuals pursue their goals according to their own roadmaps.

**5.9** Under the QF, EDB has been assisting industries in setting up their industry-specific advisory committees known as Industry Training Advisory Committees (ITACs). They serve as a platform for stakeholders to work on the implementation of the QF in their industries. ITACs also provide a forum for exchange of views on the training needs and manpower development of the industries.

**5.10** ITACs are tasked to draw up Specification of Competency Standards (SCS)

for the relevant sectors. The SCS set out the skills, knowledge and outcome standards required of employees in different functional areas at various QF levels, and provide a basis for course providers to design training courses to meet the needs of the sectors. The SCS also become the basis for industries to map out clear progression pathways whereby practitioners may draw up their own career development plans.

**5.11** With Government assistance, the retail industry set up the Retail ITAC in September 2010. The drafting of the SCS and progression pathway for the retail industry has been completed to set out what employers may expect from employees at different stages of their career pursuit. After a three-month industry wide consultation, both the SCS and progression pathway have been published for use in November 2013. A series of promotional activities like company visits, seminars and sharing sessions are being organised to promulgate the SCS and progression pathway mapped out by the Retail ITAC.

### 《能力標準說明》 Specification of Competency Standards (SCS)

#### 零售業《能力標準說明》 Specification of Competency Standards (SCS)

- 列明零售業主要職能範疇一至七級的能力標準，即行業對不同工作職務所需知識及技能的實際要求。



資歷架構  
Qualifications Framework

零售從業員  
你的增值指南

- 目標清晰 為前程鋪路
- 點滴經驗 獲充分肯定

僱主  
人力發展藍圖

- 有助招聘人才
- 推動人才發展
- 提升企業形象

培訓機構  
課程設計天書

- 緊貼市場需要
- 培訓行業精英

店長 / 店舖經理

店舖主任

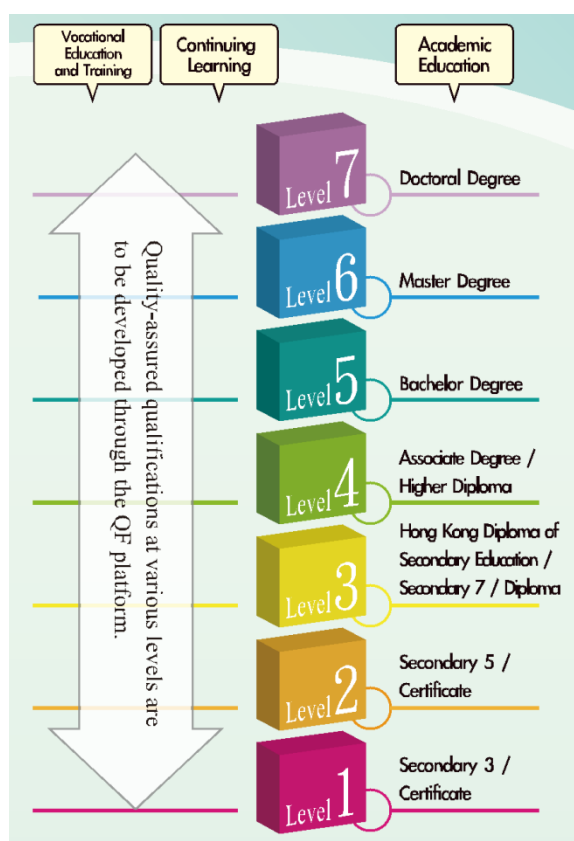
店務員

#### 零售業進階路徑

- 根據零售業《能力標準說明》，列明零售業主要職位、基本職責及能力要求，並晉升階梯。
- 從業員可清楚掌握事業發展路向，訂立個人進修計劃。
- 僱主可利用進階路徑，制定人力資源管理策略。
- 有志加入零售業的人士，能清晰知道工作發展前景。



**5.12** The QF not only covers qualifications obtained from formal learning, but also puts in place the Recognition of Prior Learning (RPL) mechanism for the recognition of skills, knowledge and relevant experience acquired by practitioners in the workplace. ITACs advise the Government on the implementation of an RPL mechanism in their respective industries based on the SCS formulated. The Retail ITAC is preparing for the implementation of such a mechanism in the retail industry.



## Secondary Education and Career Guidance

**5.13** Retail-related education is offered at suitable levels of the school system, supplemented by career guidance on working in the sector.

**5.14** “Applied Learning” (ApL) is introduced to Secondary 5 and 6 students to cater for their diverse learning needs. ApL offers studies with stronger elements of practical learning linked to broad professional and vocational fields. ApL aims at enabling students to understand fundamental theories and concepts through application and practice, and to develop their generic skills in authentic context. There are six areas of studies for ApL, including “Business, Management and Law” which covers one course relating to retail for the 2013-15 cohort of students. In the 2012 and 2013 Hong Kong Diploma of Secondary Education (HKDSE) Examination, the number of candidates taking retail-related ApL courses is 26 and 43 respectively.

**5.15** EDB also provides secondary school students with career information and support through career information expos, talks and seminars etc. involving the retail industry from time to time. EDB has organised the Career Information Series 2013/14 jointly with the QF Secretariat for the school sector, providing a series of career seminars running from October to December 2013 targeted at senior secondary students and teachers. The retail industry was also covered in one of the seminars.

# 5 Existing Services Relevant to Retail Manpower

## Yi Jin Diploma (YJD) Programme

**5.16** The YJD Programme<sup>21</sup> provides an alternative pathway for Secondary 6 school leavers and adult learners to obtain a formal qualification for employment and further study. In addition to basic core modules, YJD students are required to study one elective cluster comprising three modules mainly of a practical nature. In the academic year (AY) 2013/14, four retail-related elective clusters are offered with a total enrolment of 21. Details of the elective clusters are shown in Table 5.1.



Table 5.1 – Retail-related Elective Clusters Offered under YJD Programme in the AY 2013/14

Institution		Elective Cluster	Elective Modules
1	School of Business and Information Systems, VTC	Business Studies	(a) Retail Operation (b) Accounting (c) Integrated Commercial Practice
2		Retail Management	(a) Retail Operation (b) Advertising Promotional Strategies (c) E-Business
3	School of Continuing Education, Baptist University	Retail Management	(a) Consumer Behaviour (b) Retail Merchandising and Promotion (c) Customer Services and Store Management
4	Caritas Community and Higher Education Service	Retail Marketing Management	(a) Introduction to Management (b) Marketing and Customer Relationship (c) Retail Marketing Operation

<sup>21</sup> The YJD Programme is run by providers on a self-financing basis.

## Vocational Education and Training

**5.17** The VTC is the largest provider in vocational education, training and professional development courses in Hong Kong. It supports industries in their manpower development. For the retail sector, it offers the following programmes for school leavers and in-service employees –

- (a) Higher Diploma (HD) Courses (Business Discipline) by the Institute of Vocational Education (IVE), including an HD in Retail and Merchandising and an HD in Purchasing and Supply Chain Management;
- (b) Foundation Diploma in Business by IVE;

- (c) Diploma in Vocational Education (Business Programme) by the Youth College (YC);
- (d) YJD Programme – Business Studies and Retail Management elective clusters by the School of Business and Information System (SBI) as mentioned in paragraph 5.16 and Table 5.1 above; and
- (e) other courses including regular practical training courses and corporate training by the Business Services Centre.

**5.18** The VTC's vocational training courses are well received. Statistics on graduates taking courses related to the retail industry in the last four AYs are shown in Table 5.2.

**5.19** In the AY 2013/14, the VTC's Business Services Centre and the HKRMA launched a new professional certificate course and a new professional diploma course in Retail Management with a total of 30 trainees enrolled.



Table 5.2 – Number of Graduates (Retail-related Courses)

		AY 2010/11	AY 2011/12	AY 2012/13	AY 2013/14**
1	IVE - HD Courses	1 034 + 335*	1 017 + 237*	1 192 + 176*	955 + 200*
2	IVE - Foundation Diploma Courses	1 314	393	971	1 680
3	YC - Diploma in Vocational Education	433	Gap Year	298	300
4	SBI – YJD	162	50	40	50
5	Business Services Centre	3 927#	3 801#	2 340#	555# (up to 21 Nov 2013)

Notes: (\*) Part-time courses graduates  
 (\*\*) Projected number  
 (#) In-service training

# 5 Existing Services Relevant to Retail Manpower

## Post-Secondary Education

**5.20** Apart from the VTC, education and training providers in the post-secondary sector that run programmes relevant to the retail industry include the School of Continuing Education, Hong Kong Baptist University (BU SCE), the City University of Hong Kong, the School of Professional and Continuing Education, University of Hong Kong (HKU SPACE) as well as the School of Professional Education and Executive Development, Hong Kong Polytechnic University (SPEED).

**5.21** In the AY 2013/14, several locally-accredited retail-related programmes were offered by various post-secondary institutions. Table 5.3 lists some of the programmes.



香港浸會大學持續教育學院  
SCHOOL OF CONTINUING EDUCATION  
HONG KONG BAPTIST UNIVERSITY



香港城市大學  
City University  
of Hong Kong



**HKU SPACE**

香港大學專業進修學院  
HKU School of Professional and Continuing Education



THE HONG KONG  
POLYTECHNIC UNIVERSITY  
香港理工大學

School of Professional Education  
and Executive Development  
專業進修學院

**SPEED**

Table 5.3 – Examples of Retail-related Programmes Offered by Post-secondary Institutions Excluding the VTC

Institution		Programme	Study Mode	Duration
1	BU SCE	Advanced Diploma in Business (Retail Management)	Part-time	18 months
2		Professional Diploma in Retail Management	Part-time	9 months
3	City University of Hong Kong	Bachelor of Business Administration (Honours) in Service Operations Management (Top-up Degree) <sup>#</sup>	Full-time	2 years
4	HKU SPACE	Advanced Diploma in Marketing and Retail Management	Part-time	2 years
5	SPEED	Bachelor of Arts (Honours) in Retail and Service Management (Top-up Degree)	Full-time	2 years

Note: (#) The course will be discontinued in the AY 2014/15

## Retraining

**5.22** The ERB offers courses to Hong Kong eligible employees aged 15 or above with education no higher than sub-degree level -

- (a) placement-tied courses, with training allowances, are provided for the unemployed. Following course completion, the trainees will receive placement follow-up services rendered by the training bodies for three to six months;
- (b) half-day or evening courses including Skills Upgrading Scheme Plus (SUS Plus)<sup>22</sup> courses and generic skills training courses are provided for both the unemployed and in-service workers.

Training courses on the retail industry cover both generic trade skills training on shop operation and management as well as product- and service-specific skills training. So far, the placement-tied “Certificate in Retail Salesperson Training” course is most popular among the courses on the retail industry.

**5.23** The ERB has been offering training courses on the retail industry since 1996. The number of retail courses increased from eight in 2010-11 to 29 in 2013-14. Over 5 700 trainees completed such courses<sup>23</sup> from 2010-11 to 2013-14 (up to 30 June 2013). Of the 3 300 trainees who completed placement-tied courses in 2010-11 to

2012-13, about 80% landed on jobs within the placement follow-up period (i.e. three to six months after completion of the course). About 60% of them remained in employment six months after completion of the placement period (i.e. nine to twelve months after completion of the course).

**5.24** To ensure that the training courses suitably cater for the market demand of different industries, the ERB has set up Industry Consultative Networks (ICNs) for various industries with members comprising representatives of employer associations, trade unions, professional bodies, and veteran practitioners. The ICN for the retail industry was established in 2009. It comprises 19 members.

**5.25** Other services provided by the ERB are at **Annex E**.



22 To encourage employers to provide training for their employees, the ERB has started to offer enterprise-based SUS Plus courses since 1 October 2012. Flexibility on training time and venue is allowed for individual employers.

23 A trainee with an attendance rate of 80% is regarded as having completed a course.

# 6 Recommendations

## Overall

**6.1** Hong Kong thrives as a market economy. In considering ways to mitigate the manpower tightening problem of the retail industry as discussed in previous Chapters, we should bear in mind that market forces, while not being a panacea in itself, should remain the major drive that seeks to balance the manpower supply and demand. That notwithstanding, there is room for the Government and other stakeholders to contribute in alleviating the manpower problem.

**6.2** Against this background, to address the host of factors behind the manpower tightening problem as identified, the Task Force recommends a multi-pronged strategy that covers the following -

- (a) adopting good people management policies in the workplace (paragraphs 6.3 to 6.6 below);
- (b) providing recruitment, employment and placement services more targeted at the retail industry (paragraphs 6.7 to 6.15);
- (c) strengthening vocational education and training (VET) on retail and promoting retail work experience for students (paragraphs 6.16 to 6.33);
- (d) raising the industry's image (paragraphs 6.34 to 6.37); and
- (e) managing retail manpower demand through enhancement of productivity. (paragraphs 6.38 to 6.40).

Paragraphs 6.3 to 6.40 below set out the measures recommended by the Task Force. Other observations pertinent to a projected overall manpower shortage are set out in paragraphs 6.41 to 6.47.

### **Adopting Good People Management Policies in the Workplace**

**6.3** Retail is one of the low paying sectors, as identified by the Minimum Wage Commission. Retail wages are generally higher than those of other low paying sectors although the margin has been reduced after the introduction of the SMW in May 2011. It is important to enhance the relative attractiveness of retail jobs in terms of salary. **The Task Force recommends retail employers to keep abreast of the labour market situation and maintain a competitive remuneration level to attract and retain staff.** As always the economic calculus of such a course and the extent of any salary adjustment is a matter for individual employers taking into account a host of other market factors, including the relatively high rental costs being borne by retail employers (Box 3.6).

**6.4** Working conditions also affect the attractiveness of retail jobs. The median working hours per week, for example, are higher for the retail industry than that of all industries as a whole. Moreover, many retail employees are required to work in unsocial hours and over weekends and public holidays. It is also common for shop-front workers to stand for a long time during their duties. The various requirements may have their

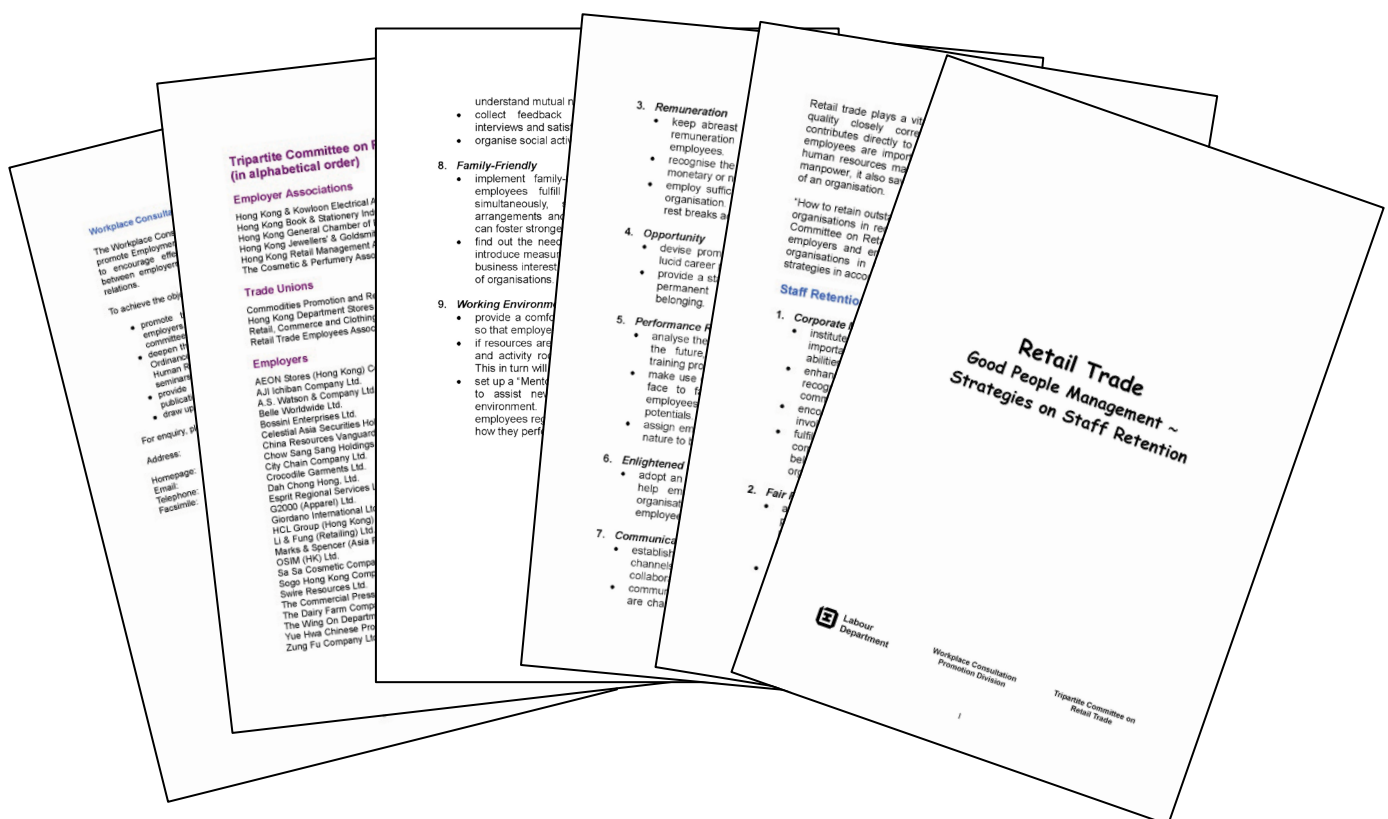


operational reasons, but it is imperative for the industry to explore what improvements may be made in the light of latest industry best practices and business environment. This may mean making changes to work patterns and the workplace environment, or even the employment of extra pairs of hands. The improvements should be worth the while not only for the companies concerned, but also for the image of the retail industry in the long run. **The Task Force recommends retail employers to keep the working conditions of their staff under review and seek proactive improvements where appropriate.**

**6.5** Remuneration and working conditions are indeed part of the overall people management policies of employers. Important as they are, other parts of the whole package such as caring culture, performance review, training opportunities,

career prospects, family-friendly practices, etc may also have a bearing on attracting and retaining staff. The matter has been discussed by the Tripartite Committee on Retail Trade (TCRT) set up by LD comprising representatives of employer associations, employers and trade unions. In consultation with members of the TCRT, a leaflet entitled “Good People Management – Strategies on Staff Retention” has been produced for wide dissemination in the retail sector.

**6.6** The Task Force recommends LD to continue its efforts in fostering discussion between employers and employees on good people management practices and promoting and sharing effective practices relevant to the trade. The TCRT should remain a valuable platform for exchanging views among stakeholders. LD may also explore ways to further promote these good practices to employers.



# 6 Recommendations

## Providing Recruitment, Employment and Placement Services More Targeted at the Retail Industry

**6.7** Members note the wide range of free recruitment and employment services provided by LD to facilitate employment. The Department maintains the iES website with a mobile application as well as a webpage dedicated to part-time vacancies. LD also operates a network of 12 job centres in the territory, and organises large-scale and district-based job fairs. Apart from these services provided for industries across the board, LD runs the RCRI in Wanchai.

**6.8** The RCRI has served the purpose of giving prominence to employment opportunities in the sector. By paying visits to the RCRI, job seekers can have ready access to a wide array of openings in the industry. It also provides a convenient venue for retail employers to stage recruitment activities and conduct on-the-spot interviews so that the recruitment process can be sped up and completed in a one-stop manner. Members see merits in extending this retail-specific approach to the web services of LD.

**6.9** The Task Force recommends LD to set up a dedicated webpage for retail jobs at the iES which enjoys high popularity and to promote the webpage to job seekers. The dedicated webpage would become a virtual focal point for matching jobs and workers for the retail industry.

**6.10** LD also operates job centres that provide recruitment services to various industries including retail by organising a large number of job fairs every year at different locations. The labour supply varies from district to district, as does the demand of the retail sector but not necessarily in the same manner. For example, there is a higher retail vacancy rate on Hong Kong Island, but more job seekers may be found in Kowloon and the New Territories.

**6.11** The Task Force recommends LD to consider how it may bring vacancy information closer to job seekers in the locality. For example, it may organise job fairs tailor-made for the retail sector in job centres of targeted districts year-round.





**6.14** About 82% of around 1500 trainees completing the ERB's retail placement-tied courses in 2011-12 were placed (i.e. trainees who were successfully placed three to six months after completion of the course). While the placement rate is satisfactory, there may be room to recruit more trainees as a source of trained manpower for the retail sector. The threshold placement rate of 70% for training providers to achieve may be material. There may be a case for both the training bodies to recruit and train people better meeting the needs of the retail sector and the retail sector to take on more ERB graduates.

**6.15** **The Task Force recommends retail employers to seek the ERB's help in recruiting trainees, and the ERB to work with training bodies and employers in enhancing and expanding the re-training services and placing the trainees in the retail trade.** With support from employers, training bodies may consider launching more retail courses. Retail employers may continue to reflect their manpower requirements and training needs to the ERB through the ICN. The provision of courses that suit the employers' needs closely would also help enhance the retention of the placed trainees.

**6.12** Job-matching and referral services are also provided by the ERB for trainees completing its placement-tied courses, including those for the retail sector. As discussed in Chapter 5, this forms a good source of retail labour. About 2 000 places are being offered in 2013-14 for the retail industry.

**6.13** In fact, the educational profile of ERB's retail trainees<sup>24</sup> closely reflects that of employees of the industry. In 2012-13, 46% (out of 2 252 in total) of ERB's trainees of full-time placement-tied retail courses had received education at senior secondary level. The corresponding percentage figures for all retail employees as a whole were about 60% as at mid 2012.

24 As at May to June 2012, 19% of the trainees were below the age of 30, comparing to 45.1% below the age of 35 of all retail employees.

# 6 Recommendations

## Strengthening VET on Retail and Promoting Retail Work Experience for Students

**6.16** As illustrated in Box 3.4 above, youngsters are a major potential source of new blood for the retail sector. As seen from the experience of Germany (see Box 6.1), for example, an elaborate and sophisticated VET system would help bridge youngsters to the working world. Acquiring vocational skills would help youngsters develop and realise their talents. For those who are less academically inclined, VET may help them secure jobs that suit their interests better. VET would also produce trained manpower to support economic development and industry needs.

**6.17** In Hong Kong, IVE under the VTC, for example, runs various retail-specific programmes but the demand and enrolment are not particularly encouraging<sup>25</sup>. The reasons behind the lack of keen interest in the retail sector among youngsters may be manifold. Chief among those may be a lack of articulation of a structured progression pathway in the retail sector. Apart from compensation package, youngsters take career aspiration as an important factor in deciding whether to join the retail trade. Absence of signposts along the way only turns them off at an early stage.

**6.18** This is not helped by the rather unstructured, and perhaps inadequate, offering of programmes specialised in the retail industry by academic, vocational and continuing education providers. For the employers, perhaps only a minority is seeing pre-employment training as a prerequisite or a preference for the new recruits<sup>26</sup>. They might be just quite used to a very flexible employment ecosystem with on-the-job training as a centre piece for progression.

**6.19** All these feed into a vicious cycle which must be broken. The starting point is the QF. With the retail sector joining the QF (paragraphs 5.11 and 5.12), VET providers may have a more informed basis to develop retail-related programmes under a widely accepted hierarchy. Development of the SCS for the retail industry at a time of rapid manpower demand growth provide them a natural opportunity to revisit the adequacy, relevance and publicity of their programmes at various levels, possibly up to first degree, in consultation with industry stakeholders. More structured and recognised programmes for the retail sector would also enhance its professionalism.

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25 For the Higher Diploma in Retail and Merchandising Management, 52 enrolled for the 60 places offered in the AY 2013/14. For the Professional Diploma, 30 enrolled as at November 2013 for the 60 places offered in the AY 2013/14. For the Advanced Certificate, 525 enrolled as at November 2013.

26 Respectively 5.7% and 17% of all respondents to the 2012 Manpower Survey of the Retail Trade Training Board ([www.vtc.edu.hk/html/en/about/manpower\\_publications2155.html](http://www.vtc.edu.hk/html/en/about/manpower_publications2155.html)).

### **Box 6.1 – Apprenticeship in Germany**

Germany has the lowest youth unemployment rate (8.1% in 2012) in Europe. An important reason often quoted is the German VET system that effectively bridges youngsters from school to the labour market. Apart from vocational schools or tertiary education, school leavers may receive “dual” vocational training (apprenticeship), with alternating school-based and on-the-job training.

Apprenticeships in Germany cover about 350 officially recognised occupations. They usually last two to four years. Apprentices spend three or four days per week in the workplace, and up to two days per week learning a mix of general and occupation-specific knowledge at vocational schools.

The professional competences to be acquired in on-the-job training are specified in the training regulations and included in training plans of individual enterprises.

Completion of apprenticeship will link to the corresponding level in the German Qualifications Framework for Lifelong Learning, which encompasses all qualifications within the German educational system across every field of education. In general, two-year apprenticeships will be linked to Level 3 of the Framework while three-and-a-half-year apprenticeships to Level 4.

The apprenticeship admits two-thirds of youngsters completing general schooling each year. Apprenticeship training places are offered in both private and public enterprises and, to a very limited extent, in private households. Enterprises enter into a contract with trainees. They bear the costs of the on-the-job training and pay the trainee remuneration, as regulated by collective agreements, which increases with every year of training. On average, the pay of an apprentice is about one-third of the starting pay for a trained skilled worker.

Source: VET in Europe – Country Report, Federal Institute for Vocational Education and Training, Germany; 2013 Annual Economic Report, Federal Ministry of Economics and Technology, Germany; VET Data Report Germany 2012, Federal Institute for Vocational Education and Training, Germany.

# 6 Recommendations

**6.20** In particular, the offering of multiple points of entry and exit at various levels along a structured career pathway in the retail VET provision is essential to suit a wide range of circumstances being faced by individuals who are exploring or pursuing a career in the retail sector. It will become clearer to both school leavers and in-service workers as to where and when they can pursue education and training to meet personal needs at different stages of life.

**6.21** Taking advantage of the QF, improvements should be made so that the VTC and other VET providers will enhance support for the manpower requirements of the retail sector as an important component of our economy. Notably for the VTC, it has dedicated the Hong Kong Design Institute to provide a focal point for design students. However, it does not have a similar entity for the retail sector. The provision of a clear identity or focal point might help students better identify and understand the opportunities offered by relevant courses in the retail industry and facilitate their future career pursuit.

**6.22** The Task Force recommends the VTC and other VET providers, in alignment with the SCS for the retail industry and in consultation with industry stakeholders, to undertake in the long term an overall review of its programmes related to the retail sector at various QF levels to facilitate the recruitment and provision of manpower best suited to the needs of the industry. The enhanced VET programmes would attract new blood to the industry, improve the employability of youngsters for the jobs, and provide employers with manpower trained to do the job. This would also raise the industry's service standards and quality in the longer run.

**6.23** Along the above direction, there should be concrete initiatives that may be engendered in the short term in a bid to improve the VET provision for the retail sector, attract youngsters with tailored programmes who otherwise might not be interested in the retail sector and address the more imminent problem of retail manpower tightening.



**6.24** Notably, apprenticeship has always been an important part of the VET provision for secondary school leavers less oriented to academic pursuit. In the same spirit but in a modernised, enhanced manner, the VTC is recently testing out a pilot traineeship programme at QF Levels 2 and 3 for the beauty care and hairdressing industries with the Government's funding support. Trainees enrolled serve as extra pairs of hands at the shop front while learning on the job. Systematic on-the-job and classroom training would combine job specific training, vocational education and everyday work experience. The working experiences and qualifications thus gained can also help trainees better understand the industry, develop a career over time and secure employment. Discussion is underway with employer representatives for the VTC to develop a similar traineeship programme for the retail industry.

**6.25** In the same vein, the VTC may wish to explore development of similar work-integrated schemes at higher QF levels to target students leaving the school system at the senior secondary level. The retail sector always welcomes these more mature youngsters in the workplace. One pool may be those who have completed secondary 6 (S6) without achieving the minimum entrance requirements in the HKDSE for articulation to sub-degree programmes, i.e. Level 2 in five subjects (including English and Chinese). Another pool may be those who have completed S6 with five passes in HKDSE Level 2 (including English and Chinese) or

equivalent (i.e. a YJD, Diploma of Vocational Education at the YC or Foundation Diploma at IVE), and thus have obtained a qualification at QF Level 3.

**6.26** For both pools, there may be students who might not be prepared to continue a full-time academic or VET pursuit for various reasons and wish to go to work. There should be room to tailor different earn-and-learn schemes to attract and support their entry into the retail sector with employer's contribution and sponsorship, appropriate Government support and the prospect of completion of QF Level 3 or 4, as the case may be.

**6.27** **The Task Force recommends the VTC to expedite its efforts in designing and rolling out in the short term appropriate retail work-integrated schemes at various QF levels to meet the needs of both employers and trainees; the retail employers to provide inputs to programme contents and contributions like reasonable compensation, course fee sponsorship and on-the-job training to the trainees; and the Government to provide appropriate support.** Subject to successful outcome and necessary refinements to the programmes, the VTC may expand the programmes on a longer term basis, with appropriate employers' and Government contributions to draw in more new blood for the industry.

# 6 Recommendations

**6.28** The work-integrated schemes proposed above will add to a wide array of full-time and part-time VTC programmes dedicated to the retail sector or contain retail elements. Students and in-service workers should have many options, with Government and employers' support or on a self-financing basis, to choose from to suit individual circumstances at different stages of vocational and career pursuit in the retail sector. In different ways, these could eventually lead them to attainment of QF Level 4 (including HD and Associate Degree which are sub-degree programmes). This might suffice for a great many but for those who are serious in work progression towards the management level, there might be no substitute to an undergraduate qualification as a basis of the next advancement.

**6.29** Currently locally accredited self-financing top-up degree programmes or University Grants Committee-funded senior year places of first degree programmes of local institutions are open to eligible sub-degree graduates including those who are retail employees. The need or pressure for more such places in this regard or for dedicated retail degree top-up programmes as part of our VET system might not be that great in the immediate term, but an academic pathway for progression in the retail sector may not be complete without this final piece of the puzzles.

**6.30** **The Task Force recommends the Government to suggest post-secondary institutions including the VTC to monitor the medium-term demand for top-up degree / senior year places of first degree programmes from retail employees and to plan well ahead for appropriate programmes to meet the needs as may be identified.**

## **Box 6.2 – Attracting New Blood for the Construction Industry – Financial Incentives**

As the industry co-ordinating body, the CIC is charged with the mission to nurture construction manpower and advance the skills of the workforce. Among other work, the CIC also provides trainees with training allowance funded by the levy contributed by contractors. To attract more people to join the construction industry which faces challenges of increasing demands, acute ageing and skills mismatch, the Government supports the CIC to provide a higher amount of allowance to trainees attending courses to become semi-skilled workers of selected trades with projected shortage, acute ageing or recruitment difficulties. Contractors would also pledge to employ graduates at a certain attractive level of salary.

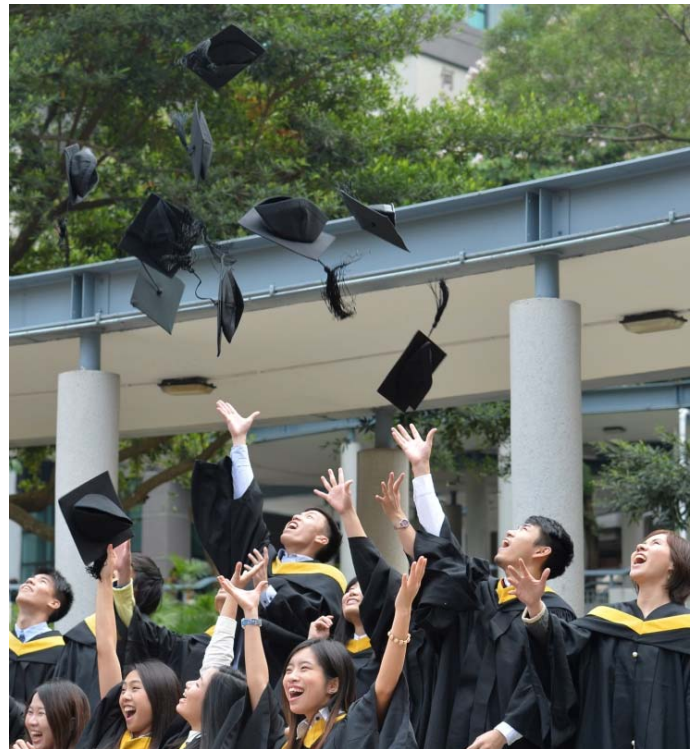
Source: The CIC.



**6.31** Members note that the VTC's HD in Retail and Merchandising Management includes an industrial attachment module where students can gain working experience with retail establishments. Feedback from employers and students is positive. The work-integrated learning experiences help smoothen the transition from study to work. In addition to retail specific business skills, students will also enhance their communication skills. Other students would also benefit if they were given such opportunities. Moreover, placing students in the retail sector can also help them envisage how they may develop a rewarding career there in future. The work experience would pave the way to broaden the younger population's interest in working in the retail sector.

**6.32** Students of the VTC's HD of disciplines other than retail also have industrial attachment to the respective sectors. Secondary school students also have the opportunity of taking the retail-related ApL course under the HKDSE. The promotion of work opportunities in the retail sector may be targeted at post secondary students as a start.

**6.33** The Task Force recommends EDB to suggest post-secondary institutions to work with retail employers to see how best to take forward the idea of providing retail work experience to students at large as part of their learning. For those students who prefer to gain the experience through part-time jobs, LD should help to publicise to them the job opportunities as offered by employers.



# 6 Recommendations

## Raising the Industry's Image

**6.34** Members recognise that part of the public may harbour some unfavourable perception of the retail industry which may not be shared by those in the trade or an informed member of the community. Unfortunately, entrenchment of such perception, especially among youngsters and parents alike, is not only adverse to the retail sector in recruiting a quality labour force but also unfair to job seekers themselves in making a rational career choice. The whole economy may suffer. The information gap should be filled to level the playing field for all. The industry and the Government are making their respective efforts towards building a positive image and promoting the prospects of working in the sector.

**6.35** The HKRMA, for example, has been organising award programmes, industry seminars and training workshops on regular basis to promote service quality and project a professional image of practitioners in the industry. The HKRMA also works with the VTC in promoting a new Professional Diploma / Certificate programme to in-service workers. This helps to show the continuing education opportunities for progression. On the Government's part, EDB provides secondary school students with career information which covers the retail industry in its career guidance programmes in schools. It is also implementing the QF in the industry with the support of the Retail ITAC. These various initiatives, however, have yet to be effective in attracting sufficient new blood to the industry.

**6.36** It will take time and extra efforts for the industry to project a more positive image. Ongoing publicity will be necessary to rectify any misperception on the part of youngsters and their parents. In view of the manpower problem being faced by the industry, it is in the public interest to make use of appropriate Government channels to roll out publicity to raise the profile of working in the industry as a career pursuit, particularly to tie in with the launch of QF-related initiatives and new or improved vocational programmes discussed above. This should target at the community at large and the student body as the potential beneficiary. Government's efforts are, of course, no substitute to the industry's own initiatives in correcting any public misconception. It is after all in its own interest to project to the community what the industry is indeed about for the economy, and for the student and working population.

**6.37 The Task Force recommends that –**

- (a) the retail industry, through the various employer associations and notably the HKRMA, should enhance its efforts in promoting a positive image of the industry as a whole to the public and attract aspiring members of the workforce to join the industry. The Government should join hands with it to pursue publicity and promotion initiatives;**
- (b) building on (a), EDB should enhance the retail sector’s involvement in career guidance programmes and career-related experiences for students; and**
- (c) the Retail ITAC, together with employers and education and training institutions, should promote to the public the progression and continued learning opportunities for retail workers.**

To build a positive image of the industry, professional input may be sought in due course on how to craft the messages to the target audiences, such as youngsters and parents, with the possible use of industry role models. A dedicated campaign may be launched with reference to experience in other industries or in other places.



# 6 Recommendations

## Box 6.3 – Attracting New Blood for the Construction Industry – Image Building

The construction industry has long suffered from an unfavourable perception among the general public. This has been considered a factor turning away prospective new blood, aggravating its ageing manpower problem. To build and project a positive image for the construction industry, the Government launched a three-year “Build Up” publicity campaign starting 2011 (using such means as TV announcements of public interests, newspaper advertisement, TV drama, etc.) with the support of the CIC.



## Managing Manpower Demand through Enhancement in Productivity

**6.38** Members note that retail labour demands could be managed, to some extent, through enhancement in productivity without affecting the employment prospects of employees. The enhancement may come by way of work process re-engineering, or adopting technologies for retail business which are available<sup>27</sup> in other economies but might perhaps not as widely be used in Hong Kong as it could be. Individual retail companies may have their different circumstances that call for tailor-made enhancement measures. Small and medium enterprises (SMEs), which made up 99.5% of all retail establishments, may face different problems from their bigger counterparts and hence need different solutions or priority support.

**6.39** Retailers may be encouraged to take a close look into their own operations, but even if room for improvements is identified, they may still need to evaluate further the practicality in implementation because they have yet to see clearly the feasibility and the benefits that justify the investments. To jumpstart the improvements to reduce the manpower requirements, some government support for overcoming the confidence barrier may be considered. That would encourage companies especially SMEs to pioneer, although they should also contribute a part because of the direct benefits that they may enjoy as a result.

**6.40** The Task Force recommends the Government to engender a retail industry support scheme, with dollar-to-dollar matching contribution from participating enterprises, to help the industry in particular SMEs to review and identify room for improving productivity and adopting relevant practices and technologies to manage manpower demand. The scheme should also promote the development of the technology industry.

### Box 6.4 – Financial Assistance for SMEs in Singapore

The Singapore Government has set up two financial assistance programmes, namely Innovation and Capability Voucher and Capability Development Grant to help SMEs in increasing productivity and developing business capability.

SMEs may be given Capability Vouchers to take their first step towards capability upgrading in areas including human resources, innovation and productivity. The Vouchers can be used at participating service providers. Some of the services include manpower planning, process upgrading, diagnoses and customised training.

The Grant defrays SMEs up to a certain amount of costs of projects relating to consultancy, manpower, training, certification, upgrading productivity, process improvement, etc.

Source: Standards, Productivity and Innovation Board ([www.spring.gov.sg](http://www.spring.gov.sg))

27 Examples of technologies include (i) for shop front: electronic shelf label systems that replace paper price labels; (ii) for backend: “voice-pick” for warehouse operatives to receive and confirm orders through a headset-system; and (iii) “RFID” in stock-taking and security control. Some of them may help to manage labour demand.

# 6 Recommendations

## Other Observations

**6.41** Apart from the industry specific factors that cause the retail manpower tightening problem, in the background there is worsening manpower imbalance by 2018 and afterwards as discussed in Chapter 4 above. The causes and challenges brought about by the overall manpower shortage is a matter for society at large.

### Importation of Labour

**6.42** In this connection, there is a view that the existing importation of labour schemes, which normally exclude retail occupations such as “cashiers”, “sales assistants” and “warehouse keepers”, should be run more flexibly to cater for the tightening manpower situation in the retail industry. The case of Singapore is noted for reference. About 30% of its labour force are foreign workers. On payment of levies, a retail company may employ up to 40% of its total workforce for imported semi-skilled or unskilled workers and 15% for skilled workers such as technicians.

**6.43** It is observed that the manpower tightening problem is a structural one affecting the whole economy and, in particular, the retail industry and other low paying sectors with a high proportion of lower-skilled jobs (paragraph 3.1). Current projection is that by 2018, there may be a manpower shortfall of 22 000 at various education levels between lower secondary and first degree across the economy and the retail industry may face a fair share of the

negative manpower balance (paragraph 4.10). Some Members point out that the Task Force recommendations on the supply side made above, if implemented successfully, might only help relieve part of the increasing manpower problem being faced by the retail industry but at the expense of other low paying sectors which compete in the same pool of the workforce. There is also a limit to which the compensation package may be improved to attract and retain workers, not to mention that some bigger enterprises facing a more serious manpower tightening problem have already been offering more attractive terms than their SME counterparts (Box 3.1 and footnote 14).

**6.44** Given the above, a strong view held by some Members is that the relaxation of import labour should be considered in perspective to offer a longer term solution to the anticipated structural imbalance of manpower. They consider such a course to be in the overall interest of the economy, providing the manpower necessary to support the further development of relevant sectors. That might in turn result in more jobs and even higher pay. The local workforce should not be affected in principle and in practice.

6.45 On the other hand, there is also a view that, instead of relaxing the importation requirements, the compensation package including the remuneration level and working conditions should be enhanced first to attract and retain staff in the retail sector. Labour supply and demand is, after all, market forces at work. Notably, given the gap in salary level between the retail industry and all industries (Table 3.6), there is room for catching up to attract more people into the industry. In fact, there are more and more people joining the industry as seen by the growing number of retail employees (paragraph 3.3), and a significant proportion of retail employees are youngsters (paragraph 3.2(a)). Importing labour in the retail sector may have an adverse impact on providing enough jobs to youngsters who are facing an unemployment problem (Box 3.4).

### Tapping into Latent Pools

6.46 Another issue deliberated by Members is the possibility of realising the working potential of certain population groups that are not in the workforce. There were some 2.5 million economically inactive persons aged 15 or above in 2012, including many female homemakers and early retirees. To target this pool with such limitations as family commitments and physical endurance, the retail industry is already extensively making use of part-time job arrangements, as seen by a higher percentage of part-time workers in its workforce (13.1%), as compared with that for the total workforce (7.1%). Further tap into this manpower groups by the retail sector may be possible through measures for the whole economy across the board.

### Population Policy

6.47 Members observe that the above issues, though beyond the ambit and timeframe of the Task Force, are fundamental affecting not only the retail sector but also the whole economy and its long-term competitiveness and should be looked at in earnest. Members note that the Steering Committee on Population Policy (SCPP) is dealing with the manpower shortage issues of Hong Kong as a whole alongside other population challenges and is engaging the public on ways to tackle the various problems, firstly through a public engagement exercise launched on 24 October 2013. The Task Force would relay the above observations and concerns as regards the retail sector to the SCPP for deliberation in the proper context of population policy.



## Comparison of Surveys by Census and Statistics Department and the Hong Kong Retail Management Association

1 This note gives an account of the two separate surveys conducted by Census and Statistics Department (C&SD) and the Hong Kong Retail Management Association (HKRMA) and the presentation of statistics compiled.

### C&SD's Quarterly Survey of Employment and Vacancies

2 Official statistics on employment (measured by the number of persons engaged) and job vacancies in different economic sectors are compiled and published by C&SD quarterly to provide indicators of short-term changes in the local labour demand. The data source is the Quarterly Survey of Employment and Vacancies (QSEV), which surveys a random sample of more than 28 000 establishments<sup>28</sup> of all economic sectors in every quarter with a response rate of over 90%. For the retail sector, some 4 090 establishments from about 3 500 companies are randomly selected by way of the stratified sampling method<sup>29</sup> for enumeration in each survey round.

3 The statistical framework adopted in compiling the statistics, including relevant definitions, follows international guidelines

promulgated by the United Nations and the International Labour Organization. In brief, persons engaged include employees directly paid by the establishment as well as working directors (of limited companies), individual proprietors, partners and family workers who work for at least one hour on the survey reference date (i.e. the last full working day in the reference quarter). Vacancies refer to unfilled job openings that are immediately available, and for which recruitment steps are being taken on the survey reference date.

4 The number of persons engaged and vacancies in the retail sector for the period from Q1 2010 to Q2 2013 as estimated from the QSEV are presented in Appendix A1. There were 65 046 retail establishments employing 264 805 persons in Q2 2013, which were 8.3% and 10.1% higher than the figures in Q1 2010. Over this 3.5-year period, the number of vacancies surged significantly by 67%, from 4 866 in Q1 2010 to a record-high of 9 404 in Q1 2013 and then 8 124 in Q2 2013. As a result, the vacancy rate in the sector, which is defined as the number of vacancies as a percentage of the sum of numbers of persons engaged and vacancies in the retail sector, rose from 2.0% in Q1 2010 to 3.5% in Q1 2013 and 3.0% in Q2 2013.

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28 According to the guidelines of the United Nations, an establishment is defined as an economic unit which engages, under a single ownership or control, in one or predominantly one kind of economic activity at a single physical location. Following this definition, outlets operated by a firm at different locations are regarded as different establishments.

29 All establishments in the retail sector are firstly stratified by industry group (e.g. boutique shops, supermarkets, department stores, book stores, etc.), and then within each industry group further stratified by employment size. A random sample is then drawn from each industry group and employment size sub-group to ensure that the overall sample obtained is representative of the retail outlets of all types and sizes. Retail establishments with 50 or more persons engaged are all sampled.



**5** In interpreting the QSEV vacancy figures, it should be noted that –

- (a) almost 60% of the establishments in the retail sector are very small in size with just 1 or 2 persons engaged. Nearly 80% have less than 5 persons engaged. Only a very small proportion of them have reported to have vacancies;
- (b) anticipated vacancies that have not yet been realised on the survey reference date are not counted;
- (c) there are situations where the employers have maintained a pool of suitable candidates who would be advised to report for duty as soon as a vacant post comes up. The employers concerned normally do not regard themselves as having a vacancy as such; and
- (d) there is also the possibility that some employers do not take recruitment steps because they believe that they cannot recruit the right persons or the right persons are not available in the market. Such unfilled posts are not regarded as vacancies in the QSEV.

2011 and 2012 respectively. The survey not only assessed the overall vacancy position but also the vacancy position of different jobs.

**7** A total of 58 retail companies responded to the 2012 SRMS (after discounting five responding companies engaged in catering/food services), representing a response rate of about 20%. The respondents employed 57 498 staff and the number of vacancies were 4 569. In terms of vacancy rate as defined by the HKRMA<sup>30</sup>, it was 7.4%. This was higher than the vacancy rate (2.4%) from the QSEV for Q4 2011 (Appendix A1).

**8** In the 2013 SRMS, a total of 38 retail companies had responded (after discounting 3 responding companies which were engaged in catering/food services). These respondents, representing a response rate of about 15%, reported to have 48 735 staff and 5 102 vacancies. The vacancy rate among them was thus 9.5%, while the vacancy rate from the QSEV for Q4 2012 was 2.8% (Appendix A1).

## **The HKRMA's Survey on Retail Manpower Shortage**

**6** The HKRMA conducted an ad-hoc Survey on Retail Manpower Shortage (SRMS) in January 2012 and January 2013 to gauge the manpower shortage situation of its member companies as at end December

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30 For the SRMS, the vacancy rate is the number of vacancies / (number of staff employed + number of vacancies) in the reporting companies.

# A Annex A

## Comparison between the Two Sets of Surveys

9 C&SD and the HKRMA compared the different methodologies adopted, as set out in Appendix A2. It was noted that, because of the differences between the parameters of the two surveys, the difference in vacancy rates (paragraphs 7-8 above refer) might probably be explained mainly by the size of respondents. The respondents to the two rounds of SRMS were mostly large chain

operators employing 14-16 persons in each outlet on average. The average number of vacancies in each of these outlets was 1.3 in end December 2011 and 1.5 in end December 2012. These figures were actually in the same order as the results of QSEV (1.7 vacancies per establishment in Q4 2011 and 1.6 vacancies per establishment in Q4 2012) if only establishments that engaged 20 persons or more were counted.

### Appendix A1

#### Employment and vacancy statistics for the retail sector compiled from Quarterly Survey of Employment and Vacancies (QSEV), Q1 2010 – Q2 2013

	2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of Establishments	60 079	60 108	60 397	61 713	63 151	63 318	63 482	63 277
No. of Persons Engaged	240 598	240 803	242 652	248 349	251 348	252 001	252 935	254 974
No. of Vacancies	4 866	4 396	5 564	4 936	6 028	5 197	6 135	6 277
Average No. of Vacancies per Establishment	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Vacancy Rate (%)	2.0	1.8	2.2	1.9	2.3	2.0	2.4	2.4

	2012				2013	
	Q1	Q2	Q3	Q4	Q1	Q2
No. of Establishments	63 702	64 015	63 972	63 909	64 960	65 046
No. of Persons Engaged	256 844	259 434	259 694	260 246	262 670	264 805
No. of Vacancies	8 180	6 898	8 954	7 556	9 404	8 124
Average No. of Vacancies per Establishment	0.1	0.1	0.1	0.1	0.1	0.1
Vacancy Rate (%)	3.1	2.6	3.3	2.8	3.5	3.0

## Appendix A2

### Comparison of the survey methodologies of Quarterly Survey of Employment and Vacancies (QSEV), Q4 2012 and HKRMA's Survey on Retail Manpower Shortage (SRMS), 2013

	QSEV	SRMS
<b>Coverage</b>	All retail establishments : <b>63 909</b>	All member companies : <b>300+</b> (covering <b>6 700</b> outlets, including 300+ outlets engaged in catering/food services industry)
<b>Sampling Unit</b>	Establishment	Company
<b>Sample Size</b>	<b>4 090</b> are retail establishments (from about <b>3 500</b> retail companies)	All member companies : <b>300+</b>
<b>Response Rate</b>	<b>92%</b>	<b>About 15%</b> ( <b>38</b> responding companies, excluding 3 companies engaged in catering/food services)
<b>Reference Date / Period</b>	<b>31 December 2012</b>	<b>End December 2012</b>
<b>Definition of Employment</b>	Sum of numbers of employees directly paid by the establishment, working directors (of limited companies), individual proprietors, partners and family workers who work for at least one hour on the survey reference date	Total number of employees reported by the reporting companies
<b>Definition of Vacancy</b>	Unfilled job openings which are immediately available, and for which active recruitment steps are being taken on the survey reference date	Number of vacancies reported by the reporting companies
<b>Calculation Method of Vacancy Rate</b>	Estimated number of vacancies in <b>the retail sector</b> ÷ Sum of estimated number of persons engaged and estimated number of vacancies in the <b>retail sector</b> * 100%	Total number of vacancies in the <b>responded companies</b> ÷ Sum of total employment and total number of vacancies in the <b>responded companies</b> * 100%

# B Annex B

## Report of Focus Group Study on Youngsters' Views on the Retail Industry

### Background

1 In the course of review, Members of the Task Force on Manpower Development of the Retail Industry (Task Force) noted that the retail industry might not project a positive image amongst job seekers. That would affect job seekers, in particular youngsters, in giving due consideration to retail while making career choices.

2 The Study aimed to shed light on youngsters' perception of the retail industry, what they knew about it and why they would or would not take on a retail job in career pursuit.

### Focus Group Arrangements

3 We discussed these issues with students and graduates of retail programmes, and students of non-retail programmes. The 41 participants<sup>31</sup> were divided into six sessions, each lasted 1 to 1.5 hours. All the sessions were held in the Hong Kong Institute of Vocational Education (IVE) (Haking Wong) campus on 3 October 2013.

4 Each session was led by one or two moderators. They facilitated the discussions with an aim to ensure free and active expression of views by all participants in response to open-ended questions. With the consent of the participants, their comments were recorded for preparation of the report.



31 Participants were –

- (i) New Senior Secondary (NSS) students, referred by Education Bureau and the School of Continuing Education of Hong Kong Baptist University;
- (ii) students and graduates of IVE's Higher Diploma (HD) programmes; and
- (iii) degree students, from the School of Professional Education and Executive Development of Hong Kong Polytechnic University (SPEED) (retail-related) and Hong Kong Shue Yan University (non-retail).

## Summary of Views

### General

5 More participants of the focus groups had an unfavourable perception of the industry than otherwise. Most of the participants somehow related retail jobs to sales positions, which they believed were indiscriminate to job-seekers. To them, the lack of specific entry requirements to the industry was not helpful in making retail workers more respectable.

6 Except for current retail students, the participants were not keen to join the industry. The reason why they were not keen was the attractiveness of remuneration, and the harshness they saw in the working conditions in terms of sales pressure, long working hours, etc. Most of them did not see good career prospects in the industry. They would be more interested in taking up retail jobs if there could see better pay, more training and reasonable opportunities to rise to management positions.

### Perception and Knowledge of the Industry

7 Comparing retail students with other students, the former group had a better impression towards the industry in general. They naturally also knew more about the industry. Retail students understood more about industry operations, for example. Those at the degree level had a deeper understanding of retail jobs, such as the specific duties of various positions of the industry.

8 For non-retail students, those who had worked in the retail sector had some idea about the industry although their understanding was somehow restricted to what they did on their retail jobs and how they were influenced by ex-colleagues. Their past experience, which was not satisfactory, gave them a negative feel about the industry. The other non-retail students did not have a high regard for retail jobs either. They did not appear to have an idea about the industry beyond what they were expected to know as a retail customer. Their perception of the industry was affected somewhat by their families and friends.



# B Annex B

9 There was no doubt about the retail knowledge of the participants who were retail graduates (we only invited those who did not join the industry). That said, the retail education did not seem to instill in them a pride in the industry. Instead, the graduates questioned the need for pre-employment training dedicated to the retail industry. In their views, general business training would suffice.

## Interests in Joining the Industry/Reasons of not Joining

10 How one felt about the retail industry would greatly affect whether he or she would take up a job in the sector. The retail students generally had a more positive perception of the industry, and hence were more willing to consider joining it (even though individual students might be deterred after getting a better idea about the working conditions of a retail worker, with or without retail working experience).

11 The non-retail students were pursuing programmes of different disciplines. Many of them already had their career plans which were tied with their current studies. For those who did not have in mind a specific industry for their future career, they had not thought about a possible career in retail. They believed that it would not be difficult for them to get a retail job if they wished.

12 The retail graduates did not join the industry mainly because, with the qualification, they could get a job in other industries and earn a higher salary or be paid a similar level of remuneration but with shorter working hours. They did not see clear retail career prospects. They would not like to remain in sales positions in the long run.



## Conclusion

**13** The study has affirmed that there is generally an unfavourable perception of the retail industry among youngsters, who are influenced by their families and their own past experience in retail-related study and work. A somewhat non-professional image of the industry affects their interests in joining it. The perception might well be complicated by some unfavourable or even wrong understanding of the value of pre-employment training in retail, and the variety of job opportunities offered by the industry, for example.

**14** To attract youngsters, the image of the retail industry and its workers should be raised. Misconception should also be corrected as far as possible to give youngsters a better informed basis to consider retail as a career. Publicity and promotion efforts may be made in future targeting at the students and those who influence them (e.g. parents and teachers). Retail employers may also help promote the industry to students working part-time for them, to enhance their interests in returning to the sector after graduation.

**15** Retail students are generally more likely to join the industry than other students. Enhancing the attractiveness of retail education and training programmes should help bring new blood into the industry.



## Scenario Study of Retail Manpower Requirement Projection

### General

1 For general reference for the Task Force on Manpower Development of the Retail Industry, Economic Analysis and Business Facilitation Unit of the Financial Secretary's Office has provided a broad-brush scenario analysis on the likely sectoral manpower requirement over the medium term, with reference to the relationship between the manpower requirement of the retail industry and its business performance in the recent past.

2 The study should be taken as a separate exercise from the Manpower Projection to 2018 published by the Labour and Welfare Bureau in 2012 (paragraphs 4.3–4.6 above). Due to the substantial differences in the adoption of methodologies, analytical frameworks and data (in terms of both sources and time-frames), the results of the two studies should not be used for direct comparison.

### Methodology

3 For analytical purposes in the scenario study, manpower demand is proxied by the aggregate sum of actual employment and unfilled vacancies, i.e. to reflect total employment opportunities in the retail sector. The analysis is based on data from the Quarterly Survey of Employment and Vacancies of Census and Statistics Department (C&SD), spanning over a 20-year period from 1993-2012. Yet given the structural changes brought about by the Individual Visit Scheme (IVS), the main focus is on the trends of the retail industry and its manpower demand movements after 2003<sup>32</sup>.

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32 A broad-brush approach is adopted in the current scenario study, involving the following procedure:

- (i) Estimate the elasticity of manpower demand in the retail industry with respect to retail business volume based on historical data;
- (ii) Construct a hypothetical base case scenario with reference to the post-IVS business growth trends of the retail sector, plus a high and a low case scenario for testing sensitivity of the manpower requirements; and
- (iii) Estimate the manpower requirement over the projection period 2013-2018 under different scenarios set in (ii), using the result from (i).

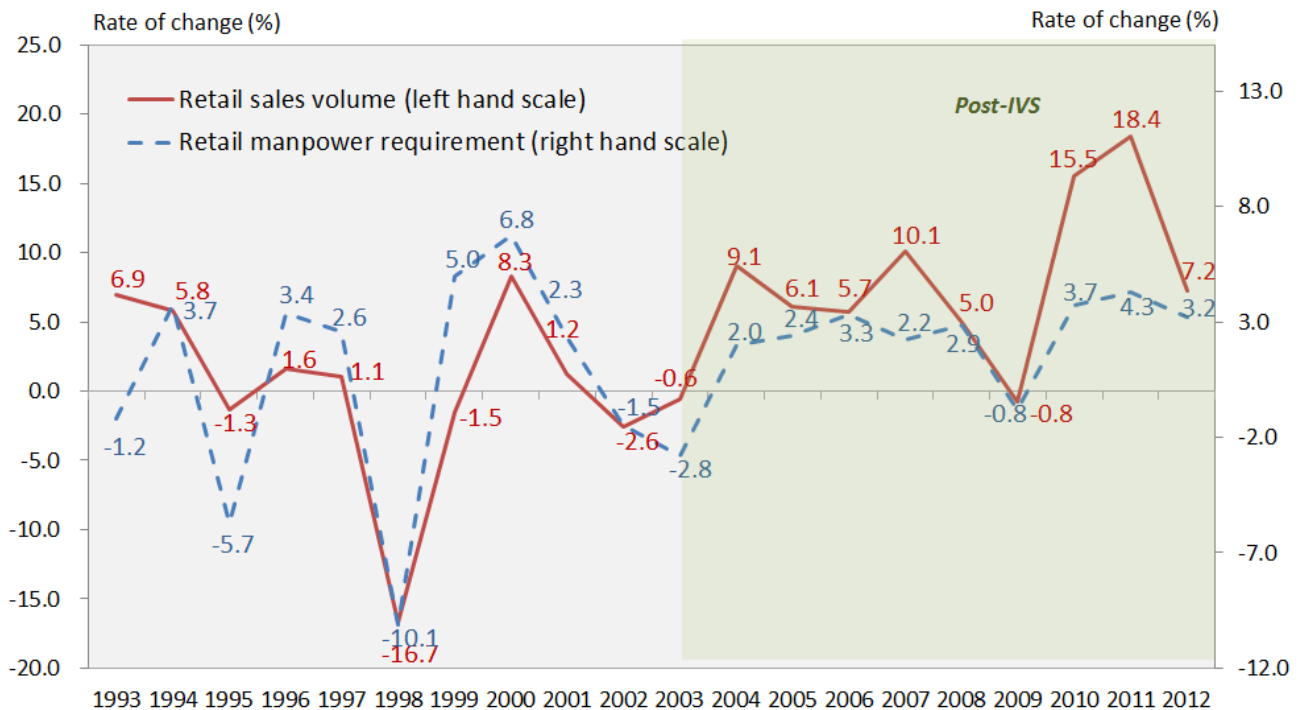


## Relationship between Retail Sales Volume and Manpower Requirement Growth

4 As Chart C1 below shows, manpower demand in the retail sector exhibits quite a close relationship with retail business performance over the past twenty years. Detailed data analysis, supplemented by in-house econometric estimates, suggest that over the past twenty years from 1993 to 2012, each percentage point growth in retail business volume would on average entail an increase in manpower requirement by

around 0.33%, and around 0.31% over the post-IVS period 2004-2012 (Table C1). Given the small difference in estimates over these two periods, and with due recognition of the structural change in the retail industry after IVS, the manpower requirement estimate pertinent to the post-IVS period, i.e. 0.31% per percentage point growth in retail sales volume, is adopted as the key parameter in this scenario study.

Chart C1 – Retail Sales Volume and Manpower Requirement, 1993-2012



Source: Quarterly Surveys of Employment and Vacancies and Monthly Surveys of Retail Sales, C&SD

Table C1 – Manpower Requirement and Sales Volume Growth in the Retail Industry

Period	Average Annual Growth (%)		% Growth in Manpower Requirement per 1% Growth in Sales Volume
	Manpower Requirement	Retail Sales Volume	
1993-2012 (20 years)	1.2	3.7	0.33
of which:			
<b>2004-2012 (post-IVS, 9 years)</b>	<b>2.6</b>	<b>8.4</b>	<b>0.31</b>

Source: Quarterly Surveys of Employment and Vacancies and Monthly Surveys of Retail Sales, C&SD

## Retail Business Growth Scenarios

**5** A further examination of the business performance of the retail industry indicates that over the past twenty years the retail industry has experienced five setbacks (i.e. 1995, 1998, 2001, 2003 and 2009), with sales volume growth slowing noticeably or even dipping into the negative territory. Except for 2003, these setbacks were all cyclical in nature, following closely the economic downturn. While retail business usually recovered in the following year in tandem with the economic bounce-back, the past growth records clearly indicate considerable ups and downs in between years. Yet it is also evident that retail industry's business performance was steadier, and the bounce-back from the trough was also faster, in the post-IVS period than in the pre-IVS era, thanks to thriving inbound tourism from the IVS boost. For the post-IVS period in particular, retail business on average grew by 8% a year, and if the year 2011 is taken out to remove the exceptional boost from the \$6,000 payment scheme, the trend growth in retail sales volume averaged at around 7%.

Accordingly, a 7% trend growth in retail business is taken as the hypothetical base case scenario for the projection period.

**6** To examine the sensitivity of the likely manpower requirement in response to different business growth scenarios, we have considered two further scenarios, setting a +/- 2 percentage points range with reference to the base case growth assumptions, i.e. 5% and 9% per annum respectively.

## Results

**7** The projection results under the three hypothetical growth scenarios are presented in Table C2. In sum, the projected trend growth rate of retail manpower requirement ranges from 1.6% – 2.8% per annum for the period 2013-2018, translating into a cumulative additional manpower requirement in the range of 25 800 – 47 900 and a total manpower requirement of 292 800 – 314 900 in 2018.

## Caveats

8 Given the broad-brush nature of this exercise, the study is inevitably subject to a number of caveats. Specifically, implicit in the study approach is the assumption that the structural relationship between retail sales volume growth and the sectoral manpower requirement over the projection period would be broadly the same as those observed in the past. In this exercise, the post-IVS period 2004-2012 was chosen for observation, in view of the structural changes brought about by the IVS implementation. Yet the structural relationship concerned is inevitably sensitive to the choice of reference period, which if varied may yield rather different statistical results. Also, it is worthwhile to note that the base case scenario is largely predicated on past growth trends, on the assumption that the incremental stimulating effects from further IVS expansion in the future would be

comparable with those in the early years of IVS implementation. Needless to say, such an assumption will not hold if there is any major policy change that would alter the pattern or growth momentum of IVS visitor spendings in the future.

9 All in all, the projection results are meant to merely give the Task Force a broad sense of the retail industry's manpower requirement under different hypothetical scenarios of retail business growth. These results are necessarily crude and should not be taken as the official economic forecasts. They should not be quoted out of context. Also, as the projection is done on a trend basis, i.e. 2013-2018, they are not good enough for capturing the manpower requirement in the retail industry for individual years.

Table C2 – Summary of Scenario Projection Results for the Retail Industry

Scenario	Projected Average Annual Growth, 2013-2018 (%)		Projected Manpower Requirement in 2018 (No.)	Cumulative Growth from 2012 (No.)
	Retail Sales Volume	Manpower Requirement		
Low	5.0	1.6	292 800	+ 25 800
Base	7.0	2.2	303 700	+36 700
High	9.0	2.8	314 900	+47 900

Note: The manpower requirement of the retail industry for 2012 as a whole was about 267 000

# D Annex D

## Existing Retail-related Education and Training Programmes

Qualifications Framework Level or Academic Level	Vocational Training Council 2013/14 Academic Year	
	Retail Programmes	
1 Secondary 3 / Certificate	/	
2 Secondary 5 / Certificate	<div style="border: 1px solid black; border-radius: 15px; background-color: #00838f; color: white; padding: 5px;"> <b>Retail Training Course</b>                      - Short course                      - for workers in the retail industry                 </div>	
3 Diploma of Secondary Education / Secondary 7 / Diploma	<div style="border: 1px solid black; border-radius: 15px; background-color: #00838f; color: white; padding: 5px; margin-left: 100px;"> <b>Advanced Certificate in Retail Sales and Management</b>                      - Mainly for workers in the retail industry                 </div>	
4 Associate Degree / Higher Diploma / Diploma	<div style="border: 1px solid black; border-radius: 15px; background-color: #00838f; color: white; padding: 5px;"> <b>Professional Diploma / Certificate / Module in Retail Management</b>                      (jointly organised with the Hong Kong Retail Management Association)                      - Newly commenced in October 2013                      - <b>Diploma</b> to be awarded upon successful completion of seven modules within one or two years                      - <b>Certificate</b> to be awarded upon successful completion of three modules within one or two years                 </div>	<div style="border: 1px solid black; border-radius: 15px; background-color: #f4912f; color: white; padding: 5px;"> <b>Higher Diploma in Retail and Merchandising Management</b>                      - Normally to be completed in two years                 </div>
5 Bachelor's Degree	/	
6 Master's Degree	/	
7 Doctoral Degree	/	

Legends: ■ Part-time course ■ Full-time course ■ Full-time / part-time course

Sources: Education Bureau, Vocational Training Council and Employees Retraining Board

Vocational Training Council 2013/14 Academic Year	Other Providers 2013/14 Academic Year*		
Programmes with Retail Elements			
/	<div style="background-color: #e67e22; color: white; padding: 5px; border-radius: 10px;"> <b>Placement-tied courses and “Skills Upgrading Scheme (SUS) Plus” courses on retail (Employees Retraining Board)#</b> </div>		
<div style="background-color: #e67e22; color: white; padding: 5px; border-radius: 10px;"> <b>Diploma in Vocational Education Programme (Business)</b>            - Completion of Secondary 3 (required to study for three to four years); or the New Senior Secondary Curriculum (required to study for three semesters)         </div>	<div style="background-color: #f1c40f; padding: 5px; border-radius: 10px;"> <b>Foundation Diploma (Business)</b>            - One year            - Completion of the New Senior Secondary Curriculum         </div>	<div style="background-color: #e67e22; color: white; padding: 5px; border-radius: 10px;"> <b>Yi Jin Diploma</b>            - Full-time: One year            - Part-time: Two years            - Secondary 6 leavers or adult learners aged 21 or above         </div>	<div style="background-color: #e67e22; color: white; padding: 5px; border-radius: 10px;">           - Seven placement-tied courses to provide training and placement follow-up services for the unemployed who are interested in joining the retail industry            - 22 SUS Plus courses to enhance the competency of practitioners in the retail industry.         </div> <div style="background-color: #e67e22; color: white; padding: 5px; border-radius: 10px; margin-top: 10px;"> <b>Yi Jin Diploma</b>            - BU SCE: Yi Jin Diploma (Retail Management)            - Caritas Community &amp; Higher Education Service: Yi Jin Diploma (Retail Marketing Operation)         </div> <div style="background-color: #f1c40f; padding: 5px; border-radius: 10px; margin-top: 10px;"> <b>New Senior Applied Learning Course – Retail Management</b>            - One of the elective courses (provided by BU SCE)         </div>
<div style="background-color: #f1c40f; padding: 5px; border-radius: 10px;"> <b>Various Higher Diploma programmes offered under the Business Administration Discipline</b>            - Elements related to the retail industry are incorporated in the following programmes:           <ul style="list-style-type: none"> <li>• Business Administration</li> <li>• Marketing Management</li> <li>• Advertising and Brand Management</li> <li>• Event Marketing and Promotion</li> </ul> </div>	<div style="background-color: #3498db; color: white; padding: 5px; border-radius: 10px;"> <b>Advanced Diploma in Business (Retail Management) (BU SCE)</b>            - Required to complete 12 courses in 18 months         </div>	<div style="background-color: #3498db; color: white; padding: 5px; border-radius: 10px;"> <b>Professional Diploma in Retail Management (BU SCE)</b>            - Required to complete 5 courses in 9 months         </div>	<div style="background-color: #3498db; color: white; padding: 5px; border-radius: 10px;"> <b>Advanced Diploma in Marketing &amp; Retail Management (HKU SPACE)</b>            - Required to complete 10 courses in 20 to 40 months         </div>
/	<div style="background-color: #f1c40f; padding: 5px; border-radius: 10px;"> <b>Bachelor of Arts (Honours) in Retail and Service Management (SPEED, Hong Kong Polytechnic University)</b>            - Top-up degree            - For Associate Degree or Higher Diploma graduates         </div>		<div style="background-color: #f1c40f; padding: 5px; border-radius: 10px;"> <b>Bachelor of Business Administration (Honours) in Service Operations Management (City University of Hong Kong)</b>            - Top-up degree            - For Associate Degree or Higher Diploma graduates            - The course will be discontinued in the AY 2014/15         </div>
/	/		
/	/		

Notes: (\*) Courses offered by the Employees Retraining Board (ERB) are based on financial year 2013-14.

(#) The courses are part of the “Manpower Development Scheme” coordinated and funded by the ERB. Some of the courses are operated by the Integrated Vocational Development Centre under the Vocational Training Council.

## Employees Retraining Board's Services Other than Training Courses

### Premium Taster Programme 2011

1 To promote employment opportunities and career prospects of 10 selected industries including the retail industry, the ERB offered 21 taster courses of 2-3 hours' duration free-of-charge to the public in a lively and interactive manner in 2011.

### Learn and Leap-Teen's Action 2012

2 To tie in with the double cohort year because of the introduction of the HKDSE, the ERB organised the "Learn and Leap – Teen's Action 2012" programme in 2012 to assist the secondary school leavers to understand the world of work and allow them to gear up for the future. The programme consisted of careers seminars, taster training courses, workplace visits and experience sharing sessions with industry practitioners. Through the programme, the participants acquired a better understanding of the characteristics of the labour market, the entry requirements, the promotion prospects as well as the culture and customs of different industries including the retail industry.

### Job Matching and Referral Services

3 The ERB assists employers of the retail industry to meet their recruitment and training needs. Individual retail establishments can make use of the job matching and referral services of the ERB to recruit graduate trainees. They can also join the Industry Service Programme (ISP) of the ERB to facilitate ready access to the job-seeking public. In 2013-14, the ERB has organised six district-based ISPs in different districts including Sham Shui Po, Kwun Tong and Yuen Long. The retail industry is featured in these ISPs.

4 From time to time, the ERB also organises training and career expos to promote employment opportunities and career prospects of different industries, including the retail industry.

### ERB Service Centres

5 The ERB has set up Service Centres in Kwun Tong, Sham Shui Po and Tin Shui Wai respectively. These Service Centres are the district-based windows to the training courses and services offered by the ERB. They also organise a full range of activities to promote the job opportunities and prospects of different industries, including the retail industry. From 2011-12 to 2013-14 (as at 30 June 2013), over 100 job fairs and 12 industry seminars on the retail industry were held at these Service Centres.

## List of Charts

Chart 2.1	Performance of the Retail Industry
Chart 2.2	Retail Sales Volume (by Broad Types of Outlets)
Chart 2.3	Relative Importance of Inbound Tourism to Retail Sales
Chart 3.1	Proportion of Employees (by Age Group)(May – Jun. 2012)
Chart 3.2	Proportion of Employees (by Education Attainment)(May – Jun. 2012)
Chart 3.3	Proportion of Employees (Full-time vs Part-time)(May – Jun. 2012)
Chart 3.4	Proportion of Employees (by Working Days per Week)(May – Jun. 2012)
Chart 3.5	Proportion of Employees (by Gender)(May – Jun. 2012)
Chart 3.6	Trends of Employment, Unemployment and Vacancy of the Retail Industry
Chart 3.7	Trends of Earnings of Retail Industry
Chart 3.8	Trends of Unemployment and Underemployment Rates
Chart 3.9	Vacancy Rate in Selected Service Sectors
Chart 3.10	Number of Job Openings in Private Sector Establishments
Chart 3.11	Demand for the Lower-skilled Segment
Chart 3.12	Trends of Median Monthly Wages
Chart 4.1	Near Term and Medium Term Economic Outlook

## List of Tables

Table 3.1	Number of Employees (by Skill Segment)(May – Jun. 2012)
Table 3.2	Number of Employees in the Lower-skilled Segment (by Occupational Group) (May – Jun. 2012)
Table 3.3	Unemployment Rate by Age Group (Aug. – Oct. 2013)
Table 3.4	Unemployment Rate by Education Attainment (Aug. – Oct. 2013)
Table 3.5	Unemployment Rate by Gender (Aug. – Oct. 2013)
Table 3.6	A Comparison of Industries by Monthly Wages and Hourly Wages
Table 3.7	A Comparison of Industries by Median Weekly Working Hours and Distribution of Working Days per Week (May – Jun. 2012)
Table 3.8	Main Reasons for Leaving the Last Job (by Industry of Last Job)
Table 3.9	Main Reasons for Leaving the Last Job Voluntarily (by Industry of Last Job)
Table 4.1	Manpower Requirements of Retail Industry by Occupation Group in 2010 and 2018
Table 4.2	Manpower Requirements of Retail Industry by Education Level in 2010 and 2018
Table 4.3	Local Manpower Supply by Education Level in 2010 and 2018
Table 4.4	Projected Manpower Resource Balance by Education Level in 2018
Table 5.1	Retail-related Elective Clusters Offered under YJD Programme in the AY 2013/14
Table 5.2	Numbers of Graduates (Retail-related Courses)
Table 5.3	Examples of Retail-related Programmes Offered by Post-secondary Institutions Excluding the VTC



## List of Abbreviations

AEHS	Annual Earnings and Hours Survey
ApL	Applied Learning
AY	Academic Year
BU SCE	School of Continuing Education, Hong Kong Baptist University
C&SD	Census and Statistics Department
CEDB	Commerce and Economic Development Bureau
CIC	Construction Industry Council
EABFU	Economic Analysis and Business Facilitation Unit
EDB	Education Bureau
ERB	Employees Retraining Board
GDP	Gross Domestic Product
GHS	General Household Survey
HD	Higher Diploma
HKDSE	Hong Kong Diploma of Secondary Education
HKRMA	Hong Kong Retail Management Association
HKU SPACE	School of Professional and Continuing Education, the University of Hong Kong
ICN	Industry Consultative Networks
iES	Interactive Employment Service
ISP	Industry Service Programme
ITAC	Industry Training Advisory Committee
IVE	Institute of Vocational Education

## List of Abbreviations

IVS	Individual Visit Scheme
LD	Labour Department
LWB	Labour and Welfare Bureau
MP2018	Manpower Projection to 2018
QF	Qualifications Framework
QSEV	Quarterly Survey on Employment and Vacancies
RCRI	Recruitment Centre for the Retail Industry
RPL	Recognition of Prior Learning
SBI	School of Business and Information System
SCPP	Steering Committee on Population Policy
SCS	Specification of Competency Standards
SMEs	Small and medium enterprises
SPEED	School of Professional Education and Executive Development, Hong Kong Polytechnic University
SRMS	Survey on Retail Manpower Shortage
SUS Plus	Skills Upgrading Scheme Plus
TCRT	Tripartite Committee on Retail Trade
VET	Vocational Education and Training
VTC	Vocational Training Council
YC	Youth College
YETP	Youth Employment and Training Programme
YJD	Yi Jin Diploma



