

BRC Response on Demographic Changes

Commission Green Paper on “Confronting demographic change: a new solidarity between the generations”

The British Retail Consortium (BRC) represents retailers in all sectors including supermarket, department stores, hardware stores, and electrical equipment shops, fashion and cosmetic retailers as well as many SMEs operating in local communities. Retail is a key sector of the economy, in 2004 the UK retail sales were approximately £246.3 billion. Retailers are creating jobs and retail employment has over the past five years grown with 273.000 jobs. Today the UK retail sector employs 1 in 9 (12%) of the total UK workforce.



Demographic change is a complex issue, which cuts across a number of policy areas and poses significant practical challenges to retailers of all shape and size. As a result, the BRC welcomes the Commission's Communication, which we believe will help raise awareness and hopefully lead to discussion of the practical implications of social change for employers and employment policy.

An inadequate public policy response to the demographic challenges faced by the EU risks undermining long-term competitiveness. Also the declining of EU population will trigger the tightening of the labour market. As a result, changing and more diverse populations create a number of very real, practical challenges for retailers. In many respects UK retailers have faced the issue of demographic change every day in their stores. Changing lifestyles as a result of social change are reflected in changing customer and employee demands. Dealing every day directly with consumers gives retailers a unique insight into differing and increasingly divergent customers needs. Employing large numbers of people makes retailers particularly aware of changing employee and labour market demands. However, the industry's ability to respond is influenced, and in some areas restricted by, public policy in a number of areas.

1. Practical problems faced by retailers as a result of demographic change

In addition to the potential impact on the competitiveness of the EU economy, a more diverse society, with an ageing population, longer working life and increased migration and mobility across the EU presents retailers with some very practical problems all with the potential to limit the ability of the industry to grow and contribute to EU economic and social goals:

Recruitment

Attracting and retaining good staff is central to the ability of individual retailers to compete. Increasingly diverse communities, make the task of recruitment and motivation more complex not less.

What appeals to a 20 -year old, will not necessarily appeal to an older worker. What helps attracts people of one religious background will not necessarily work for all faiths.

This complexity poses very practical challenges in relation to reward policy, benefit packages, work patterns, hours etc.

Skills

Ageing populations, with longer working lives make the problem of out of date qualifications and skills particularly acute for employers in sectors heavily dependent on skills such as retail.

Increased migration means more and more people living and working in communities where the majority language is not their own mother tongue. Recruiting workers from all parts of the community with relevant skills is a challenge in some of the most socially homogeneous parts of the EU. In diverse and changing communities it is even more difficult.

Keeping people motivated to learn throughout their working lives is a similar challenge. Again, public policy has a direct influence on the incentives individuals have to actively seek opportunities to develop their skills and on employers to provide workplace learning and development opportunities.

Flexibility

Increasing cultural, religious and ethnic diversity, combined with an ageing working population and longer working lives requires large employers such as retailers to be increasingly flexible in their approach to employment.

Different social groups also have different lifestyles and so need different work patterns to suit. Age and family status often determine how and when people want to work. Parents of young children want time off during the school holidays: Students and older workers often look for the opposite and seek to work during the summer months. Increasing numbers of people with caring responsibilities influences the numbers of people wanting part-time and flexible work. Partners in such situations often want opportunities to maximise their income to compensate for the loss in overall household income as carers reduce their hours and their income to look after elderly relative or young children. Not all people are able to commit to, or indeed want a full-time permanent job, preferring part-time, seasonal or temporary work. Different religious groups, observe different religious festivals (e.g. Diwali, Ramadan and Eid as well as Christmas and Easter). This means different groups from within the community want different time off from work to spend with their family.

Matching these complex and differing demands with the need to man the checkouts in a superstore, or keep a department store stocked 7 days a week throughout the year requires particular flexibility. Having the flexibility to meet all of these different needs presents enormous challenges to employers of all sizes.

2. Where public policy makers can help

Tailoring businesses and policies to meet the needs of increasingly diverse populations is a complex task that requires flexibility from employers. The public policy environment within which we operate has a direct influence on the ability of retailers to meet the needs of a changing society. To help, we urge policy makers to focus their efforts on 2 particular areas:

1. **Flexibility** - increasingly diverse populations lead to an ever more complex range of demands from employees. Different people, from different backgrounds want to work in different wages at different stages of their lives. To help we would like policy makers to:

a) Focus on providing employers with the flexibility to meet the needs of increasingly diverse populations. Rather than restrict the use of different employment types, policy

makers should focus on helping employers offer a range of options - full-time, part-time, regular, irregular, permanent and temporary - to their employers.

b] Only by allowing people to work in a way that suits their lifestyle will the EU start to break down some of the barriers that keep people out of work. To help, the European institutions should work to help people understand the benefits of flexibility to employees and employers. All too often those arguing in favour of greater flexibility are caricatured as arguing for no rules / social protection. This is not simply the case. Flexibility is perfectly compatible with minimum standards and more needs to be done to help develop consensus on the value of flexibility for employees and employers.

c] Policy-makers should aim to incentivise employers to offer a range of flexible options to their employers rather than regulating away flexibility by, for example, making the opt-out from the working time directive subject to collective agreement or making the cost of employing temporary agency workers prohibitive. Restricting employer flexibility reduced choice for individual employees. Careful thought needs to be given to the impact legislation has on the ability of individual employees to work in a way, which suits their lifestyle. In particular, we urge policy-makers not to restrict individual choice by over-regulating responsible employers, rather than enforcing existing solutions, as a mechanism for dealing with a minority of employers who chose not to [*comply with minimum standards*].

2. Skills - National government have a responsibility to provide basic levels of skills and to incentivise employers and employees to invest in lifelong learning. EU policy makers can do more to support and encourage workplace training and retraining.

A] Modernising and adapting education and training to respond to the needs of businesses. In this regard, BRC members strongly welcomed the Commission initiative “Education & Training 2010 work programme” aiming at encouraging member states to take reforms in this field. But more efforts should be put into providing young people with **basic practical skills**, and developing a **mindset of lifelong learning**. We hope that the recommendation on the eight key competences would provide a boost pushing member states to make available the necessary means to implement such policy.

B] Businesses are ready to play their parts in adapting people to new needs, as we know that providing trainings to staff and participating in their personal fulfilment contribute to reducing staff turnover. However, policy should aim at creating incentives to encourage further business to invest in innovative schemes such as partnership with university or personal career.

3. Responsive retail employers are part of the solution

BRC members face the practical consequences of demographic change every day. As a result, as numbers of our members are developing solutions to help turn the challenges posed by demographic change into opportunities. The BRC is keen and willing to help share some of the learning developed by our members with other stakeholders and to learn from the experience of others.

You will find below a series of short case studies highlighting some of the initiatives taken by our members to address the challenges they face.

- Tesco recognises the importance of young people to the business and aims to attract and retain the best young talent available. In 2004, Tesco launched **Debut, a programme to attract graduates and young people** and to encourage students working at Tesco to stay with them after completing their studies. Tesco has also launched the Debut Clearing House scheme, which organises transfers for students between their home stores and stores local to their university.
The Debut website itself offers on-line training and development, financial guidance, discounts and career advice, to help 16-24 year olds through the transition from full-time education to full-time careers. By 2005, Debut had 21,071 members.
- In the late 1980s, B&Q decided to focus its recruitment drive on the older generation. The life skills and DIY experience of over 50's make them excellent employees. In 1989, B&Q opened a store in **Macclesfield staffed entirely by the over 50s**. The store proved very successful and an independent survey by Warwick University showed that in practically every respect - customer service, short-term absenteeism, staff turnover and sales - the Macclesfield store outperformed other stores.
 - Profits were higher by 18%
 - Staff turnover was 6 times lower
 - short-term absenteeism was 39% lower
 - shrinkage was 59% less
 - Customers had an improved perception of service
 - Staff showed an increased skill base
- In 2003 ASDA launched the **Seasonal Squad**. This provides colleagues with the opportunity to work for as little as 10 weeks of the year. The scheme was set up to attract older workers or students who like to work during traditional holiday periods and take time out during the down season. It provides both flexibility and the security of guaranteed work.
- The John Lewis Partnership supports a **retail career programme** designed to equip young people from disadvantaged London boroughs with the skills, qualifications and experience necessary to secure entry-level employment. The scheme includes 5 months of retail study in one of three London colleges, followed by seven months of work experience in one of the Partnership's London department stores.

For further information

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