

**STAFFING
SUPERMARKETS
IN THE 90'S**

PROJECT I

THE COCA-COLA RETAILING RESEARCH GROUP

EUROPE

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STAFFING SUPERMARKETS IN THE 90'S

A Research Study
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BACKGROUND

During the last half of the 20th Century, demographers, economists, political scientists and others have studied the relationship, or more accurately, the inter-relationship among population growth, GDP, per capita income and a host of other variables. They have generally concluded that the more advanced a nation, in terms of its agricultural productivity, industrial base, social and educational systems and political structures and institutions, the more its individuals self-regulate family size.

Today in Europe the overall effect of this factor can be seen, exacerbated by two devastating wars and the increasing ability to “manage” human fertility. Many countries are experiencing slow or no growth in population, and Germany is facing an absolute decline in people.

It is against a background of impending demographic change in Europe’s labour market that the Coca-Cola Retailing Research Group in Europe conducted a study into self-service food retailing’s employment environment. The study had three main objectives:

- To examine and quantify the dimension and demographic problems which will impact the industry’s ability to recruit and retain employable people.
- To explore any ways in which the industry’s image may affect its ability to attract people.
- To identify approaches to overcome potential or existing problems based on “best practices” of food retailers and others who have successfully dealt with similar issues.

To accomplish these objectives the extent of the demographic and competitive issues in Europe was quantified through detailed analysis of population and labour force trends in 15 European countries.

The image of self-service retailing was evaluated among potential target labour groups by means of postal questionnaires covering six

European countries, and focus groups in two countries.

Finally, best practices in areas of recruitment and retention were developed from case studies of selected companies.

SUMMARY OF FINDINGS

Self-service food retailers in many Western European countries will face a dramatic change in the labour market of the 1990s. Retailers who have relied on the 15 to 24 year-old segment of society to staff their stores face serious and growing difficulties. The number of people in the 15 to 24 year-old category are declining all over Europe. In Germany the decline will be over 40% by the end of the century. But as will be seen below, there are ways to address the challenges ahead.

- The number of young people aged between 15 and 24 entering the labour pool will fall in absolute terms and as a proportion of the workforce between now and the end of the century. While this fact is widely known, this report quantifies the dimensions of the problem, country by country.
- The service sector's demand for workers in that age group is rising rapidly, which will cause increased competition within the sector for prime youth labour.
- Reduced supply and increased demand for the youth pool of labour is made more difficult by the fact that the industry's image tends to be poor.
- Self service food retailers could be disadvantaged in the competition for students, married women and retired people, and other alternative labour sources, if measures are not taken to improve recruitment and retention practices.

The findings from consumer focus groups conducted in the UK and Germany illustrate typical attitudes of three age groups.

- The image of self-service food retailing is created very much by the stores in which people shop. Potential recruits see what goes on in the store and believe that they know what jobs are available. They also strongly differentiate between different food retailers, once again, on a local store basis.

- It is clearly possible for individual stores to differentiate themselves from competitors and make themselves more attractive to potential recruits. But too often food retailers have not responded to the needs of the different worker groups.
- Young people are not enthusiastic towards food retailing. They consider it to be the antithesis of what they want from a job or a career.
- Whilst mothers would like to work in certain areas of supermarkets, they would need help from employers in terms of childcare or flexible schedules.
- Retirees would also like to work in supermarkets in certain capacities but need encouragement to apply for the part-time vacancies available.

Also examined was the question of motivating young people towards a career in self-service retailing. The report examines how retailers go about promoting career opportunities to schools and how career counsellors view food retailing as an option.

The research revealed that :

- Supermarket retailing is generally seen as a negative career choice for a 16 year-old school leaver, but a better option for an 18 year-old starting a management training course.
- Supermarkets often fail to exploit opportunities to interest teenagers in food retailing as a career, particularly with students employed part-time. They frequently neglect to liaise fully with career advisers and headmasters in schools. Supermarkets which maintain effective school links find them to be an important tool for recruiting school leavers.

These situations need not add up to a crisis if self-service food retailers address their problems with skill and energy. This report isolates three broad areas where progress can be made.

- Food retailers cannot do anything about the demographics they confront but they do have the means to change their reputation and image in the eyes of potential recruits.
- Organisations can identify and recruit potential alternative labour sources among those only infrequently engaged in the labour force: students, mothers, older people and cross border labour.
- Food retailers can reduce the high level of staff turnover endemic in self-service food retailing.

In addition food retailers should analyse carefully trade-offs between investment in store technology and automation and the human resource — both direct and indirect labour and “buying in” services rather than adding permanent staff.

Furthermore, in some countries food retailers have the opportunity to shift certain burdens such as shelf-stacking and stock-taking onto food manufacturers.

Self-service food retailers who successfully address these issues will not only help immunise themselves from the labour shortage, but are also likely to experience a number of beneficial spin-offs:

- Increased staff motivation.
- More mature, conscientious labour force.
- Higher retention rates, reduced recruitment and training costs.
- Better quality recruits.
- More effective/efficient store organisation and service structure.

In moving with the 1990s, European self-service retailers may well feel encouraged by the efforts of similar organisations which have faced the same challenges — successfully. Some companies in Europe and in the United States are now dealing with these issues confronting both continents; several provide potentially useful models for action.

THE DEMOGRAPHIC PROBLEM

Self-service food retailers in most of Western Europe are facing a double challenge on the labour front as they enter the 1990s. The elements of that challenge are:

- The number of people aged between 15 and 24 is set to fall dramatically and this group currently provides up to 40 per cent of the industry's labour in some countries.
- The industry will increasingly compete with other services in this shrinking labour pool. Competitors include non-food retailers, wholesalers, financial institutions, health care, and hotels, restaurants and caterers.

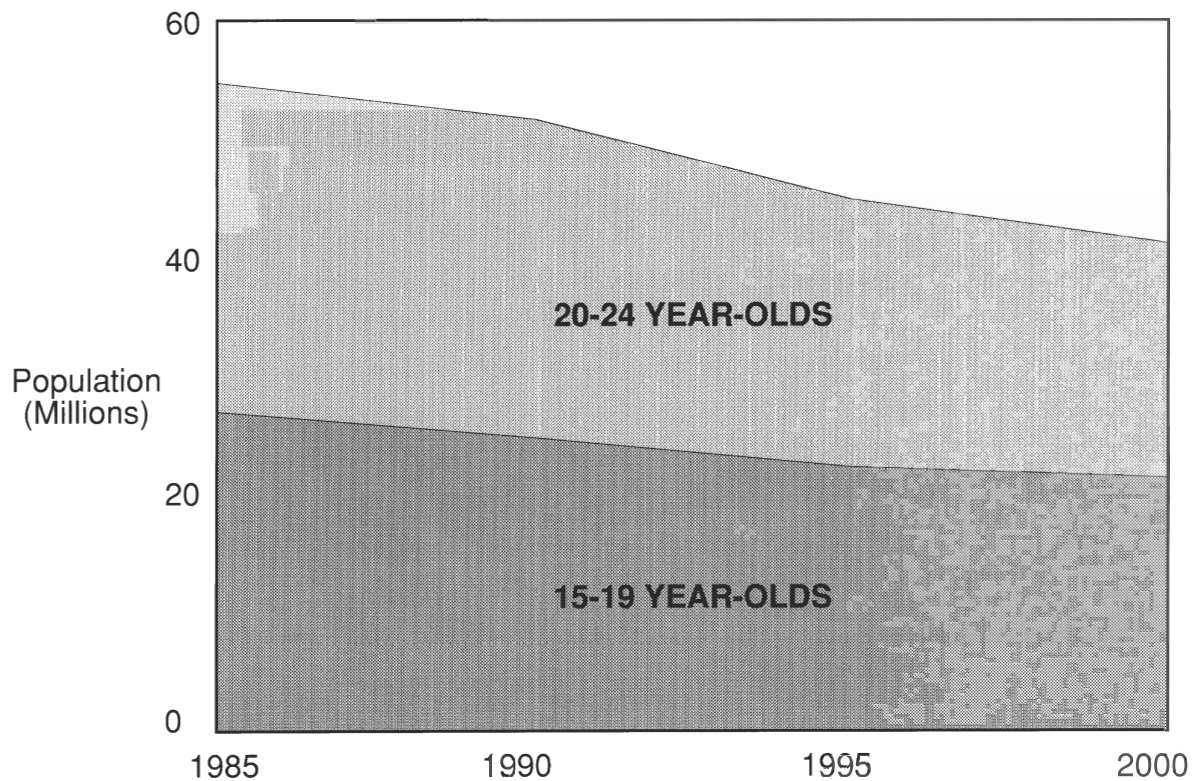
A large portion of the report concentrates on young people because future store and company management will come from this segment of the population.

DEMOGRAPHIC CHANGES; IMPLICATIONS FOR FOOD RETAILERS

The industry relies heavily on workers aged between 15 and 24. Until recently, employers have had little cause to worry about young workers' availability. Indeed, the sad result of the slow economic growth in Europe in the 1970s and 1980s has been the unemployment burden falling heavily on the shoulders of the young.

Profound demographic and social changes are taking place, however. The trend towards smaller families in most European countries means that by 2000 there will be 24 per cent fewer people in the 15 to 24 age group than there were in 1985, a drop of 13.3 million. Chart I shows the averaged projections for 13 European countries.

Chart I: 15 to 24 Year-Old Population of Europe



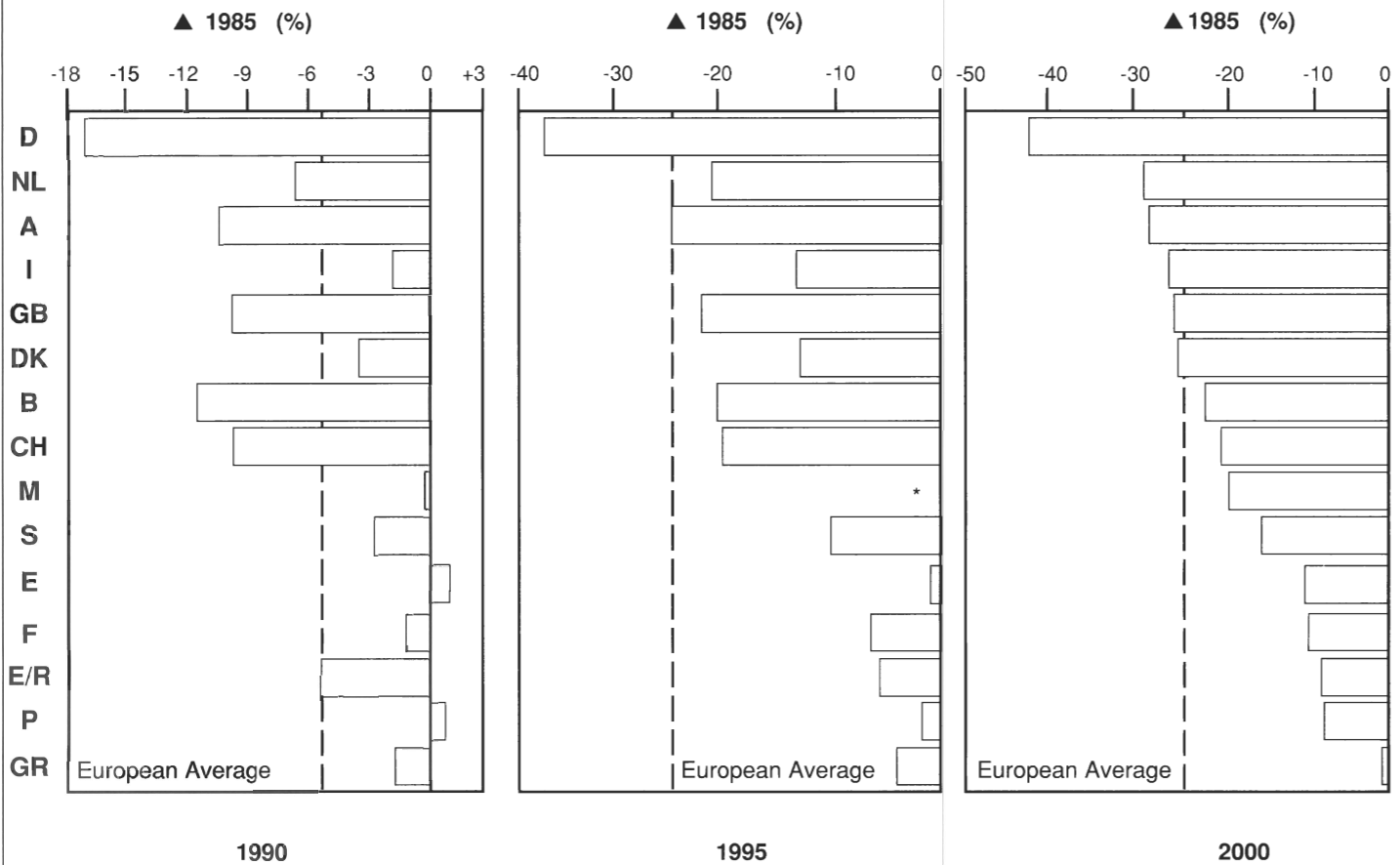
(A, NL, D, I, UK, B, CH, S, E, F, EIR, GR, N, P)*

*KEY

A	-	Austria	S	-	Sweden
NL	-	Netherlands	E	-	Spain
D	-	West Germany	F	-	France
I	-	Italy	EIR	-	Ireland
UK	-	United Kingdom	GR	-	Greece
DK	-	Denmark	N	-	Norway
B	-	Belgium	P	-	Portugal
CH	-	Switzerland			

Chart II sets out the decline in numbers of the 15-24 year-old group between 1985 and 2000, at five year intervals. For example in Germany by the year 2000 there will be a decline of 43% compared with the 1985 total — the average European decline will be 23% — shown by the dotted line. Germany is the most affected — other countries with more than average decline will be the Netherlands, Austria, Italy, Great Britain, Denmark and Belgium.

Chart II: Percentage Drop in Number of 15 to 24 Year-Olds

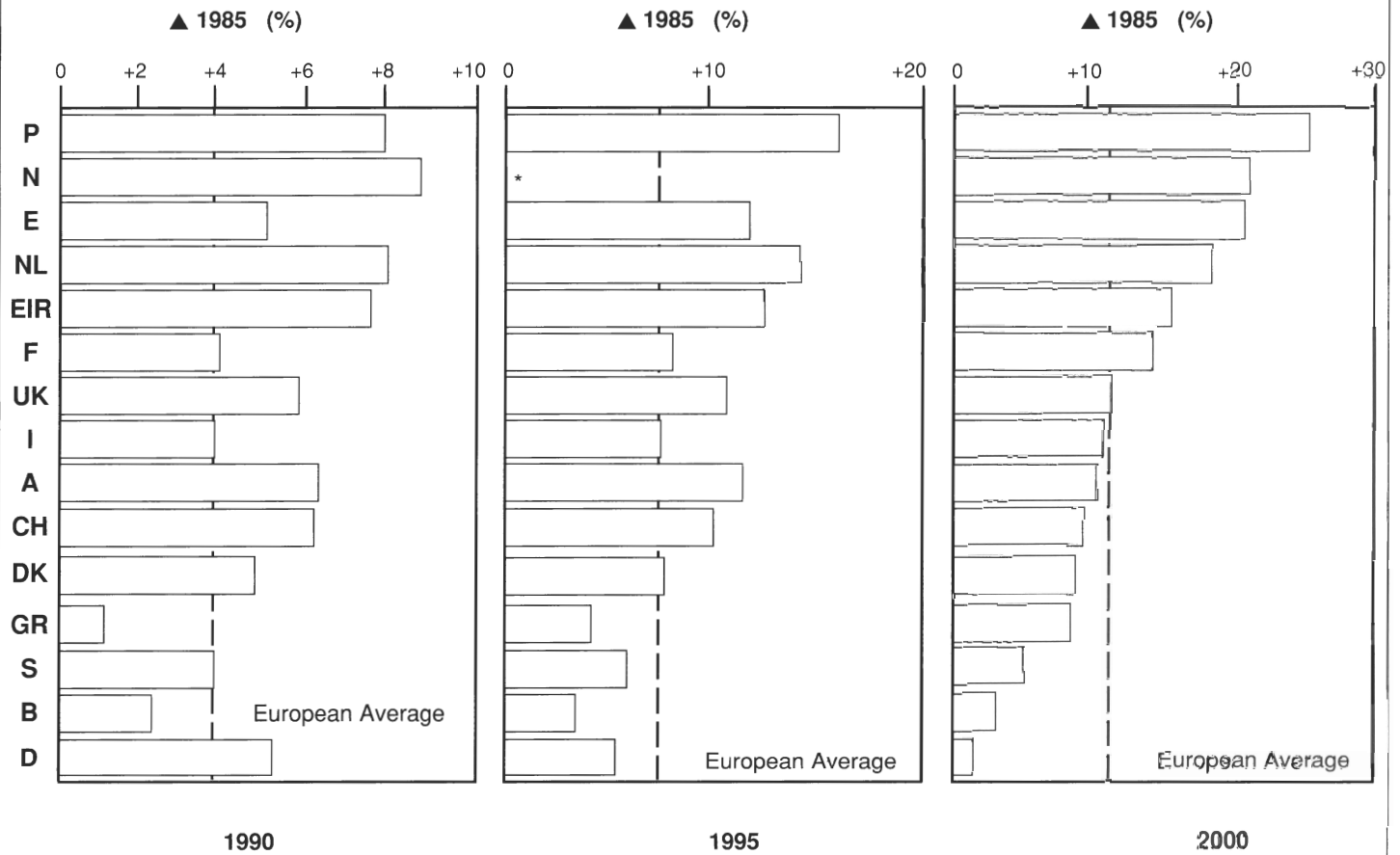


Source: National Statistics Offices, BAH Analysis

*1995 Projections Not Available

Using the same format as before, Chart III tracks the contrasting increase in the numbers of 25 to 54 year olds. For example, Portugal will have an increase of 25% in this age group between 1985 and 2000, compared with the European average of 11%. Other countries with an above average increase by 2000 will be Norway, Spain, the Netherlands, Ireland, France and the United Kingdom.

Chart III: Percentage Increase in Numbers of 25 to 54 Year-Olds



Source: National Statistics Offices, BAH Analysis

*1995 Projections Not Available

Size of the Labour Force

The number of economically active people aged between 15 and 19 will fall by 24.8 per cent between 1985 and 2000, and that of people between 20 and 24 by 13.4 per cent — a total of 2.7 and 4.9 million respectively.

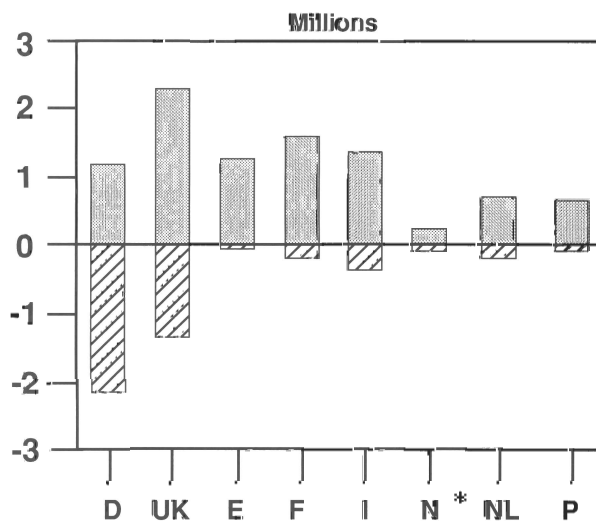
However, the total size of the labour force will grow because of increases in the numbers of older people: 9.8 per cent more aged from 25 to 39 (4.9 million increase), and 9.5 per cent in the 40 to 54 group (6.8 million). The obvious effect will be a dramatic ageing of the working population, with 7.6 million fewer young people entering the labour market in 2000 than in 1985 as seen in Chart III.

Chart IV gives country by country projections of the increases and decreases in these two groups of workers. Increases in the 25-54 age group are shown above the line, decreases in the 15-24

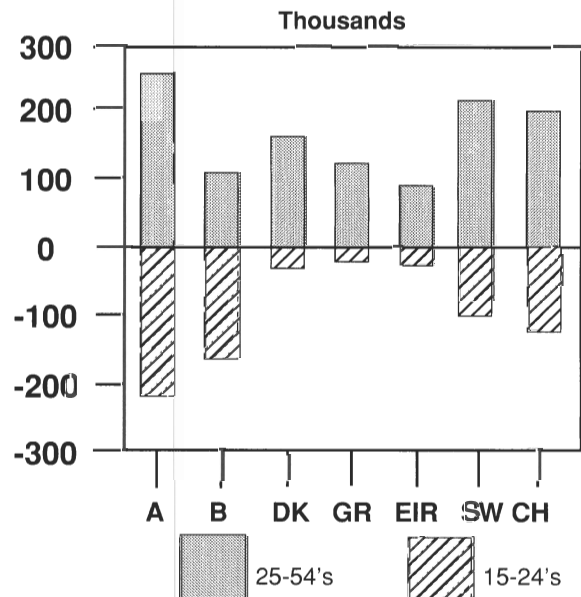
groups below the line. A comparison of the size of the two bars shows whether the country's labour force is increasing or decreasing — and the relative magnitude of the change. For example: in the UK, increases in the older age group more than balance decreases in the younger group — so the working population will increase. With gains of more than 2 million and losses of more than 1 million, the rebalancing of the workforce will be large.

These figures are averages for 15 countries. The picture is mixed when looking at individual nations. In Germany and Belgium the working population will fall because a decline in the 15 to 24 group will not be offset by a rise in the number of older workers. Total numbers will increase — and so will the average worker's age — in the UK, Spain, France, Italy, Norway, the Netherlands, Portugal, Austria, Denmark, Greece, Ireland, Sweden, and Switzerland.

Chart IV: Forecast Changes in Numbers in Labour Force in 15 to 24 and 25 to 54 Age Groups - 1985-1995



* ▲ 1985 - 2000

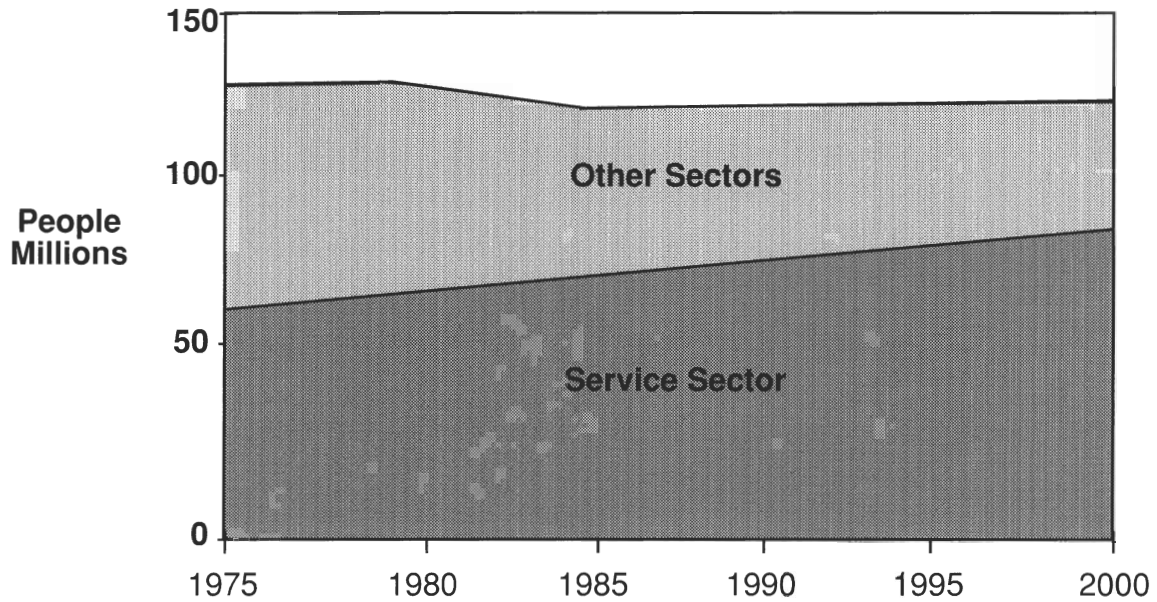


Demand for Labour

Projections of Europe's labour requirements at an aggregate level show a fairly constant demand as Chart V illustrates. Services have, however, accounted for a rising share of total employment in Europe in the last 14 years. If this rise continues

at the same rapid rate, services could employ up to 57 per cent of the working population by 1995. In some countries — notably Belgium, Denmark, the Netherlands, Norway, Sweden and the UK — services already employ two-thirds or more of all workers.

Chart V: Employment Demand in 12 European Countries



*Forecast based on 1975-1985 trend

Service Sector = Retailing, Horeca, Health Services and Financial Services

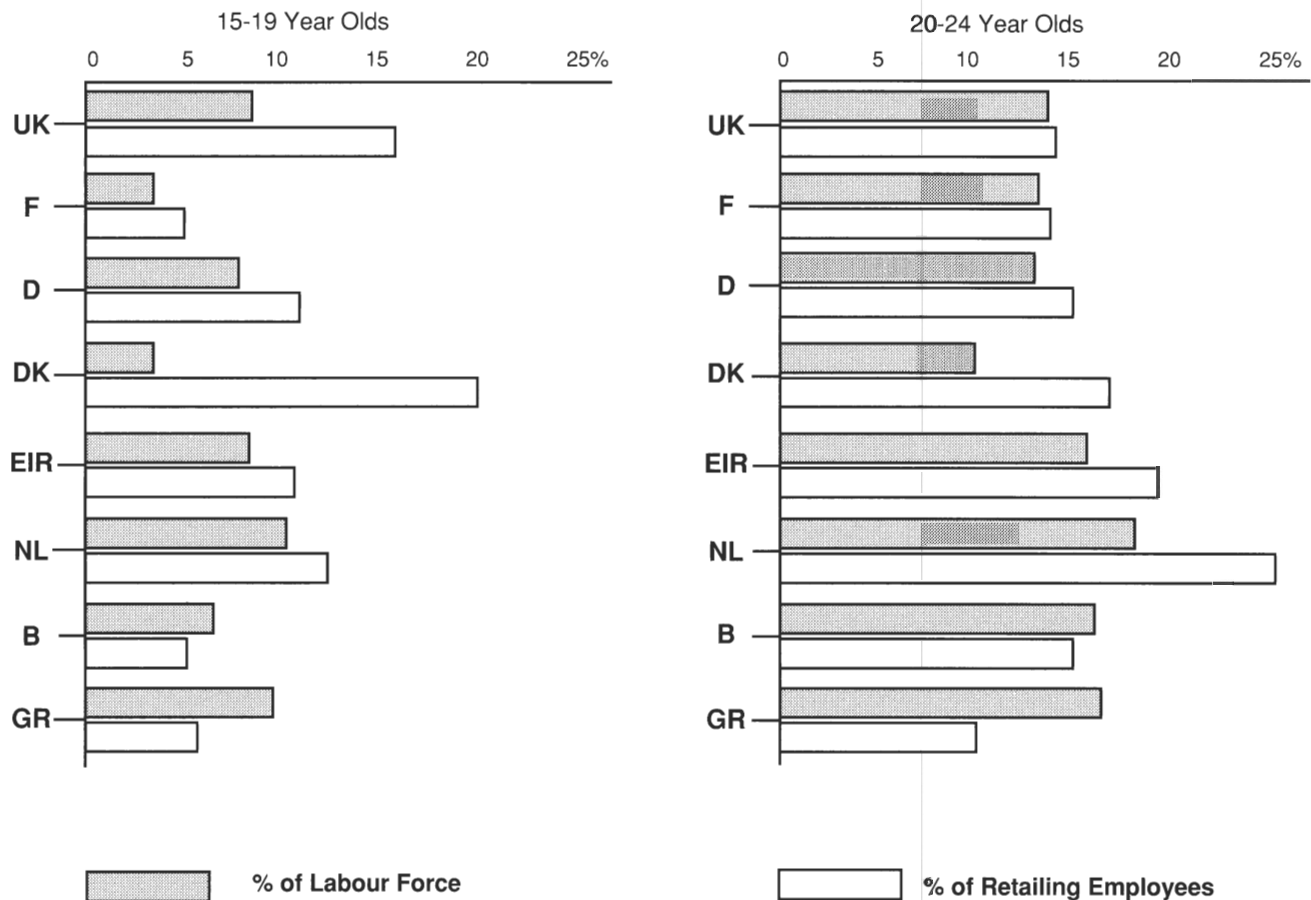
A further rise in service-sector employment does not mean that the number of jobs in manufacturing and agriculture, for example, will fall correspondingly. More likely is that total demand for labour will rise significantly, driven by the growth of the service sector.

Young Employees and Retailing

In all countries studied except Belgium and Greece retailers depend more heavily on workers aged between 15 to 19 than other employers do.

In Denmark and the UK this group provides between 15 and 20 per cent of retailers' labour; in Germany, Ireland and the Netherlands 10 to 13 per cent. Retailers' reliance on the 20 to 24 age group varies greatly as is shown in Chart VI, from a high of 25 per cent in the Netherlands to a low of about 11 per cent in Denmark. Within certain individual retailers the reliance on young labour has been found to be even higher.

Chart VI: 15 to 24 Year-Olds as a Proportion of Retailers and as a Proportion of the Labour Force



Sharpened Competition

Strong growth in service sector employment is likely to mean competition for recruits in many countries, and in particular for the shrinking 15 to 24 year-old labour pool. In some countries competition threatens to be fierce: in Denmark the service sector's share of 15 to 24 year-old labour could rise from 42 per cent in 1985 to more than 60 per cent by 2000. Sharp increases in service sector demand for labour are also to be expected in Germany, the UK, the Netherlands and Belgium. Only in France and Ireland is the service sector's share of young labour forecast to increase modestly.

Competition for labour is likely to be fiercest in Denmark, the UK and Germany — if retailers continue to rely as heavily in future as in the past on teenagers and young adults. In Denmark retailers would need to claim 26 per cent of young labour in 2000, compared with 15 per cent in 1985. Germany would need to increase its share from 11 to 18 per cent; and in the UK an increase from 12 to 22 per cent would be required. Elsewhere competition would be less fierce — but still formidable. Only in Greece, France and Ireland is the level of competition for workers aged 15 to 24 likely to change little.

THE IMAGE OF SELF-SERVICE FOOD RETAILING AMONG THE LABOUR FORCE

To evaluate how retailers are competitively placed to attract young recruits, mothers and the recently retired, focus groups were commissioned in Germany and the United Kingdom*. To explore attitudes of school leavers and careers advisers about supermarket retailing, questionnaires were sent to schools in six countries: the United Kingdom, Germany, the Netherlands, France, Sweden and Italy**. The objective of both these market research programmes was to get an impression of the perceptions of job seekers and those who might advise them, and what they were saying and thinking about self-service food retailing as a job and a career.

ATTRACTING AND RECRUITING THE YOUNG

If self-service food retailers are to compete effectively in the 1990s for this shrinking pool of young labour, they will need to make themselves highly attractive as employers in the eyes of school leavers.

The key findings of the image research show that:

- Young people's attitudes towards self-service food retailing are mainly based on their experiences as customers in their local store, and on their perceptions through observation of the tasks involved. Some have also been influenced by part-time work in supermarkets or school/work experience schemes.
- Self-service retailing has a negative image in the eyes of school leavers; tasks are

seen as menial, repetitive and boring, pay is low and the job is seen to offer little status.

- Those influencing young people's career decisions also have a negative attitude towards self-service retailing: it is widely perceived as a dead-end job rather than a career option. Typically this impression is based on subjective opinion; informed contact with retailers is the exception rather than the rule.

The schools targeted were intended to represent proportionally the mix of different types of schools in the countries concerned.

Attitudes of Young People

Young people have very definite ideas about what they want from a future employer in terms of working environment, career path, training and remuneration. This is true even where they have not yet identified the industry in which they would like to work.

Their aspirations tend to be abstract and idealistic. A job should be interesting, varied, well-rewarded, have good prospects and have a degree of "kudos" associated with it.

As customers of supermarkets, and sometimes through part-time jobs or school work experience schemes, teenagers have formed impressions of what self-service retailing involves. Usually all they see and participate in is shop floor work, and this creates a negative impression.

* Three focus groups were conducted in each of the countries, chosen for the severity and immediacy of the fall in numbers of teenagers.

- A • 16 - 20 year-olds
- B • Mothers with children under 16
- C • Recently and long term retired over 55s
 - all willing and predisposed towards changing jobs
 - none totally averse to or completely dedicated to supermarket work

** A questionnaire was devised and sent to 350 schools in each of France, Germany, the UK, the Netherlands and Italy, and to 200 schools in Sweden.

All questionnaires were in the language of the country concerned.

One key finding is that potential employees do not decide on supermarketing as a career. Rather, they decide to join an individual company — and their perceptions are sharply focused on the strengths (and weaknesses) of individual companies, and primarily based on their experience as shoppers rather than on career publicity and publications.

Germany

Of all the countries covered, Germany faces the largest drop in numbers of teenagers — a fall of 43 per cent by 2000. The consequent recruitment problem for retailers will be compounded by the fact that young Germans have an extremely negative attitude towards self-service retailing as a career. They consider supermarketing to be boring, repetitive, pressurised and underpaid. A teenager commented: **“As a check-out girl you’d have a really bad time...long queues, stress and long hours.”** Another said: **“You’re just a cheap source of labour.”**

The only opportunities they see in supermarketing are shelf-stacking and checkout work. Promotion to higher positions is thought impossible: **“I can’t imagine that you could ever start as a checkout operator or shelf-stacker or something similar, and be given the chance of a higher position — you just wouldn’t have had the opportunity to prove yourself good enough.”**

The negative image of self-service retailing which young people in Germany have is shared by careers teachers in their schools. Teachers see supermarketing as offering little job security, no career structure, low pay and boredom. There is little knowledge of “management training” opportunities, and it is not thought to be a suitable career option.

A problem highlighted by many teachers is that they are not kept adequately informed of the opportunities which arise. “Schools need to know the qualifications required and a job description,” said one headmaster. “I lack information about future prospects and the training offered,” said another.

United Kingdom

Similarly in the UK, the significant fall in teenage labour expected in the 1990s is compounded by the negative attitudes of school leavers towards self-service retailing.

Again the most visible roles in the store are checkout operator and shelf-stacker, and these are considered to offer low pay, low status, long hours, monotony and few prospects. The only roles British teenagers consider palatable within a chain are in store management, or in areas like marketing or personnel, and this would have to be with a large, national, successful company.

Working in the local store is considered “down market” and unattractive; it is largely the teenagers’ own experience in supermarkets which turns them against it: **“What really does put me off is the fact that you walk around and you see all the cashiers and they’re all long-faced, and the same with the managers who walk around — it’s horrible.”**

Attitudes of careers teachers in the UK towards supermarket retailing depend largely on the age and qualifications of the school leavers they are advising: for 18 year-olds joining a management training programme self-service retailing has a positive image; it is perceived to offer good training, job security, a defined career structure, intellectual stimulation and an improved understanding of business. For 16 year-olds it is considered to be boring, poorly paid and offer few opportunities to progress beyond shelf-stacking, trolley collecting or checkout operating.

In the UK, schools have significantly better links with business than in most other countries. More than 80 per cent of UK careers teachers claim to have regular contact with local businesses, and the highest proportion of respondents (89 per cent) claim work experience schemes with supermarkets. Emphasis is also placed on young people being actively taught about business. The most common method is talks for pupils by business people (claimed by 45 per cent of respondent schools) and projects on business topics (39 per cent). Some schools say they also organise supermarket or office visits.

Where links between schools and supermarkets exist and are exploited effectively, they can be a powerful tool in recruiting school leavers. As a UK head of careers said: **“I feel that supermarket retailing in this area has now become a real opportunity for many pupils. Many supermarkets cooperate fully with our work experience scheme and as a result offer either part-time or full-time employment to many pupils afterwards.”**

However, unless the pupils’ work experience or part-time jobs in supermarkets are carefully tailored to show the full range of opportunities, pupils may be left with a very negative impression: **“Work experience tasks tend to only show the more mundane aspect of the jobs available in the store,”** said a UK headteacher. A UK deputy head said: **“When shops take them for work experience, they should try to get the youngsters off the shop floor to see more of the behind-the-scenes work.”**

Some schools said they find local supermarkets unwilling to undertake joint links or promotional exercises: **“Not all supermarkets encourage senior pupils to visit their stores in order to gain information for course work, and so tend to put them off applying for jobs,”** was the sentiment of one UK headmaster. Another UK head of careers said: **“Having invited at least three supermarket chains to our last careers convention and getting no reply even to invitations, has tended to colour my attitude somewhat.”**

Other industries are often more successful in promoting their opportunities to school leavers. A UK deputy head said: **“The hotel and catering industry has excellent publicity material: free videos and national open days make clear there is a career route at every level — from 16 year-olds with grit and an interest in people, to graduates.”**

France

In France, although the shortage of youth labour will not be as acute as in Germany and the number of teenagers will fall a moderate 19 per

cent by 2000, attitudes towards self-service retailing are almost as negative as in Germany.

Teachers see it as a fairly obvious career opportunity for pupils who have studied a “commercial option” at a “Lycée Professionnel”, but do not believe there are opportunities for others as well. **“Good opportunities for those with a specialised commercial education, but are career and training opportunities available for the others?”** commented one French headmistress.

Supermarket retailing is seen by 50 per cent of French respondents as a career rather than a job for an 18 year-old who has stayed on at school to achieve higher qualifications, but 79% of teachers see it as a job rather than a career for a 16 year-old. For an 18 year-old self-service retailing is viewed as a more positive career choice and 41 per cent of respondents think an 18 year-old would find supermarketing intellectually stimulating.

But job security and career structure are seen as strong negative factors. Only 6 per cent of the French respondents to the schools questionnaire feel that supermarket retailing offers job security for 16 year-olds and 12 per cent for 18 year-olds.

A perceived lack of career structure is also a disincentive, and opportunities for quick promotion are seen as being rare. But on this issue awareness is relatively low and the “don’t knows” dominate. As one French headmaster said: **“I don’t know the working conditions of supermarket staff sufficiently well to form an accurate judgement.”** In fact, it seems a relatively high proportion of retailing employees in France do achieve a professional qualification (one in four as opposed to one in 20 in the UK, for example), providing a “seed bed” for future management and a core of trained employees to set standards in the store.

Of the French respondents, more than 80 per cent claimed to have school links with businesses and many expressed a desire to establish closer relationships: **“It would undoubtedly be interesting if companies established more contacts with the education system in the form of part-**

nerships, such as sponsoring activities, participation on the school board and so on, to define employment criteria and raise the pupils' awareness of industry and commerce," said one French deputy headteacher.

Links between French schools and supermarket chains are, however, relatively uncommon. Only 44% of schools running work experience schemes do so with supermarkets. Talks to pupils by business people are rare — only 2 respondent schools said they do this, and less than a third of schools offer visits to supermarkets or offices.

Sweden

In Sweden, the outlook is more positive overall, and schools are very keen to establish links with industry.

For an 18 year-old school leaver (in Sweden 16 year-old school leavers are very uncommon) 78 per cent of respondents think the training supermarkets offer is good, while only 9 per cent disagree. Supermarkets are also seen by them to offer good job security and career structure for an 18 year-old, and improved understanding of business for pupils of any age.

However, supermarket work is thought by the vast majority to be boring and the pay poor, especially for 16 year-olds. **"The most gifted pupils wouldn't select supermarketing because of the inconvenient hours, bad pay and its poor image in society,"** said a Swedish headteacher. Another commented: **"Interest is low because so many Saturdays and Sundays need to be worked in grocery retailing."** A Swedish business studies teacher said: **"A lot of opportunities exist, but to be competitive in the future, the salaries need to be raised, the working hours improved and the status improved."**

Sweden has the highest number of careers teachers appointed at schools (97 per cent of respondents) and school-business links are strong: 94 per cent have work experience schemes, 81 per cent offer work experience in supermarkets and 87 per cent have regular contact with local businesses — mainly manufacturing, retailing and financial services.

Business talks and mini-enterprises for pupils are quite common in Sweden and 47 per cent of respondent schools said they do projects on business topics. Supermarket and office visits are most popular (69 per cent) and while school equipment financing by business is uncommon in all the sample countries, 12 per cent of respondents in Sweden receive this kind of aid.

The Netherlands

In the Netherlands the projected drop in teenagers by 2000 will be more than 20 per cent, and young people in this country have a strongly negative attitude to supermarketing which does not foster many school-business links.

Little time is committed to building links with industry or encouraging pupils to find out about working life at first hand, although a large proportion (74 per cent) of schools have formally appointed careers teachers. Only 37 per cent of Dutch school respondents have contacts with local businesses — the lowest proportion of any of the sample countries. Only 48 per cent have a work experience scheme. However, those respondents who do have contacts with business have them with retailers, specifically for work experience in supermarkets, and half of these also invite business people to the school to give talks to pupils. However, only one respondent school said it takes pupils on supermarket or office visits.

Though widely viewed as a negative career choice for pupils of any age, supermarketing is generally seen as a career rather than a job for 18 year-olds. However, some see supermarketing as stop-gap employment: **"For 18 year-olds supermarket work is usually a staging post between jobs or further education,"** said a Dutch business studies teacher. For a 16 year-old it is seen as a job rather than a career, though it is perceived to offer good training and an understanding of business.

But again the negative perceptions of poor pay, boredom and poor promotional prospects for a 16 year-old are clearly felt. A Dutch business studies teacher commented: **"We need definite information about the training and career opportunities because the image is clear: super-**

market work means stacking shelves.” Only 7 per cent of respondents in the Netherlands believe a 16 year-old would be offered intellectually stimulating work in a supermarket.

The Dutch respondents generally feel that supermarket retailing is better suited to less able pupils: 56 per cent of respondents said they would encourage their less able pupils to take such jobs. Only 19 per cent would encourage more able pupils to do so.

Another problem expressed by Dutch respondents is the lack of available information about careers in supermarketing. One Dutch headmaster said: “I am ill-informed about training opportunities, facilities and career opportunities for the different groups of school leavers. All I do know comes from an advertisement from a local supermarket. Is information available for headteachers?”

Italy

Italy's teenage population drop is likely to be similar to that of the Netherlands, and the same negative perceptions of supermarkets emerge: poor career structure, boredom and 74 per cent of teachers view supermarketing as a job rather than a career. A significant 41 per cent said they would prefer their pupils to take jobs other than in a supermarket, and 33 per cent said they would encourage the less able to do supermarket work.

The problem for self-service retailers in Italy is compounded by the fact that only 15 per cent of respondent schools have formally appointed careers teachers. This makes it more difficult for retailers to promote career opportunities since careers teachers are often the first point of contact with industry.

However, despite a relative lack of careers teachers, and 60 per cent claim regular contacts with local business, 70 per cent of respondent schools have work experience or work shadowing schemes (this involves pupils observing the activities of a particular employee over a period). These links are mainly with manufacturers, or services other than retailing. No Italian respon-

dent schools have business talks for pupils. The only activities undertaken with supermarkets are work-shadowing and supermarket visits. None of the respondent schools have work experience schemes with supermarkets.

OPPORTUNITY GROUPS

As the supply of young labour diminishes and the competition for these prime recruits intensifies, self-service retailers will increasingly have to look to other sectors of the population to fulfill their recruitment requirements.

Again, by looking at the current and future composition of the labour force, it is possible to identify substantial groups of people who are currently not engaged in the labour market, but who, given the right conditions and incentives, might be willing to seek work in self-service retailing.

Specifically, these groups are students, mothers and the active elderly — they have been called the “Opportunity Groups.”

Students

Students are a particularly large category in Scandinavia, with an average of more than 75 per cent of teenagers aged 15 to 19 in school; in Belgium, France, Italy, Ireland and Germany more than half of all teenagers (15 to 19) are students. The proportion of young adults (20 to 24) in education ranges from a low of 6.9 per cent in Greece to a high of 23.2 per cent in Denmark as shown in Charts VII and VIII. Retailers' ability to recruit students will depend upon factors that vary greatly from country to country. They include students' relative affluence, parents' and education authorities' attitudes, and social security and employment laws.

Chart VII: Proportion of 15 to 19 Year-Olds Engaged in Education

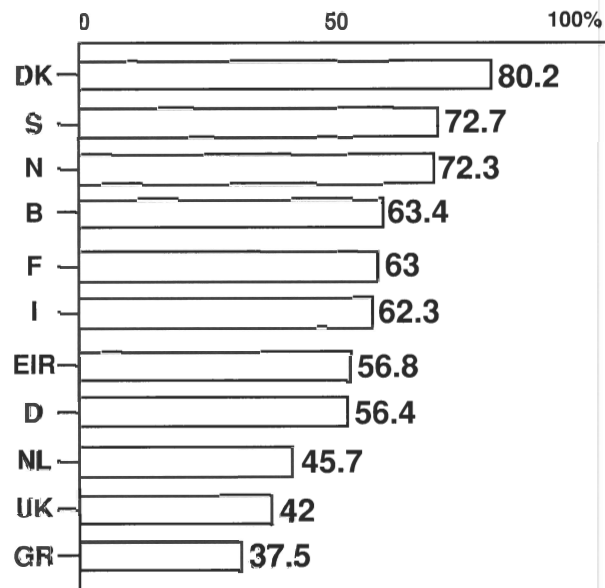
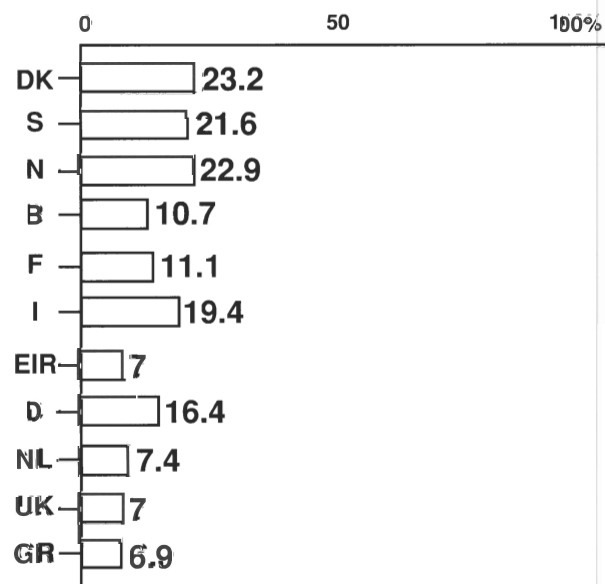


Chart VIII: Proportion of 20 to 24 Year-Olds Engaged in Education



While young people may presently be reluctant to enter self-service retailing as a permanent career choice, many express a willingness to do the job "part-time, to earn money," either while studying or "between jobs."

In particular, many schools said their pupils work evenings, Saturdays and school holidays in local supermarkets, and a number of headteachers said they would actively publicise such vacancies to pupils.

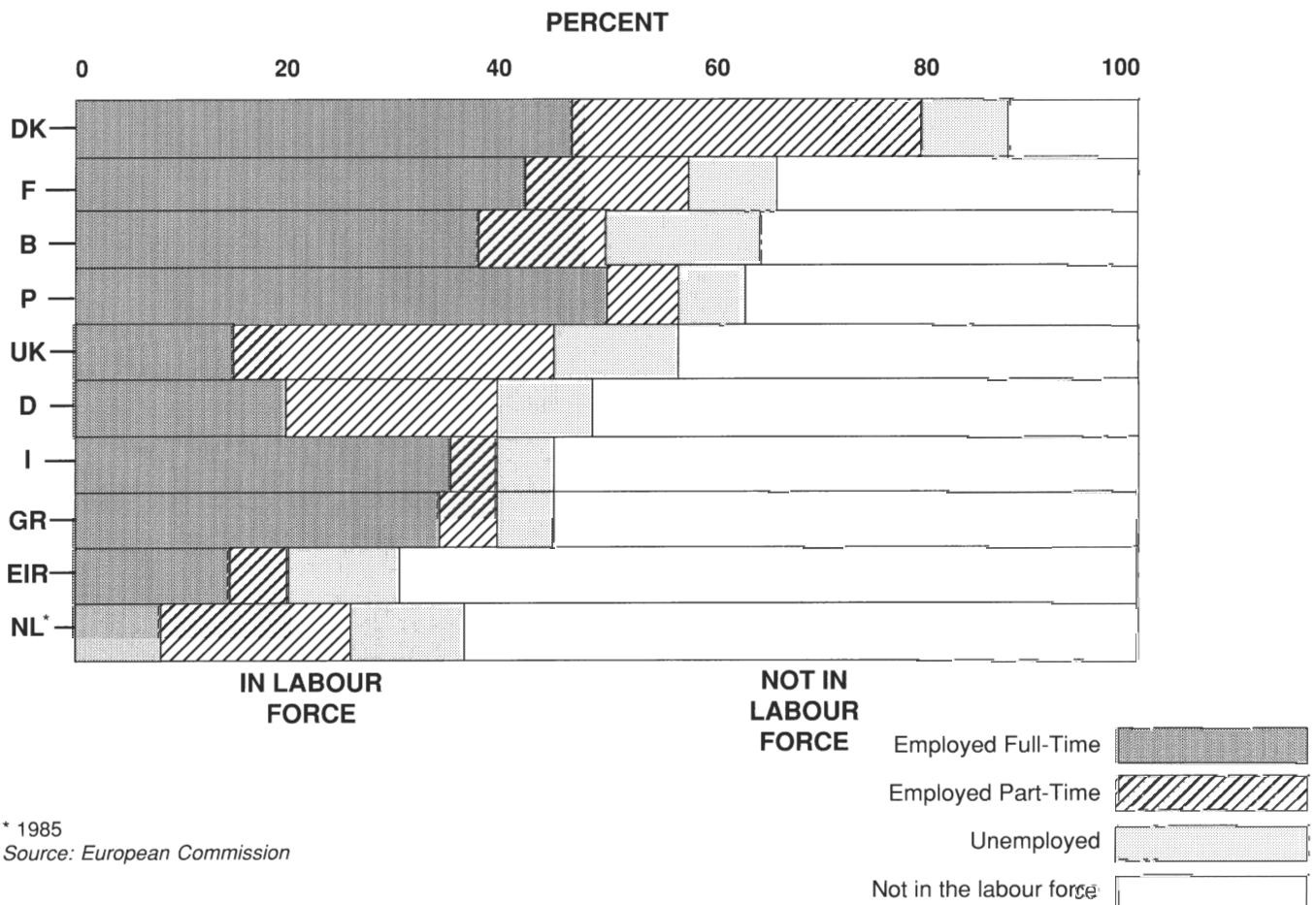
"Many of our young people take casual employment — evenings and weekends — in the local supermarkets. They do so to earn money while they are studying," said one UK head of personal, social and vocational education.

A UK head of careers said: **"Since a number of our sixth formers work in a local supermarket at weekends or one evening per week, they have quite a reasonable knowledge of such employment. We encourage them to look at junior management training schemes for 18 year-old and post-'A' level leavers."**

Mothers

The potential role in self-service retailing of women with children also varies widely from country to country. In Denmark, for example, more than 80 per cent of mothers already work outside the home; in Italy and Greece fewer than half do, while the Netherlands and Ireland score lowest as seen in Chart IX. Many factors determine participation rates, including levels of affluence, income-tax marginal rates, social attitudes and, of course, availability of jobs and the pay and conditions offered.

Chart IX: Women with Children Under 15 by Labour Force Status 1986



* 1985
Source: European Commission

Market research in Germany and the UK indicates that a substantial number of mothers with dependent children are eager to re-enter the labour market, and that they would be willing to consider self-service retailing; indeed some would jump at the opportunity.

The barriers to employment for these women currently are the lack of alternative childcare facilities for pre-school children, and the lack of "flexible part-time" or "term-time only" jobs for those with school age children.

Additionally, employers are perceived to be prejudiced against women with children: **"As soon as you mention you've got kids, they're just not interested,"** is one typical statement from a UK mother.

For mothers in the UK and Germany a primary objective in seeking work would be personal fulfillment. They have already achieved their major objectives in terms of having a family and a certain standard of living.

Their key requirement is a job which they can fit in with their family life. This means either creches/nursery places for pre-school children or flexible term-time work for mothers of older children, as well as employers who are sympathetic to women's family commitments.

For many women, in the UK in particular, the sole requirement is to be enabled to work: **"If the creche was there, I would do the job tomorrow,"** one UK mother said.

However, the job would be made even more attractive to mothers if it was portrayed as not too taxing or pressurised, but at the same time offering some limited responsibility, interest and variety, with the opportunity to work with and meet people. An additional attraction would be the chance to progress once the children grew older.

Most women interviewed felt they have positive qualities to offer a prospective employer, such as willingness, confidence, a caring and responsive attitude, experience and maturity.

They can see themselves ably handling several types of supermarket roles: checkout operator, warehouse employee, shelf-stacker, customer relations and responsibility for a specialist department.

"Once you've been at home, you appreciate going out to work so much more, and you're so grateful for the chance to work that you give so much more. . .it's sad that employers can't do more for mums, because you'd get a far better workforce."

As with the teenagers, mothers will not contemplate working in an environment where they do not enjoy shopping. Previous interactions as shoppers with supermarket staff in their local store play a very important part in forming an impression of what it would be like to work in a particular store. The following are typical comments:

"You walk into a supermarket and go up to the people, and some of them are so thick, aren't they? When I went shopping the other day, I went up to an assistant and said, 'where's this?' and he said, 'I don't know'. . . he was so unhelpful. You think, if people like that can get the job, then I don't want it."

"I've always, always wanted to work for Marks & Spencer . . . they always seem happy and content in there . . . they're so easy going."

Perhaps a more surprising criteria for differentiating between supermarket chains in the UK is the attractiveness of the uniform or overall employees wear. The women accept a uniform as part of the job, sensible and even a necessity, but criticise some chains' uniforms for their "dowdiness" or unattractive colour. All agree that the style of uniform is significant as it creates an impression and generates respect. Therefore a smart, modern/fashionable yet practical uniform is seen as very important.

German mothers have a slightly more negative view of working in supermarkets. Although German women are motivated to return to the work force, they feel that working in a supermar-

ket might not be suitable; they see the work as underpaid and supermarkets as understaffed. As one woman said: **“I would do it as a job, but not forever.”** They would like interaction with people but feel there would be too little of it in supermarkets.

They also feel put off by “dowdiness” or “a downmarket atmosphere” in supermarkets and would only want to work in stores that are clean, bright, well-organised and sufficiently staffed.

In Germany, the type of work offered and the conditions are instrumental in the decision to return to the labour market. German mothers expect flexible hours and a discount on groceries as part of working in a supermarket.

Older Workers/The Retired

People who are over 55 years of age may be another increasingly valuable source of labour. This group’s improving health, fitness and alertness has been well documented over the years. Many people over 55 are thus able to work effectively and can bring to their jobs a lifetime’s experience. Their availability varies greatly as shown in Charts X and XI, given on page 20. In Sweden, for example, 88.6 per cent of men aged between 55 and 64 are still in the labour force; in Belgium, in contrast, only 49.3 per cent are. For women in the same age group, the figures range from a maximum of 61.4 per cent in Switzerland to a minimum of 11.7 per cent in France.

Market research in Germany and the UK revealed differing attitudes from this older age group towards working in self-service retailing. While retirees in the UK — and in particular the men — are less than enthusiastic about supermarket work, in Germany both men and women over 55 are interested in the prospect.

In both countries, however, older people feel that they may be overlooked if they apply for a job, as employers consider their age to be a handicap and undervalue their skills and positive qualities.

They are also particularly concerned about penalising their pensions by earning an income from part-time work. In Germany, for example, the taxation system discourages pensioners from working more than 40 hours a month.

Having fulfilled their major life ambitions, the active elderly and recently retired feel less of a sense of need to work than mothers, and more of a need for interest and extra dimension to life. They are not bound by a financial need to seek employment, but rather by a social need, particularly those who are newly retired and missing the contact of regular employment.

Therefore, though generally receptive to the idea of work, their general ethos is: **“The job would have to meet my terms.”**

If they are to rejoin the workforce in any capacity, they want a job that will be enjoyable, suit their lifestyle and fit in with hobbies and other activities. Therefore, they want work that is flexible, not too demanding or pressurised, interesting, varied and offers personal satisfaction and appreciation from their employer.

The retirees have a good sense of their own value as a workforce, particularly in terms of experience, maturity, a high sense of values and priorities, conscientiousness and consideration towards colleagues and customers. But they also acknowledge some limitations, such as being slower to learn and slower in their work, and feel a general sense that no niche exists for them.

However, most can envisage themselves in some people-related supermarket roles, using their perceived experience and “old fashioned manners” in dealing with customers or staff.

The German group members are particularly keen and feel that a supermarket job would meet most of their requirements.

Chart X: Proportion of 55 to 64 Year-Old Men in the Labour Force

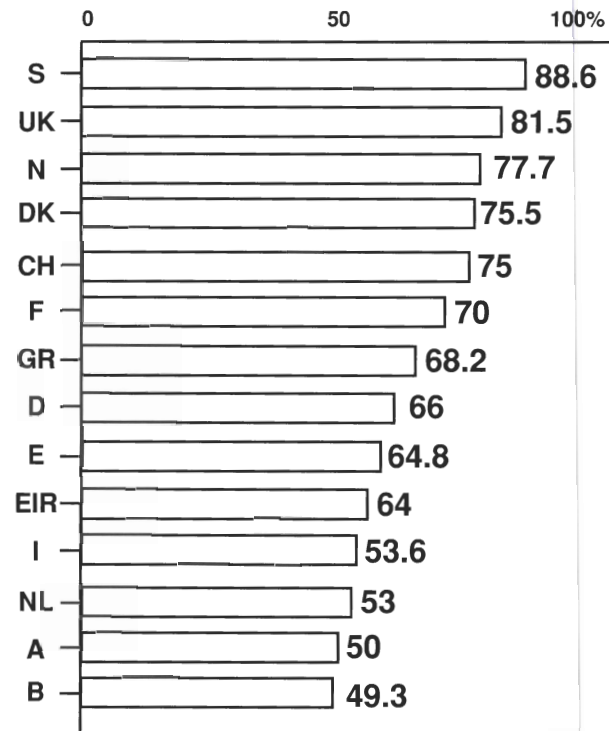
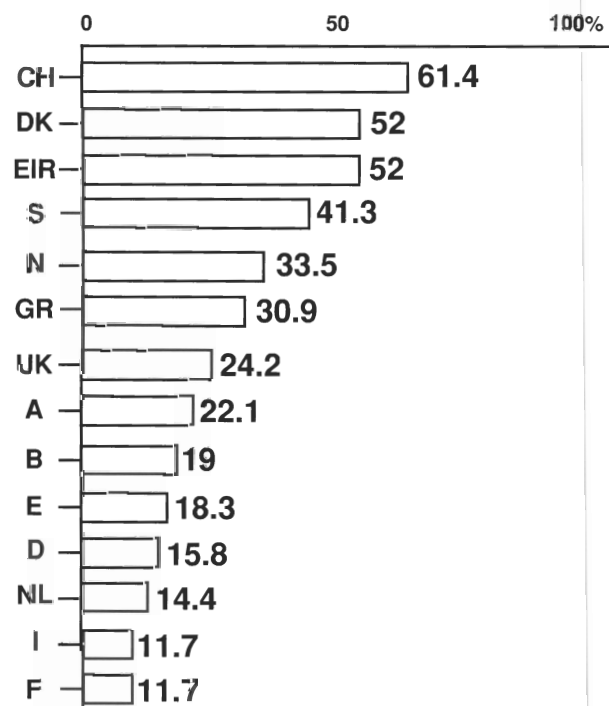


Chart XI: Proportion of 55 to 64 Year-Old Women in the Labour Force



Suggested roles include clerical/administration/accounts, customer service and handling customer queries. These types of jobs appeal more because they demand less physical activity, offer a more "caring" aspect and may offer part-time hours. The German group members prefer the idea of working approximately half-time, ideally with a flexible schedule.

They are disinclined to work as managers (too much responsibility) or as a cashier (too much stress). Work in one of the specialty departments is seen as ideal, but only for trained staff. One group member commented: **"I would like to have one department which would be my responsibility; I'd make sure everything was well stocked, so that the customer wouldn't have to search around, nothing would be 'sold out' and I'd be able to show everybody that I'd achieved that."**

The German women are particularly keen; they feel they can play a really constructive role in supermarkets: ensuring cleanliness, a high level of customer service, efficiency and "good old fashioned values." As one German group member said: **"For me a supermarket job would be new territory. I've never worked in a supermarket before and it would be a real achievement."**

The UK women are more negative. They view shop floor jobs as unattractive because of the need to be on one's feet all day and potential aggravation from customers. There is also the sense among the men in the group that it is "women's work", particularly operating the till, so they are unwilling to consider it.

Jobs the women would consider in a supermarket include checkout operator, back-office work, customer relations and responsibility for a specialist department. The men find these roles too female-oriented so they are more drawn to distribution or warehouse work, but only in a capacity that is not too physically demanding.

In the UK group, the recently retired would prefer to work part-time hours which are more structured and give more of a set routine as they

are still adapting to retirement. The long term retired prefer flexi-hours to work the job around their lifestyle and hobbies.

RETENTION

It is clear that many European food retailers rely heavily on 15-24 year-old labour for shop-floor staff. However, turnover rates among the younger age groups are considerably higher than among older staff.

To illustrate this point one typical example of a major food retailer has been chosen; the extent of the problem may vary from firm to firm but the trends we found were similar in almost all cases.

In Chart XII on page 22, we see the actual composition by age group of the shop-floor staff only. The company relies heavily on part-time young labour — particularly in the 15-19 year-old age bracket.

Charts XIIa and XIIb, given on page 23, show that the turnover rates in this age bracket are at over 70%, and are even higher among part-time staff.

Clearly the turnover and retention numbers will vary by department in the supermarket. As the figures in Chart XIIa imply, high turnover is likely to be affected by length of service — with the highest rate of departure being among the younger (newly joined) staff.

Such turnover rates, or even higher turnover rates, are common among supermarkets' retailing staff. The financial penalties inherent in this situation are considerable. The following quotation from the 1988 Supermarket Industry Convention illustrates the problem:

"Experts estimate that turnover costs are between 10 and 20 times a person's weekly wages. If you employ a \$6 per hour person and that person leaves or is fired, it cost you between \$2,400 and \$4,500. Some of the costs included here are: advertising, hiring, training, errors, testing, unemployment insurance, personnel processing, lost productivity, and lost customer satisfaction."

It appears that food retailers have not made staff retention a priority issue. To do so would require companies to: determine specific causes of turnover; identify the cost of staff turnover among different groups; target improved performance and allocate responsibility; target recruitment at population sectors less likely to change jobs quickly; improve motivation among existing employees; and interview departing staff.

The crude numbers will tell management only that there is a problem; analysis by department, by length of service and the like will tell them where the problem is, and research among the leavers will start to identify the reasons, and the remedial action — if any is possible — that can be started.

Chart XII: Numbers of Shop-Floor Employees by Age Group, of a Major European Grocery Chain, 1987

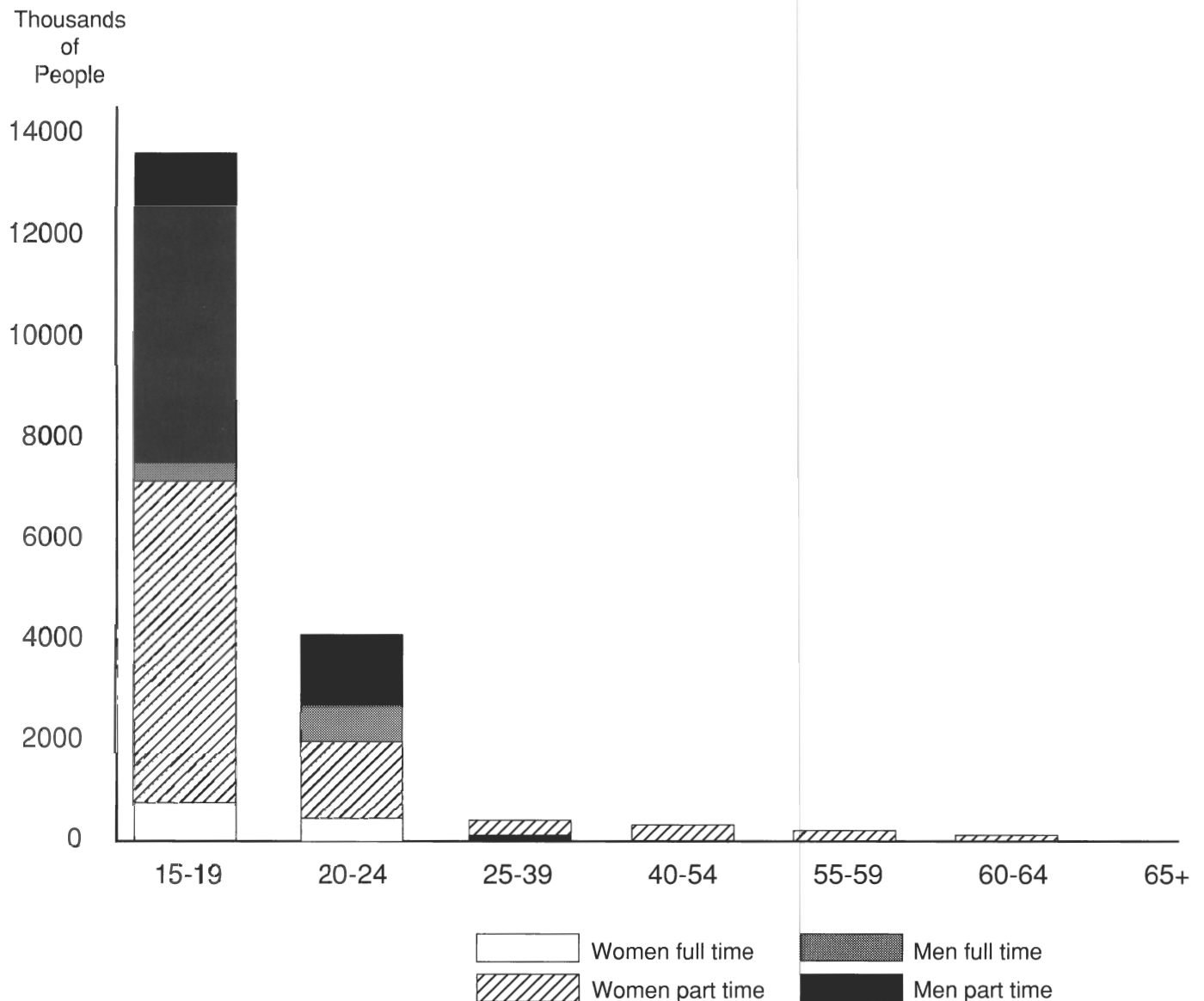


Chart XIIa: Staff Turnover Among Shop Floor Employees of a Major European Grocery Chain by Age and Sex

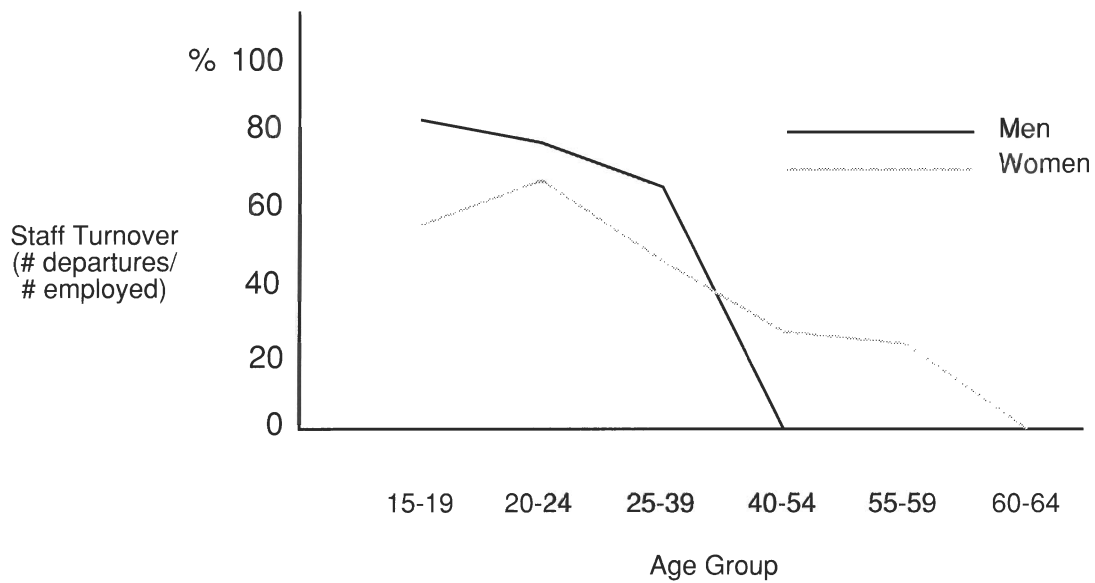
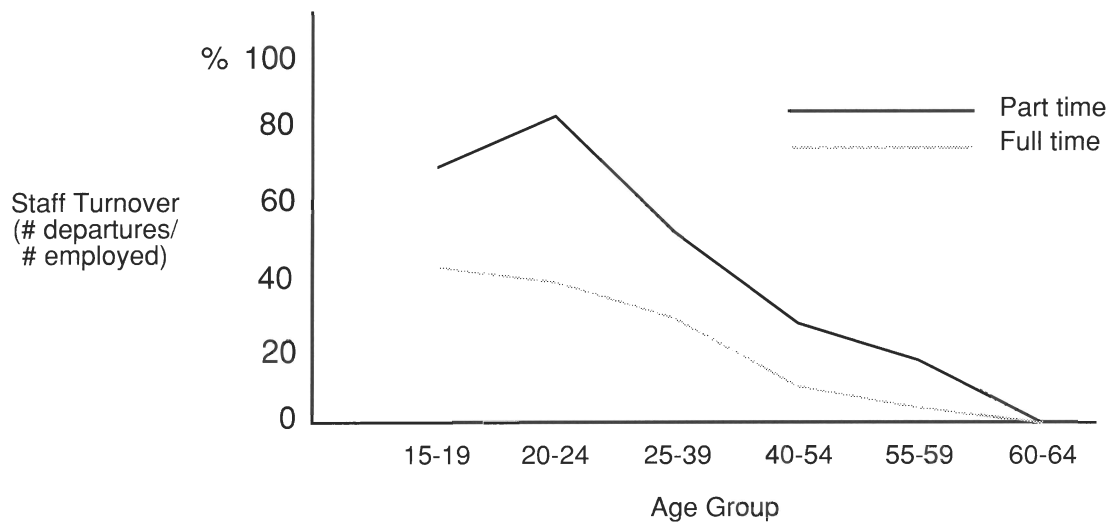


Chart XIIb: Staff Turnover Among Shop Floor Employees of a Major European Grocery Chain by Age



SOME INTERESTING PRACTICES

Self-service retailers can soften the impact of the diminishing youth labour pool brought by the demographic drift of the 1990s.

- They can take action to improve their image, in particular in the eyes of school leavers, as demonstrated by the **VAG** and **Marks & Spencer** programmes
- They can target areas of the population currently not engaged in the labour force such as mothers and retirees. The Dutch **PTT**, **Euromarché** and **McDonald's** have established innovative programmes to gain leverage with these groups
- They can increase their contacts with under-utilised segments of the work force — ethnic minorities as undertaken by **Littlewoods**
- They can improve motivation and retention of existing staff signalled by **Publix** and **VAG-UK**, **Hannaford Bros.** and **Certified Grocers of California***

Companies in the UK, Germany, the Netherlands and Scandinavia will probably need to attack the problem on several fronts to counter the severity of the decrease in youth labour in their countries. There are a number of approaches retailers can take in addressing the impending youth labour shortage. Numerous companies in the United States have already faced the demographic issues now confronting Europe, and some non-retailing companies in Europe could also provide useful models for action. A number of case studies of “best practices” in recruitment and retention in a tighter labour market are illustrated below.

RECRUITING YOUNG PEOPLE

To attract young people, for example, companies need to establish local contacts with schools and colleges and actively promote themselves as potential employers. Retailers need to differenti-

ate themselves as “excellent” companies to work for, and thus create a “brand” image in the employment market.

Contacts with schools may take different forms, but need to be carried out on a local-for-local basis; as the focus groups showed, it is the local store which determines the company's image in the mind of potential recruits.

Store managers should be responsible for school-supermarket links in their area. They should bear in mind that it is important for pupils to see all types of roles in supermarketing, not just the shop floor jobs which they recognise from their own shopping experience. Activities could include work experience for pupils, talks by the manager, joint projects on topics specific to retailing. The company should provide back-up material in terms of videos, recruitment literature, information packs and educational material.

An example of a company which has established effective links with schools on a local-for-local basis is VAG.

VAG - Volkswagen Audi Group

VAG saw its dealers facing a twofold problem: first, demographic changes meant a significant fall in the number of potential bright young recruits; and second, dealers would be disadvantaged in the competition for this dwindling labour pool because of the poor image of the motor trade as an employer.

To attract more school leavers and differentiate itself from other companies in the motor trade, VAG sent careers information packs to every school, technical college and teacher training college in the UK.

The responsibility for portraying the company's image to schools and school leavers was given to VAG's local dealers, because the company recognised that potential recruits' impressions would be formed by their experiences at

* The Hannaford Brothers Co. and Certified Grocers of California Ltd. examples are from LOOKING FOR EMPLOYMENT copyright Food Marketing Institute 1988 (1750 K Street, N.W., Washington, D.C. 20006, USA), with permission.

local branches. VAG thought that many of its dealer training videos - for example, on the working of engines - could be of educational value. It arranged for videos to be lent to schools by the dealers, and created additional support materials specifically for school use.

A project promoting awareness of "Europe 1992" was also developed. Because language skills will be increasingly important after 1992, VAG assists language teachers by giving them material which connects language learning with business application. This material is very simple — VAG annual reports in French, German and Italian as well as English.

Other schemes initiated by the company for schools include a case study of a VAG employee in public relations, and a project called "Get to Know a Local Business" in which pupils visit a local VAG dealer.

Through these efforts VAG has not only successfully established contact with schools on a local-for-local level, but also encouraged the teaching of material relevant to the industry in the classroom. Amongst the general praise by dealers for the scheme, only one complaint was received; a dealer complained that he now had too many applications to process.

CREATING AN OVERALL IMAGE OF EXCELLENCE

Self-service retailers are not well-positioned in terms of their image as employers, as our focus groups showed. But individual companies can differentiate themselves as "excellent" employers, despite the poor image of retailing generically. The example "par excellence" of a firm which has established just such a reputation is Marks & Spencer.

Marks & Spencer

The image of Marks & Spencer as an excellent company to work for is built on a corporate philosophy of "compassionate self-interest" towards its employees. The company offers its staff a range of benefits, each one providing a benefit to the company in return.

For example, in providing free health care to all employees, Marks & Spencer is acknowledging that retailing is a physically demanding job, and ensuring that the workforce is kept in good physical and mental health. In providing free hairdressing, the company ensures that employees look smart and professional.

But despite its competitive advantage in the labour market, Marks & Spencer is not at all complacent. While the company's philosophy is constant, its policies are continuously changing in order to identify and attract new sources of excellent recruits. The company has developed employment policies which focus on three alternative groups of recruits: women returning to the labour market, mature students and cross border recruits.

Specifically aiming to recruit mature students is a new concept. It involved a conscious re-evaluation of recruitment criteria which were hitherto geared primarily to evaluating a 22 year-old graduate. For example, selecting CV's showing a broad range of "outside interests" within the social scene, college or university would be likely to prejudice the mature student who may be working part-time, may be married or simply may not wish to socialise with young students.

Targeting mature students as potential recruits is still in the experimental stage; the theory that older students will stay longer with the company is yet to be tested. Marks & Spencer are employing this new approach for the first time this year, when they intend to interview 40 mature students.

Cross border recruiting is planned to begin in 1991. At present Marks & Spencer is conducting research into which countries and universities to target, and investigating the best ways of establishing contacts with the students.

RECRUITING FEMALE WORKERS

Just as Marks & Spencer is attempting to target new groups of potential recruits, so supermarkets also need to find alternative sources of labour, to supplement the declining pool of young people.

Recruitment of mothers is probably the obvious rich source of potential labour in most countries. Targeting this group demands a new approach from the employer, who must acknowledge and accommodate the mother's family commitments.

Approaches may vary, but the basic requirements are either flexible part-time jobs, or childcare provision, or employment in term-time only. This provides the basic mechanism to enable a woman to work as well as raise a family. In addition, specific targeting of recruitment advertisements is necessary, both to enhance the firm's image as a "woman-friendly" employer, and ensure a good catchment.

One company which has taken steps to promote itself as an employer specifically to women is the Dutch PTT — the post office and telecommunications organisation.

PTT

The PTT was concerned about the great under-representation of women in its workforce, particularly at higher levels where they made up only 5% of middle and upper management. More worrying still, only 14% of applicants at graduate level were women.

The PTT therefore began a recruitment drive aimed particularly at women, with the primary offerings being childcare and flexi-time schemes.

The company held recruitment presentations to female students, at which time it became clear that they had very different concerns to their male counterparts. Even women in their early twenties who were single and had no plans to have children in the foreseeable future had concerns similar to those of women with children. They were all interested in childcare facilities, flexi-time and part-time options and maternity leave arrangements.

Currently the PTT has facilities for 150 children. The cost of a creche is DFL 12,000 per child per year. One third is covered by the parents, and two thirds by the company, which receives half of this back as a tax refund. The

PTT strongly believes that despite the cost, its workplace creches are economically viable. The company estimates that hiring and training a replacement for a clerical position costs DFL 30,000.

Apart from childcare facilities, the PTT offers flexible and part-time options; 62% of female PTT employees work on a part-time basis.

The PTT also tries to optimise the use of women as an internal resource by encouraging them to move from staff to management positions. There are five pre-management courses specifically for women, and a management training course for female managers.

Among the additional, though unplanned, benefits experienced by the PTT since it began to recruit more women is lower absenteeism among female employees, and a marked reduction in absenteeism among the men since they have been working with female colleagues. Additionally, retention rates for women are better than for men.

In the future the PTT plans to re-evaluate the requirements for many of its managerial positions to ensure that women are not unfairly disadvantaged in applying for these posts. The company's experiences so far have been very positive and it plans to continue to expand its equal opportunities programme.

FLEXIBLE PART-TIME WORKERS

Recruiting a higher proportion of flexible part-timers means addressing a rota-organisation problem. Potential pitfalls are that the store is understaffed at periods in the day, or that staff find that the system turns out to be less than flexible to their needs as gaps need to be filled at less convenient times. Arranging a rota can swallow excessive management time and lead to deteriorating staff-management relations.

A company which manages to employ a very high proportion of part-timers while avoiding these problems is Euromarché.

Euromarché

French supermarket chain Euromarché was faced with the problem of trying to reorganise its staff to cover government-imposed extended opening hours. Already 45 per cent of the company's employees were part-timers, mainly women aged between 20 and 35, and it had a high staff turn-over rate. Now Euromarché had to find a way to turn these factors to its advantage in meeting the new "open till 10 pm daily" rule.

Euromarché decided to allow its employees to devise a mutually acceptable rota to cover the store's staffing requirements throughout the day. Staff were given maximum flexibility in deciding when to work their agreed number of hours for the week, but in return the workers themselves would take responsibility for ensuring sufficient staff cover at all times.

The cashiers' supervisor within each department or checkout area was made responsible for drawing up a rota of the store's staffing requirements for the week. It was then up to the employees to arrange among themselves who would work when, the only stipulation being that they should work their agreed number of hours. How the employees implement this varies from store to store: some have elected one of their number to organise the rota, others meet to draw up the next week's staffing arrangements.

Key advantages of the rota system are that no management time is occupied drawing up the staffing arrangements, the staff assume responsibility for the smooth running of the operation, the system allows maximum flexibility for personal circumstances, which is a motivating factor for the staff, and those with family or other commitments, particularly mothers and students who might otherwise be unable to find suitable employment, are able to work.

While turnover is still relatively high, the new working arrangements have enabled Euromarché adequately to fill its labour requirements — by accessing labour groups previously unable to join.

RECENTLY RETIRED WORKERS

A population sector often overlooked in the employment market is the recently retired. As our research shows, many retired people would be keen to take on a part-time job in a supermarket, but currently do not apply because they do not believe employers would consider them.

The McDonald's restaurant chain has designed a specific programme for elderly workers.

McDonald's

Faced for some years with a high turnover and shortage of young people available for recruitment in the United States (a 12 per cent drop since 1980), McDonald's needed to look to an alternative group of workers — older people.

The company developed the McMasters programme, a scheme sensitive to the needs of older (55 +) workers the company wished to attract, and specially designed to enable older workers to enter or re-enter the labour force. Although McDonald's has recruited older workers for years, the McMasters programme was introduced only three years ago.

The McMasters programme hires people for several positions: general duties, maintenance (full time), lobby host/hostess, local store marketing and management (full time or part time).

Older recruits are not trained differently from younger ones, but the pace of the programme is slower and more individual, with a "job-coach," a contact person within the company for older employees, functioning as primary liaison.

The older workers' starting salaries are positioned slightly higher than for other recruits at the same level, but their maturity and life-experience more than compensates for this. The McMasters programme developed out of a link forged between McDonald's and federal, state and local agencies which look after the interests of older people. The only form of subsidy received by McDonald's is funds for the "job-coach."

McDonald's has also published special recruitment brochures aimed at the elderly and sensitive to their concerns. The brochure talks about "rehirement" rather than "retirement"; it aims to reassure applicants that they will not lose retirement benefits by earning a salary at McDonald's; it emphasises the friendly atmosphere at McDonald's, which is a primary attraction to the older worker, often motivated to re-enter the labour market by the desire for social contact.

Older workers operate at a similar work pace to their younger colleagues. The only difference is that they may not react so well to stressful situations. Store managers are made aware of this and taught how to deal with such situations in sensitivity seminars.

Other benefits of hiring older workers include their dependability, self-confidence, commitment and loyalty, and better work-ethic. They enjoy social contacts and this makes them ideal for all positions which involve customer contact.

To date about 93% of elderly applicants have been placed within McDonald's. Overall retention rates are 80-85% — much higher than for young people.

ETHNIC MINORITY WORKERS

Another labour source sometimes overlooked is the ethnic minorities: most companies operate an "equal opportunities" policy, but few really re-evaluate their recruitment criteria and their vacancy advertising in the light of the needs of some ethnic groups. As a result, able candidates may be missed or not attracted simply because the criteria or training is aimed at the indigenous workforce.

A company which is making equal opportunities work well for itself is Littlewoods, the UK chain store.

Littlewoods

Littlewoods found that it was not benefiting fully from the abilities of its ethnic minority employees because a number of barriers were preventing them from achieving their full poten-

tial: language difficulties, underdeveloped self-confidence, expectations and ambitions, and the negative attitudes of colleagues and superiors.

Littlewoods drew up an Equal Opportunities Code of Practice and set up a committee to enforce it, reporting directly to the chief executive.

The company established a language training scheme for employees whose mother tongue is not English, comprising two courses — one covering basic and intermediate language skills, and the other emphasising the understanding of cultural differences, the development of confidence in communication and the expression of concepts.

Training sessions with staff and managers who are not members of ethnic minority groups also seek to increase awareness and change some aspects of behaviour and practice towards ethnic minority colleagues.

Littlewoods has set targets for recruitment, selection and promotion of ethnic minority members, aiming to have all minority groups fairly represented at every level by 1991. The objective is to enable all staff to achieve their full potential by helping them overcome cultural and language barriers.

As a result, Littlewoods has benefited from the fuller participation of its ethnic minority employees, a strengthening of morale and commitment and has identified a number of very able individuals whose contribution to the company would otherwise have been limited.

REDUCING EMPLOYEE TURNOVER

Just as important as the recruitment of new employees is the ability to reduce staff turnover and thus also reduce the high costs of recruiting and training replacements.

Ability to retain staff is determined by social factors (particularly employment levels), the relative mobility of the labour force, and by the attractiveness of the employer within the marketplace. Additionally, as has been observed, some groups are more likely to change jobs than others.

In areas of high employment it is generally more difficult to retain staff.

Apart from targeting labour sources which are less prone to high turnover, companies can do much to increase the motivation of their staff. Good communications, financial incentives, bonuses, perks and training opportunities are all areas which need to be addressed.

One company which has reduced staff turnover to a minimum in the United States is supermarket chain Publix.

Publix Supermarkets Inc.

High staff turnover levels tend to be considered the norm in supermarket retailing, and Publix was no exception — until it set about devising a scheme to keep its staff.

The cornerstone of Publix's ability to retain staff is its profit-sharing and Employee Stock Option Plan (ESOP) schemes which are available to all full-time employees. This ultimately provides the motivation for staff. These schemes are backed up by demonstrative employee appreciation programmes and extensive data-sharing about all kinds of developments within the company, in the form of highly routinised communications and management training programmes for employees.

Publix begins the year with a managers' meeting in the last fortnight of January. The meeting is video-taped so that managers can take the information back to their stores for presentation to staff. An in-house magazine reinforces communications by recapping the meeting.

A series of employee information meetings follows from mid-March to May. District managers hold four or five meetings a day in the field, attended by 50-55 staff each, so that all 54,000 employees are involved. These meetings provide staff with an annual report on their benefit programmes and the status of the ESOP plan, and are also a forum for "management appreciation," which plays a major part in motivation at all levels. Further in this vein, each of the 18 or so district managers hold "celebrations" for em-

ployees who have given valuable service in 5, 10, 15 or more years with Publix.

In the autumn months, the directors of Publix go to each store on what is called the "Officer's Appreciation Visit" to thank every employee personally for their work.

The company does very little advertising for recruiting; most new employees are introduced by existing staff members, who seem to be extremely conscientious in recommending only people they believe will work hard and adapt well to the Publix work ethic.

As a result of its staff retention scheme, Publix has cut annual turnover among full-time employees to 10%. Turnover among part-time employees has also been reduced.

A company which has incorporated staff retention into its medium term strategic planning is Hannaford Bros.

Hannaford Brothers Co.

Hannaford developed an internal 5-year strategic plan for its future workforce needs. Michael J. Strout, Director, Human Resources operations, feels that manpower planning, especially for management positions, is one of the most important aspects of building a solid retention programme. "We identify people with potential, and then calculate if our future manpower needs will be covered with these people. If not, we have identified the positions we need to fill."

Hannaford found that the image of supermarket work did not coincide with reality. "We have heavily begun to stress in financial terms the opportunities available in our college recruiting for future executive talent. We go out and tell students that managers can make well over \$40,000 a year, not the \$20,000 a year they perceive that managers make." Says Strout: "We ask how would you like to be managing 300 to 350 people in three years? How would you like to be in charge of a \$40 million a year operation? These numbers impress college students, and they are surprised to learn that the opportunities we are talking about are in the supermarket business."

To reduce labour content in jobs of the future, Hannaford monitors automation advances. "We continually look at jobs to decrease the hours it takes to do them," says Strout. "At the same time, we look at other elements of the job and explore ways to make jobs more rewarding, such as emphasising customer service."

To reduce restrictions on the labour supply, Hannaford, through its grocers' association, successfully lobbied against Maine's legislative restrictions on 15 year-olds handling alcoholic beverages in such jobs as bagging, stocking and carrying bottles to the car.

As part of their plan to reduce turnover, Hannaford Bros. also place great emphasise on communications, investing both management and employee time in an extensive attitude survey.

As part of its ongoing effort to reduce turnover, Hannaford administers attitude surveys in its stores. It takes the employee only about an hour to fill out the comprehensive survey, but the project is fairly expensive, since this is on-the-job time and feedback from the survey is presented to all employees at a two-hour-follow-up session. The most important aspect is the "We Heard You" summary. The summary addresses what the company will do about all issues raised. Hannaford expects to survey 8-10 stores this year.

Another company which has introduced incentive pay in order to increase staff motivation and reduce turnover is Certified Grocers of California Ltd.

Certified Grocers of California

About ten years ago, Certified developed an engineered standards programme and an incentive and discipline plan. Employees are paid based on their productivity in accordance with engineered standards. There are individual and team incentives. Employees are given a separate cheque or time-off from work, at their choice. Seventy-five per cent take the incentive in pay. "We have employees in business for themselves in terms of controlling their annual earnings," says Don Grose, Senior Vice President, Human Resources. According to Grose, it has greatly

improved retention and employee attitude. "Employees stay and feel better about their work." The programme covers the majority of warehousemen and drivers.

TRAINING WORKERS

Training is another important aspect of staff motivation and incentive, particularly for young people. Earlier, VAG's method of attracting young recruits was discussed. But this company has also devised a training programme to motivate its existing staff.

VAG - UK

Low efficiency, poor morale and a high turnover rate (30%) among dealer staff were problems concerning VAG management in the United Kingdom.

To counter this, VAG set up a new training programme in 1986 entitled "Tomorrow's People." It is designed to be a step-by-step process from induction to full qualification. A wide range of training modules are offered — from induction (via a self administered questionnaire) to highly technical classroom training on maintenance of fuel injection or air conditioning systems. Progression through the training system is monitored by VAG itself — certificates for each stage are awarded, and when 810 training modules have been completed, successful staff are rewarded with a presentation trip to VAG headquarters in Germany.

The critical first element of the training course is a module entitled "The Customer Comes First", modelled on the programme successfully introduced by British Airways. Designed to focus the attention of all staff — sales, workshop or administration — on customer service, it is regarded as so important that no further training modules may be taken until "The Customer Comes First" has been passed.

It is intended that all 12,000 dealer staff should attend the course, and indeed, 10,500 have been trained on the 731 courses held so far. Interestingly, most of the costs of this training programme are recovered by charging out to the

dealers — with the additional benefit of heightening the dealers' commitment to the courses.

The training programme runs in conjunction with the approach to recruitment of school leavers discussed earlier, and each is seen as a natural extension of the other: training the quality employees that have been recruited, and using quality employees as an attraction to bright school leavers.

CONCLUSIONS

RECRUITING THE YOUNG

Self-service retailers have been able to recruit heavily from the 15 to 24 year-old labour pool in the past, benefiting from the surplus of young workers and high levels of youth unemployment. In the future, when young recruits will be in short supply in many countries, self-service retailers will find themselves disadvantaged in the competition for this pool of labour as a result of the relatively poor image of supermarket work among the young.

Self-service retailers need to improve their image as employers, and actively to “sell” themselves to teenagers if they are to get their fair share of this shrinking labour pool.

In many countries, supermarket organisations will find that they need to cast their nets wider and deeper to fulfill their recruitment requirements from this pool of labour.

They should consider:

- Explicit managerial identification of youth recruitment goals, with appropriate allocation of resources and responsibilities.
- Better, more purposeful links with opinion-formers in schools, backed up with effective material.
- Full exposure of retailing job opportunities — not just front-of-shop.
- Explicit identification of career paths to possible recruits.
- Measurement and tracking of image amongst the target pool.
- Specific training and incentives for branch managers against recruitment targets, school liaison programmes and the like.

RECRUITING STUDENTS, MARRIED WOMEN, AND THE RETIRED

Self-service retailers may be able to reduce the effects of the impending youth labour shortage in the 1990s by targeting alternative labour sources: students, mothers and older workers.

Employers who respond to the needs of these under-utilised labour sources may find additional benefits, in terms of a more mature, confident and motivated workforce better committed to doing the job. Retailers will need to make some changes to their recruitment and employment patterns to attract recruits from these groups, they should consider:

- More part-time jobs — within limits
- More flexible hours, especially for retired workers
- Childcare provision
- “School Term-time only” jobs for mothers
- “School holiday” jobs for students
- Segmented/targeted recruitment programmes

RETAINING STAFF

Industry employee turnover can run in extreme cases as high as 60-80% for full-time employees and up to 200% per annum for part-time help. If forced turnover is not an objective of the food retailer, such rates appear to be excessive, particularly in light of the shrinking pool of people in the labour market. The costs associated with recruitment, the hiring process, orientation, training, on-the-job learning are considerable. Indirect overhead costs associated with a direct hire will burden heavily cost in both the hiring and termination processes.

Food retailing management clearly has an opportunity to lower employee turnover, thereby reducing operations costs and simultaneously building a stable environment for those interested in careers in the organisation.

As we have seen, when management has made retention of people one of its strategic objectives and provides profit sharing or incentive plans to help meet the objectives, retention rates can climb dramatically — to turnover of 10% per annum. It is worth noting, however, that profit sharing or incentive pay is only part of retention programmes. Successful management also treats all of its staff as important contributors to the overall success and profitability of the company. The staff believes that they and their jobs are important. Management instills this attitude in them by communicating this message to them regularly, by taking close interest in their performance and by personally showing their appreciation.

Food retail management should consider:

- Quantifying the costs of low-retention, particularly in those countries where the shortage of labour is most threatening.
- Measuring the retention programmes as investments and evaluating performance against appropriate ROI criteria.
- Making high staff retention rates a strategic management objective.
- Developing specific retention programmes for the core business and major business segments overlaid by age groups.
- Identifying ways to put high performers on a fast track, without demotivating solid, reliable staff.
- Auditing the organisational structure, management practices and recruitment programmes to identify causes of unacceptable staff turnover.
- Increasing and improving training to enhance skills, morale and pride in the job.
- Paying attention to employee communications, for example, sharing of financial information, to improve commitment and morale.

- Treating people as staff — not merely an employee or labour—in terms of team-building and performance reviews.
- Treating people as staff with individual skills upon which a career can be built.

TECHNOLOGY/LABOUR TRADE-OFF CONSIDERATIONS

Over the next several years the tight labour supply may be somewhat offset by wider automation in the industrial sector which in turn may make available more workers for the service sector. Nevertheless the labour supply-demand equation in the years ahead portrays heightened competitive markets for labour and customers alike.

It was beyond the scope of this report to consider the economic trade-offs between investment in labour and investment in labour saving technology. However it may be useful to explore briefly some considerations for management as they wrestle with potential solutions to an impending shortage of labour in the worst case or at least changes in the mix of available labour.

Scanning systems, advanced inventory control systems and information systems of all kinds, as well as advanced electro-mechanical store equipment for moving merchandise, can be used as a means of attracting labour from various segments of the population. In the focus group discussion, the young appear to be attracted to electronics, computers and equipment that they consider to be technologically advanced. They tend to see themselves as technologically literate and want to hone their perceived skills.

Currently the young people do not associate supermarket work with any kind of technology-linked activity. If store-technology could be promoted more heavily as part of the job, young people may find this to be a reason for considering employment — especially if their use of the technology would serve them in their career development.

Similarly “user friendly” technologies could lead married women and retired people to have

greater interest in supermarket work. For example scanning systems obviously speed up routine transactions and could make check-out work more interesting, judgmental and service oriented, areas where married women believe they *could* make a contribution. If the check-out process was organised differently, scanning systems provide the means to enhance customer service and at the same time make the job more compelling.

Retired men consider themselves to be mechanically minded. They showed a willingness to participate in supermarket activities if lifting and struggling with heavy boxes was not required. The use of electro-mechanical equipment to bear the brunt of moving and lifting merchandise could be an inducement for retired men to seriously consider food retailing as a part-time job.

One of the purposes of automation is to remove the human element from routinised tasks so that such tasks can be performed with accuracy and precision over and over again. The by-product of such automation is presumably to encourage workers to concentrate on more knowledge related tasks where judgement is valued **and** not merely sheer efficiency. It has been obvious however that in some cases automation and the way work is organised has reached the point that some of the more interesting tasks may be taken away from the worker. Good management will perceive the need for balance in this respect and will re-organise work accordingly.

To this point, it should be stressed that attempts to find purely technological “solutions” to staffing problems may be costly and misdirected. Too often new technology is used as the only lever for modifying how tasks are organised or becomes the central idea in changing entire organisational structures.

A better approach is to envision the way stores should be organised to provide maximum customer service and ROCE (Return On Capital Employed) or other financial measures and then to determine the role that technology (new or embedded) should play in that equation. Letting technology lead the way could be an expensive and trouble-laden path to follow.

ACTION PLAN

Most self-service retailers — whatever their country or organisation — will be faced with the problems of attracting, recruiting and retaining labour in the 1990s. However, as we have seen there are generalised approaches available that can be tailored to meet the needs of individual organisations.

Winning companies will develop an individual strategy that addresses their unique needs, and gains them an advantage over all the competition — be it self-service retailers or other service industries. In the evolving labour market all employers are competitors.

Successful strategies will be based on a rigorous, disciplined and monitored approach — bearing in mind that their suitability will depend on individual country and company circumstances and current competitive positioning. We suggest that a two-stage process will need to be followed.

WHAT SORT OF PROBLEM DO I HAVE?

Retailers should examine their labour needs, taking into account existing and projected attrition, expansion programmes, automation or re-configuration plans and the age and quality mix of their employees.

Where the labour is needed — in the North or South, in city centres, towns, suburbs or out of town — should be addressed. Further, retailers need to question when they will need labour, the type of labour available, where it can be found and indeed if labour is available at all.

At the same time, as an alternative to recruitment, retailers could also examine the retention issues facing them. What are the staff turnover figures — in aggregate, and in the key individual segments? What are the reasons for high turnover: image, job satisfaction, pay and conditions? What improvement goals can realistically be set: what are competitors achieving?

In any case specific objectives must be formulated. For example, a retailer may decide to retain dependence on young workers for future management whilst meeting manual or lower-level

requirements with alternative labour pools, and to reduce overall demand by improving retention.

Of fundamental importance to attracting labour is the image of retailing as an employer. Retailers should not only analyse their own reputation and image, but that of peer retailers as well, to gain an accurate picture of any improvement needs.

Addressing these issues should provide retailers with a “gap analysis” which clearly identifies any manpower deficit or image shortfall.

WHAT SOLUTIONS SHOULD I SEEK?

Retailers need to examine what, if anything, they can do to affect retention, and explore any surplus categories of labour such as youth and students, women with children, over 55's and others, as well as improving their ‘hit rate’ with young labour.

To identify which category to target, retailers should question whether any of these groups meet their labour needs on a general basis and in specific areas as well, such as whether they would be suitable for promotion to management.

Once settled on specific groups to target, retailers need to overcome any barriers which may prevent potential employees from being attracted to their individual company. These barriers may be physical, such as hours of work or special conditions, or they may be intangible, such as the image or perception potential employees have of their company.

In implementing target labour programmes, the questions of who will be responsible, the timing of the programme and the specific resource requirements need to be addressed.

This second rigorous stage should result in a detailed labour strategy which clearly identifies objectives, timetables (for such things as introducing new technology, implementing new training programmes, etc.), resources required and benefits expected. For example, as part of the staffing, food retailers may find it useful to “buy

in services” beyond such things as cleaning and janitorial. As retailers continue to move towards specialty “stalls” and departments within the store there may be further ways to unbundle in-store labour.

Developing and implementing a specifically-tailored labour strategy is a necessary precondition for success in the impending battle for labour. It will only succeed if three clear lessons are borne in mind:

The strategy must be holistic: top-down, bottom-up. Centrally determined strategies will fail if the retailer has not followed through to the individual store level. Stores in turn must provide feedback to management. Recruits do not sign up with a concept or an organisation. They join a shop — and the attitudes and behaviour of the individual manager are critical in influencing the recruit’s decision.

The store is the product. Public relations, institutional advertising, recruitment literature and work experience programmes may make an important contribution in attracting employable people, but the critical factor in the recruitment decision is the candidate’s personal experience as a shopper. The staff’s attitudes and demeanour, the store’s atmosphere and surroundings strongly influence the recruit’s decision. It is, therefore, vital for retailers to recognise that customers are potential recruits, and thus the store should be “managed” accordingly.

Plan for change. Whatever the strategy adopted, it will need review, renewal and development. Demographic forces are relatively slow-moving, but the actions of all competitors, and changes in individual operations or organisations, can have a rapid impact. Retailers who win the labour race will maintain the essential backbone of the strategy, and be prepared to change and improve tactics as the marketplace for labour evolves.

A FINAL WORD

Good, courteous customer service is the crucial success factor for attracting, recruiting and retaining staff. A competent, helpful and pleasant staff advertises and communicates the organisation’s image, for better or worse, more widely and more accurately than all community relations, public relations and institutional advertising programmes combined. The organisation that provides exemplary customer service as a, if not, the top priority of management, and effective, efficient store operations, and astute staff motivation, training and benefits programmes, will win the battle for productive labour. In so doing they will also win in the market place.



