

**For discussion  
on 30 May 2014**

**FCR(2014-15)10**

## **ITEM FOR FINANCE COMMITTEE**

**HEAD 152 – GOVERNMENT SECRETARIAT :  
COMMERCE AND ECONOMIC DEVELOPMENT  
BUREAU (COMMERCE, INDUSTRY AND TOURISM  
BRANCH)**

**Subhead 700 General non-recurrent**

**New Item “Measures for Manpower Development of the Retail Industry”**

Members are invited to approve a new commitment of \$130 million under Head 152 – Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) for implementing measures for manpower development of the retail industry.

### **PROBLEM**

We need to implement measures to alleviate the manpower tightening problem of the retail industry taking into account the recommendations of the Task Force on Manpower Development of the Retail Industry (Task Force). The terms of reference and composition of the Task Force are set out in Enclosure 1.

Encl. 1

### **PROPOSAL**

2. The Secretary for Commerce and Economic Development proposes to create a new commitment of \$130 million under Head 152 – Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) for the implementation of three measures for tackling the manpower problem of the retail industry pursuant to the recommendations of the Task Force.

**/JUSTIFICATION .....**

## JUSTIFICATION

### Manpower Tightening Problem of the Retail Industry

3. The retail industry is facing an increasingly tight manpower situation. From 2003 to June 2013, the number of persons engaged in the retail industry increased steadily from 208 000 to 264 800 (representing an increase of 27%). Over the same period, the number of vacancies had more than quadrupled to about 8 100 in June 2013 and the vacancy rate of the sector stood at a relatively high level of 3%<sup>1</sup>, against an overall private sector average of 2.8%. This is the result of a combination of factors, including the buoyant performance of retail sales, tightening of the overall manpower situation, the competitiveness of the compensation package of the retail industry compared with those of other low paying sectors, as well as an unfavourable public perception of the retail industry.

4. The Task Force also observes that the retail business outlook remains positive in the medium term. The retail manpower demand is expected to grow at an average annual rate of 1.4% from 2010 to 2018 (compared with 1.1% for the overall economy in the same period), according to the Government's Manpower Projection to 2018 (MP2018)<sup>2</sup>. The MP2018 also projects, across the economy, a manpower shortfall of 22 000 by 2018 at the broad education levels between lower secondary and first degree (encompassing upper secondary, craft, technician and sub-degree). The retail industry, with a workforce comprising mainly (90%) employees with education attainment of no more than secondary level, may face a fair share of the negative manpower balance in this target group.

5. While recognising market forces as the main thrust behind labour supply and demand, the Task Force has made recommendations for a multi-pronged strategy in mitigating the manpower tightening problem, as follows –

- (a) adopting good people management policies in the workplace;
- (b) providing recruitment, employment and placement services more targeted at the retail industry;

/(c) .....

---

<sup>1</sup> The latest figures, as of end 2013, for the retail sector are as follows – the number of persons engaged was 267 703, the number of vacancies was 8 307 and the vacancy rate was 3% (against an overall private sector average of 2.6%).

<sup>2</sup> According to the Labour and Welfare Bureau, the findings of MP2018 are compiled based on a host of statistics, including the Census and Statistics Department (C&SD)'s Population Projections, Labour Force Projections and General Household Survey. The Government has also conducted statistical studies and surveys in order to derive the manpower data for constructing the projection models of MP2018. The C&SD has carried out extensive consultation with industry experts on the outlook of the future manpower requirements of their respective industries up to 2018. The views collected have been suitably incorporated.

- (c) strengthening vocational education and training on retail and promoting retail work experience for students;
- (d) raising the retail industry's image; and
- (e) managing retail manpower demand through enhancement in productivity.

### **Implementation Measures**

6. In the Budget Speech delivered on 26 February 2014, the Financial Secretary announced that the Government had accepted the Task Force's recommendations and earmarked a funding of \$130 million on top of existing resources to implement a series of measures. Specifically, the additional funding will take forward the following three measures as set out in the ensuing paragraphs, while the rest are outlined in Enclosure 2.

Encl. 2

#### ***Strengthening Vocational Education and Training***

7. As recommended by the Task Force, the Vocational Training Council (VTC) is expediting its efforts in designing and rolling out in the short term appropriate retail work-integrated schemes<sup>3</sup> at various Qualifications Framework (QF)<sup>4</sup> levels to meet the needs of both employers and trainees, with retail employers' inputs to programme contents and contributions (like reasonable compensation, course fee sponsorship and on-the-job training to the trainees) as well as appropriate support from the Government.

#### ***Pilot Earn-and-Learn Scheme***

8. Apart from the Pilot Traineeship Scheme for Secondary 3 leavers (see Enclosure. 2), the VTC is planning a Pilot Earn-and-Learn Scheme for the Retail Industry (Pilot Scheme) for Secondary 6 leavers, whereby participating student-workers enrol for an 18-month Foundation Diploma (FD, at QF Level 3)

/or .....

---

<sup>3</sup> Work-integrated schemes refer to programmes involving an integration of on-job experience acquisition and classroom attendance.

<sup>4</sup> The QF is a seven-level hierarchy covering qualifications in the academic, vocational and continuing education sectors. It establishes an accessible articulation pathway and multiple entry and exit points to promote lifelong learning. Under the QF, a Retail Industry Training Advisory Committee has been set up since 2010. It published a set of Specification of Competency Standards (SCS) for the industry in October 2013, after industry-wide consultation. The SCS set out the skills, knowledge and outcome standards required of employees in different functional areas at various QF levels, and provide a basis for course providers to design training courses to meet the needs of the sectors. The SCS also become the basis for industries to map out clear progression pathways whereby practitioners may draw up their own career development plans.

or 36-month Higher Diploma (HD, at QF Level 4/sub-degree level) on retail management, depending on their results in the Hong Kong Diploma of Secondary Education Examination. Unlike the relevant full-time or part-time programmes<sup>5</sup> being provided by the VTC, the student-workers of the Pilot Scheme will attend classes on campus for two to three full days a week, while acquiring work experience with participating employers for three to four full days a week and earn a salary.

9. The VTC intends to launch the Pilot Scheme in partnership with the Hong Kong Retail Management Association (HKRMA)<sup>6</sup>. It plans to offer the FD programme in 2014/15 academic year with 400 to 500 places, depending on actual enrolment interest (the HD programme will be rolled out in the 2015/16 academic year)<sup>7</sup>. Participating employers will not only undertake to provide on-the-job training, but also –

- (a) sponsor the student-workers' tuition fees payable to the VTC (\$1,100 per month for each FD student-worker in 2014/15);
- (b) guarantee a certain level of remuneration during training (an average of \$4,800 a month for three-day work every week in 2014-15, on par with the salary level under the VTC's Pilot Training and Support Scheme for apprentices<sup>8</sup>). Upon graduation, if the

/student-workers .....

<sup>5</sup> For example, the VTC is offering a full-time HD in Retail and Merchandising Management (QF Level 4, two years), and a full-time FD in Business with retail elements (QF Level 3, one year). It is also running part-time programmes in Professional Diploma/Certificate in Retail Management for in-service practitioners.

<sup>6</sup> The HKRMA is known as the largest industry association of the retail sector, with about 500 member companies employing over 157 000 persons. Its members include large companies and small and medium enterprises (SMEs), mostly in the retail sector. It is the VTC's partner in the newly launched Professional Diploma/Certificate in Retail Management for in-service practitioners.

<sup>7</sup> The FD programme will be offered in 2014/15, 2015/16 and 2016/17 academic years, while the HD programme will be offered in 2015/16 and 2016/17 academic year, both on a pilot basis.

<sup>8</sup> As announced in the Policy Address 2014, the EDB proposes introducing a Pilot Training and Support Scheme at the VTC to integrate structured apprenticeship training programmes and clear career progression for specific industries meeting the following criteria – (a) the industry is facing labour shortage or ageing problems, and it has difficulties attracting new blood; (b) the relevant trades covered under the industry require high level of technical or technological content; and (c) the industry is willing to collaborate by undertaking to provide allowance or subsidy to trainees, to offer a certain salary level to trainees who have completed the apprenticeship training and are willing to join relevant industries, as well as to provide them with clear progression pathway.

The electrical and mechanical industry has already agreed, through a levy collected by the Construction Industry Council (CIC), to offer an allowance of \$2,800 per person for 11 months to students in their first year of study in VTC's craft-level programmes. In addition, the Government will offer students an average monthly allowance of \$2,000 during the second to fourth years of the studies if the employers are committed to paying a minimum monthly salary of \$8,000 to students under apprenticeship training (five days of work a week) and a minimum of \$10,500 upon their graduation.

student-workers are to become full-time employees of the companies concerned, the employers would offer a salary no less than \$11,000 per month<sup>9</sup>; and

- (c) offer clear career progression pathways. A retail FD graduate will likely be promoted to become a Senior Store Assistant for progression into a Supervisor within a reasonable timeframe. An HD graduate may start as a Management Trainee.

10. Subject to employers fulfilling the three conditions as set out in the preceding paragraph, the Government plans to offer each student-worker (with satisfactory attendance record) an allowance of \$2,000 per month during their normal study period to enhance the attractiveness of the Pilot Scheme. A summary of the proposed parameters of the Pilot Scheme for 2014/15 is in Enclosure 3. A summary of all the retail-related education and training programmes being offered in the academic year, including the VTC's traineeship scheme and Pilot Scheme, is in Enclosure 4.

Encl. 3

Encl. 4

11. The Pilot Scheme will be run at the Haking Wong campus of the Institute of Vocational Education with improved facilities. The teaching workshop there will be expanded, with the addition of up-to-date systems for simulation of functions at the retail shopfront and backend.

#### *Control and Review Mechanism*

12. On the basis of operational arrangements of the Pilot Scheme to be agreed among the Government, the VTC and the HKRMA, the Government would require the VTC to disburse the allowance to the student-workers upon verification of their attendance and their employers' fulfilment of the conditions set out in paragraph 9 above. The VTC will submit regular reports and records to the Government for necessary vetting.

13. In addition to consulting its Retail Trade Training Board (RTTB), the VTC will set up a steering group, comprising representatives from the VTC, the HKRMA and the Government, to monitor the operation and progress

/of .....

---

<sup>9</sup> The salary may include commission and allowances. According to the 2013 Report on Annual Earnings and Hours Survey (published by the C&SD in March 2014), the median monthly wage (inclusive of commission and tips not of gratuitous nature and guaranteed bonuses, allowances, etc.) for all employees (all industries) aged 15 to 24 was \$10,000 while that for all employees in the retail sector (all ages) was \$10,900.

of the Pilot Scheme. We are planning to launch the Pilot Scheme in the 2014/15 academic year, and the Scheme will be running till 2018/19 after completion of the last cohort of the HD programme. With inputs from the RTTB and the steering group, the VTC will conduct in due course a review on the overall effectiveness of the Pilot Scheme with a view to deciding on the way forward.

### ***Raising the Industry's Image***

14. The Task Force recognises that part of the public may harbour some unfavourable perception of the retail industry which may not be shared by those in the trade or an informed member of the community. Unfortunately, entrenchment of such perception, especially among youngsters and parents alike, is not only adverse to the retail sector in recruiting a quality labour force but also unfair to job seekers themselves in making a rational career choice.

15. The Task Force recommends that the retail industry, through the various employer associations and notably the HKRMA, should enhance its efforts in promoting a positive image of the industry to the public and attract aspiring members of the workforce to join the industry, and that the Government should join hands with it to pursue publicity and promotion initiatives. To build a positive image of the industry, professional input may be sought in due course on how to craft the messages to the target audiences, such as youngsters and parents, with the possible use of industry role models. A dedicated campaign may be launched with reference to experience in other industries<sup>10</sup>.

16. Accordingly, we are planning to work with the HKRMA, other retail industry players and workers in rolling out a three-year campaign starting from 2014-15 to raise the retail industry's image. We intend to tender for the service of a professional agency, which will be responsible for helping the Government and the industry to come up with the image-building strategy, specify the groups of target audience, develop the messages, identify the communication channels and implement the initiatives.

17. Possible deliverables include Announcements in the Public Interest for television and radio, television dramas or documentaries, printed materials,

/promotion .....

---

<sup>10</sup> For example, the construction industry has long suffered from an unfavourable perception among the general public. This is considered to be a factor turning away prospective new blood, aggravating its ageing manpower problem. To build and project a positive image for the construction industry, the Government launched a three-year "Build Up" publicity campaign starting 2011 (using such means as television announcements of public interests, newspaper advertisement, television dramas, etc.) with the support of the CIC.

promotion through social media, activities such as an award scheme for practitioners, etc. To provide a focal point of communication with youngsters as the main group of target audience, we may establish an Internet portal providing easy access to information on retail career, training and employment. These will complement the ongoing publicity efforts of the industry, the Government, VTC, Employees Retraining Board (ERB) and Retail Industry Training Advisory Committee, as well as the promotion of other implementation measures mentioned in this paper.

### ***Managing Manpower Demand through Enhancement in Productivity***

18. Taking into account the recommendation of the Task Force, the Government proposes to roll out a Retail Technologies Adoption Fund for Manpower Demand Management (the RTAF) in 2014-15 (with dollar-to-dollar matching contribution from participating enterprises) to help the industry, in particular small and medium enterprises (SMEs), to adopt relevant information and communications technology and other technologies that help manage manpower demand.

### ***Eligibility and Benefits***

19. Non-listed enterprises registered in Hong Kong under the Business Registration Ordinance (Chapter 310) with substantive retail business in Hong Kong may apply for support from the proposed RTAF. SMEs are the target beneficiaries. They may be eligible irrespective of their number of outlets. Retail chain stores or companies running under franchise should not be excluded per se, but only the enterprises that have control over them (i.e. the equivalent of their headquarters or the franchisor) may apply as one applicant for the whole group<sup>11</sup>.

20. Up to two projects from a single applicant may be approved, subject to a cumulative ceiling of funding support of \$50,000 which should suffice to support the adoption of one or two types of technologies per applicant<sup>12</sup>. The Government will fund a maximum of 50% of the total approved cost of a project (or \$50,000 whichever is lower). The applicant would have to contribute no less than 50% of the total approved cost of a project in cash.

/21. ....

---

<sup>11</sup> In other words, individual stores or franchisees may not apply on their own, as their store operations and manpower deployment should be subject to central franchise control.

<sup>12</sup> If the applicant is a “related enterprise” (i.e. one registered as a different business, under the Business Registration Ordinance, from an enterprise that has benefited before if an individual holds 30% or more ownership in both enterprises), they would be treated as one single enterprise for the purpose of calculating the cumulative funding amount.

Encl. 5 21. A funding commitment of \$50 million<sup>13</sup> may benefit about 1 000 enterprises, assuming not all of them will make full use of the funding ceiling of \$50,000. This should enable them to benefit from a wide range of technologies that should be suitable for retail operations of different nature and scale. An illustrative list of technologies is in Enclosure 5.

#### *Implementation Partner and Procedures*

22. We propose that the Hong Kong Productivity Council (HKPC) be the implementation partner of the proposed RTAF. The HKPC is a statutory organisation set up to provide comprehensive support to Hong Kong industries including service industries. For the retail sector, it has been providing services to enterprises of different sizes and modes of operation in areas such as human resource, information technology, sales operation, logistics, etc. Apart from technical expertise, the HKPC also possesses experience in the administration of funding schemes including the ongoing Enterprise Support Programme of the “Dedicated Fund on Branding, Upgrading and Domestic Sales” and the “Cleaner Production Partnership Programme”. The HKPC’s “SME One” initiative should also help promote the proposed RTAF to retail SMEs.

23. The HKPC will serve as the Secretariat of the proposed RTAF and handle enquiries and receive applications. To facilitate applications, the HKPC will develop and publicise guidance notes setting out a list of typical major technologies in terms of their functions, the manpower needs they may address and parameters for adoption. Technologies not pre-listed by the Secretariat will also be considered, subject to the same degree of scrutiny albeit on an individual application basis. Subject to funding approval of the Finance Committee, the HKPC will start preparation with the aim of inviting applications by end 2014. Applications will be considered on a first-come-first-served basis, and the proposed RTAF will remain open for application until funding is fully committed.

#### *Control and Review Mechanism*

24. The HKPC would form a Vetting Committee (VC) to assess applications. The VC is proposed to comprise users from the retail trade, technology experts and academics, as well as representatives of the relevant government departments. The VC would formulate a set of detailed assessment criteria, with reference to project effectiveness, reasonableness of cost and other factors.

/25. ....

---

<sup>13</sup> Among which about \$5.1 million is earmarked for the administrative overheads. The HKPC, as the proposed implementation partner (paragraph 22 below), is responsible for all administrative and promotion work. It will contribute some \$0.9 million in-kind to add to the Government funding and top up any additional expenditure if more work is required.



25. Successful applicants may approach service providers for procuring services subject to procedures to be drawn up to ensure fairness and cost-effectiveness (the HKPC will not be a service provider itself). To assist enterprises in meeting the financing needs at the start of a project, an initial payment up to 50% of the approved funding support may be payable upon signing of a funding agreement. Subsequent payment(s) will be effected on a reimbursement basis upon verification of the required project completion report(s) and supporting documents. The Secretariat will also conduct on-site monitoring on a selective basis to ensure that the installation and use of the systems is compliant with the approved application.

26. The Government will enter into an agreement with HKPC which will submit an annual implementation plan and budget before actual funding is disbursed to it. The HKPC will also be required to submit regular progress reports to Government on the approval outcome, implementation progress, any problems encountered and remedial measures taken, alongside annual audited accounts. Upon completion of all approved projects, the HKPC will also provide an evaluation of the overall effectiveness of the proposed RTAF.

## **EXPECTED BENEFITS**

27. Market forces, while not being a panacea in itself, should remain the major drive that seeks to balance the manpower supply and demand. Whether retail vacancies would become more attractive to job seekers depends primarily on the career prospect offered, the competitiveness of their remuneration level and working conditions. The Government would continue to urge employers to keep abreast of the labour market situation in consultation with employees. That notwithstanding, by pursuing the multi-pronged strategy as recommended by the Task Force, and taking forward the measures proposed above and in Enclosure 2, the Government and other stakeholders will contribute to alleviating the manpower tightening problem being faced by the retail industry.

28. In the short run, the ERB's placement-tied courses and the VTC's traineeship scheme for the retail industry (as set out in Enclosure 2) could potentially bring an extra of at least 1 380 workers to the stores. In addition, the Pilot Scheme would provide an extra, trained supply of some 400 to 500 youngsters to join the retail industry albeit in a part-time mode. The total size of the new blood under the Pilot Scheme for the retail industry will be 1 500 in a few years' time. Graduates are expected to stay with the employers given the competitive salary and clear career progression pathway. These new programmes

/dedicated .....

dedicated for the retail industry will not only provide extra pairs of hands. The recognised qualifications would also help uplift the professional status of practitioners in the retail industry, hence improved staff recruitment and retention within the industry.

29. Underpinned by the variety of programmes and the articulation of career opportunities for retail practitioners with the aid of the QF, the image-building campaign would aim to rectify the misconceptions about the industry and project it as a vibrant and professional one with promising career prospects. This would seek to encourage more youngsters to pursue a career in the retail industry. It would also help attract the return of those who used to be retail practitioners, and extract manpower from latent pools. This would complement the targeted approach of the recruitment and employment services of the Labour Department. We may also undertake industry perception surveys at different stages to identify specific image problems and review the effectiveness of the initiatives.

30. The proposed RTAF should bring immediate benefit to some 1 000 enterprises, enhancing the productivity of their retail operations, managing their manpower demands and improving working conditions of workers. More importantly, this should have a demonstration effect to similar retail operations of the beneficiary enterprises as well as other enterprises, encouraging investments and wider adoption of different technologies by the industry. The proposed RTAF should also promote the development of the technology industry.

## FINANCIAL IMPLICATIONS

31. We estimate that the additional allocation of \$130 million will support the above three measures on the following indicative planning basis, with appropriate refinements in the course of implementation –

	<b>\$ million</b>
(a) the VTC's Pilot Scheme <sup>14</sup> (paragraphs 10 and 11 above)	70
(b) the image-building campaign (paragraph 16 above)	10
(c) the proposed RTAF (paragraph 18 above)	50
<b>Total</b>	<b>130</b>

/32. ....

<sup>14</sup> The amount is based on about 1 200 FD and 300 HD student-workers. We propose to adopt a flexible approach in setting the split between the two programmes to cater for the actual demand. This will provide maximum benefits to the interested youngsters and the need of retail employers. Some \$5 million will be earmarked for improving facilities for the programme.

32. The indicative cash flow requirement from 2014-15 to 2019-20 financial years is as follows –

	2014-15 \$'000	2015-16 \$ '000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	Total \$'000
(a) Pilot Scheme <sup>15</sup>	8,400	15,600	19,200	18,400	6,000	2,400	70,000
(b) Image-building campaign	5,000	3,000	2,000	-	-	-	10,000
(c) Proposed RTAF	11,000	23,000	15,000	1,000	-	-	50,000
<b>Total</b>	<b>24,400</b>	<b>41,600</b>	<b>36,200</b>	<b>19,400</b>	<b>6,000</b>	<b>2,400</b>	<b>130,000</b>

We may need to adjust the allocations and the cash flow across different financial years depending on the actual progress of the measures, such as the actual number of student-workers enrolled in each cohort under the Pilot Scheme and the number of applications approved and completed each year under the proposed RTAF.

## IMPLEMENTATION TIMETABLE

33. Subject to Members' approval of the proposed funding allocation and the completion of the necessary preparatory work, we plan to implement the above three specific measures from the third quarter of 2014.

## PUBLIC CONSULTATION

34. In working out the various proposed measures, we have consulted stakeholders including the HKRMA, the Retail and Tourism Committee of the Hong Kong General Chamber of Commerce, a number of individual retail SMEs, interested labour representatives, the concerned Government Bureaux and Departments and statutory bodies as well as the recently established Advisory Panel on Retail Manpower Development (its terms of reference and composition are set out at Enclosure 6). On the Pilot Scheme in particular, the RTTB has also been consulted. On the proposed RTAF, we have made reference to a survey conducted by the HKRMA for the purpose of assessing the technology needs of retail SMEs for productivity enhancement. The proposed measures and the proposed parameters for the various schemes are generally welcomed and supported.

Encl. 6

/35. ....

<sup>15</sup> Initially, assuming 400 student-workers per new cohort in 2014/15, 2015/16 and 2016/17 for the FD programme, and 150 student-workers per new cohort in 2015/16 and 2016/17 for the HD programme.

35. We have also consulted the Legislative Council's Panel on Commerce and Industry on 15 April 2014. The Panel supports the proposals.

## BACKGROUND

36. The retail industry<sup>16</sup> is an important economic sector<sup>17</sup>, which has been performing strongly in recent years. However, the industry is facing increasing difficulties in recruiting workers. In view of the situation, the Financial Secretary set up the Task Force in March 2013 to review the manpower needs of the retail sector and advise the Government on matters relating to the overall manpower development of the industry in order to sustain its longer term growth. In end 2013, the Task Force published its report (copies forwarded to Members separately, with the Executive Summary reproduced at Enclosure 7).

Encl. 7

-----

Commerce and Economic Development Bureau  
May 2014

---

<sup>16</sup> The retail industry is defined as the resale (sale without transformation) of new and used goods mainly to the general public for personal or household consumption or utilisation.

<sup>17</sup> In terms of direct contribution to the overall economy, the total value-added of the retail industry amounted to 4.1% of Hong Kong's gross domestic product value in 2012. As at June 2013, 264 800 persons were engaged in the industry representing about 9.8% of total employment among the private sectors surveyed.

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

**Terms of Reference**

- To review the manpower needs of the retail sector, and advise the Government on matters relating to the overall manpower development of the industry in order to sustain its longer term growth.

**Membership**

<i>Name</i>	<i>Professional Background</i> <sup>Note</sup>
<u>Chairman</u> Prof. Andrew CHAN Chi-fai, SBS, JP	Academia
<u>Members</u> Mr Winston CHOW Wun-sing	Retail industry
Ir James KWAN Yuk-choi, JP	Member of Vocational Training Council and Construction Industry Council
Dr LEE Shu-kam	Academia
Mr Brian LI Tze-leung, SBS, JP	Retail industry
Dr LOOK Guy	Retail industry
Mr Philip MA King-huen	Retail industry
Ms Caroline MAK Sui-king	Retail industry
Mr Francis MOK Gar-lon	Human resources
Ms Malina NGAI Man-lin, JP	Retail industry
Ms Janis TAM Kam-yee	Retail industry
Mr TANG Cheung-sing	Retail staff union
Secretary for Commerce and Economic Development or representative	Government
Secretary for Education or representative	Government
Secretary for Labour and Welfare or representative	Government
Executive Director, Vocational Training Council or representative	Vocational education and training

---

<sup>Note</sup> The information is provided by members of the Task Force on a voluntary basis.

## Enclosure 2 to FCR(2014-15)10

### Other Measures for Manpower Development of the Retail Industry

Measure		Responsible parties	Period of implementation
(a) Adopting Good People Management Policies			
1	Retail employers should keep abreast of the labour market situation and maintain a competitive remuneration level to attract and retain staff	Retail employers	On-going
2	Retail employers should keep the working conditions of their staff under review and seek proactive improvements where appropriate	Retail employers	On-going
3	Foster discussion through the established platform, including the Tripartite Committee on Retail Trade and Human Resources Managers Club on Retail Trade	Labour Department (LD)	On-going
(b) Providing Recruitment, Employment and Placement Services More Targeted at the Retail Industry			
4	Set up and promote a dedicated webpage on retail jobs at LD's Interactive Employment Service website	LD	To roll out in Q2/Q3 of 2014, on-going
5	Organise in 2014-15 no less than 100 large-scale and district-based job fairs all dedicated to the retail industry, and will consider enhancements for the next two financial years	LD	From Q2/2014 to March 2017

Measure		Responsible parties	Period of implementation
6	To enhance and expand retraining services, Employees Retraining Board (ERB) has reserved over 2 000 training places for the retail industry in 2014-15 (including 1 200 places for full-time placement-tied courses). It would continue to work with training bodies and employers through its “Industry Consultative Network for the Retail Industry”	ERB	On-going
(c) Strengthening Vocational Education and Training on Retail and Promoting Retail Work Experience for Students			
7	Apply the training-cum-work mode in implementing the traineeship scheme in the retail industry to youngsters aged 15 and above. The scheme provides on-the-job training (five days/week) and vocational education in classroom (one day/week). The training will be provided in two stages, leading to a Certificate in Basic Retailing at QF Level 2 (six months) and a Certificate in Retailing at QF Level 3 (six to nine months, the exact duration dependent on the different retail sectors involved) respectively. The number of places in 2014-15 is 180	Vocational Training Council	To be launched in 2014-15
8	Encourage major vocational education and training providers to apply the Specification of Competency Standards developed by the Retail Industry Training Advisory Committee (ITAC) in developing training programmes	Education Bureau (EDB)	EDB has written to major vocational education and training providers.

Measure		Responsible parties	Period of implementation
9	<p>Suggest post-secondary institutions to –</p> <p>(i) monitor the medium-term demand for top-up degree/senior year places of first degree programmes from retail employees, plan well ahead for appropriate programmes to meet the needs as may be identified; and</p> <p>(ii) work with retail employers to see how best to take forward the idea of providing retail work experience to students at large as part of their learning</p>	EDB	EDB has written to post-secondary institutions, and will line up a sharing session for them to meet representatives of the retail industry and Retail ITAC in Q2 of 2014
(d) Raising the Industry's Image			
10	Retail ITAC to work with the employers and vocational education and training providers to promote to the public the career prospects and opportunities for further training of retail practitioners	EDB	On-going
11	Feature retail industry in concert with life planning education activities for secondary schools	EDB	On-going, starting 2014/15 school year

-----



**Proposed Key Parameters of  
the Pilot Earn-and-Learn Scheme for the Retail Industry for 2014/15:  
Foundation Diploma Programme**

<b>Programme duration</b>	18 months
<b>No. of full-time days per week</b>	3 days (classroom) plus 3 days (workplace)
<b>Tuition fee payable to VTC by student-workers</b>	\$472 / month
<b>Tuition fee sponsorship payable to VTC by employers</b>	\$1,100 / month
<b>Salary (average)</b>	\$4,800 / month* (minimum)
<b>Government's allowance to student-workers**</b>	\$2,000 / month
<b>Total take-home by student-workers (average)</b>	\$6,328 / month (minimum)

\* To start at \$4,100 for the 1<sup>st</sup> to 3<sup>rd</sup> month, \$4,700 for 4<sup>th</sup> to 12<sup>th</sup> month and \$5,300 afterwards.

\*\* The VTC will help disburse the allowance every semester (four semesters in total for FD) subject to verification of the student-workers' attendance in class and workplace (80% respectively) of the semester in question.

-----

## Education and Training Programmes Related to the Retail Industry

Qualification Framework Level or Academic Level	Vocational Training Council 2013/14 Academic Year		Other Providers 2013/14 Academic Year*
	Retail Programmes	Programmes with Retail Elements	
1  Secondary 3/ Certificate	/	/	
2  Secondary 5/ Certificate	<div> <b>Retail Training Course</b> <ul style="list-style-type: none"> <li>- Short course</li> <li>- for workers in the retail industry</li> </ul> </div> <div> <b>Certificate in Basic Retailing (Pilot Traineeship Scheme – Stage 1)</b> <ul style="list-style-type: none"> <li>- Mainly for youngsters aged 15 or above</li> </ul> </div>	<div> <b>Diploma in Vocational Education Programme (Business)</b> <ul style="list-style-type: none"> <li>- Completion of Secondary 3 (required to study for three to four years); or the New Senior Secondary Curriculum (required to study for three semesters)</li> </ul> </div>	<div> <b>Placement-tied courses and “Skills Upgrading Scheme (SUS) Plus” courses on retail (Employees Retraining Board)#</b> <ul style="list-style-type: none"> <li>- Seven placement-tied courses to provide training and placement follow-up services for the unemployed who are interested in joining the retail industry</li> <li>- 22 SUS Plus courses to enhance the competency of practitioners in the retail industry.</li> </ul> </div>
3  Diploma of Secondary Education/  Secondary 7/  Diploma	<div> <b>Certificate in Retailing (Pilot Traineeship Scheme – Stage 2)</b> <ul style="list-style-type: none"> <li>- Mainly for trainees having completed Stage 1</li> </ul> </div> <div> <b>Foundation Diploma (Level 3) - Retail (Pilot Earn-and-Learn Scheme)</b> <ul style="list-style-type: none"> <li>- For Secondary 6 leavers</li> </ul> </div> <div> <b>Advanced Certificate in Retail Sales and Management</b> <ul style="list-style-type: none"> <li>- Mainly for workers in the retail industry</li> </ul> </div>	<div> <b>Foundation Diploma (Business)</b> <ul style="list-style-type: none"> <li>- One year</li> <li>- Completion of the New Senior Secondary Curriculum</li> </ul> </div> <div> <b>Yi Jin Diploma</b> <ul style="list-style-type: none"> <li>- Full-time: One year</li> <li>- Part-time: Two years</li> <li>- Secondary 6 leavers or adult learners aged 21 or above</li> </ul> </div>	<div> <b>Yi Jin Diploma</b> <ul style="list-style-type: none"> <li>- School of Continuing Education, Hong Kong Baptist University (BU SCE): Yi Jin Diploma (Retail Management)</li> <li>- Caritas Community &amp; Higher Education Service: Yi Jin Diploma (Retail Marketing Operation)</li> </ul> </div> <div> <b>New Senior Secondary Applied Learning Course – Retail Management</b> <ul style="list-style-type: none"> <li>- One of the elective courses (provided by BU SCE)</li> </ul> </div>
4  Associate Degree/  Higher Diploma/  Diploma	<div> <b>Professional Diploma/Certificate/Module in Retail Management</b> (jointly organised with the Hong Kong Retail Management Association)           <ul style="list-style-type: none"> <li>- Newly commenced in October 2013</li> <li>- <b>Diploma</b> to be awarded upon successful completion of seven modules within one or two years</li> <li>- <b>Certificate</b> to be awarded upon successful completion of three modules within one or two years</li> </ul> </div> <div> <b>Higher Diploma in Retail and Merchandising Management (Pilot Earn-and-Learn Scheme)</b> <ul style="list-style-type: none"> <li>- For Secondary 6 leavers with five Level 2 including English and Chinese in the Hong Kong Diploma of Secondary Education Examination</li> </ul> </div> <div> <b>Higher Diploma in Retail and Merchandising Management</b> <ul style="list-style-type: none"> <li>- Normally to be completed in two years</li> </ul> </div>	<div> <b>Various Higher Diploma programmes offered under the Business Administration Discipline</b> <ul style="list-style-type: none"> <li>- Elements related to the retail industry are incorporated in the following programmes:               <ul style="list-style-type: none"> <li>■ Business Administration</li> <li>■ Marketing Management</li> <li>■ Advertising and Brand Management</li> <li>■ Event Marketing and Promotion</li> </ul> </li> </ul> </div>	<div> <b>Advanced Diploma in Business (Retail Management) (BU SCE)</b> <ul style="list-style-type: none"> <li>- Required to complete 12 courses in 18 months</li> </ul> </div> <div> <b>Professional Diploma in Retail Management (BU SCE)</b> <ul style="list-style-type: none"> <li>- Required to complete 5 courses in 9 months</li> </ul> </div> <div> <b>Advanced Diploma in Marketing &amp; Retail Management (School of Professional and Continuing Education, University of Hong Kong)</b> <ul style="list-style-type: none"> <li>- Required to complete 10 courses in 20 to 40 months</li> </ul> </div>

Qualification Framework Level or Academic Level	Vocational Training Council 2013/14 Academic Year		Other Providers 2013/14 Academic Year*
	Retail Programmes	Programmes with Retail Elements	
5 Bachelor's Degree	/	/	<div><div><b>Bachelor of Arts (Honours) in Retail and Service Management (School of Professional Education and Executive Development, Hong Kong Polytechnic University)</b>  - Top-up degree - For Associate Degree or Higher Diploma graduates</div><div><b>Bachelor of Business Administration (Honours) in Service Operations Management (City University of Hong Kong)</b>  - Top-up degree - For Associate Degree or Higher Diploma graduates - The course will be discontinued in the 2014/15 academic year</div></div>
6 Master's Degree	/	/	/
7 Doctoral Degree	/	/	/

Legends

Full-time course

Part-time course

Full-time / part-time course

Proposed course

Notes:  
(\*) Courses offered by the Employees Retraining Board are based on financial year 2013-14.  
(#) The courses are part of the “Manpower Development Scheme” coordinated and funded by Employees Retraining Board. Some of the courses are operated by the Integrated Vocational Development Centre under the Vocational Training Council.

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

**Examples of Retail Technologies that Help to  
Manage Manpower Demand**

**1. Radio-frequency identification (RFID)**

- RFID involves the use of wireless, non-contact radio- frequency electromagnetic fields to transfer data, for the purposes of identifying and tracking tags attached to objects. It allows automation and improves efficiency.

Sample applications:

- (a) stock taking;
- (b) order picking; and
- (c) stock tracking.

**2. Electronic Payment System**

- Electronic payment systems commonly include credit card and stored value card transaction systems. They minimise manual operation, shorten transaction time and streamline the clearing and settlement process.

Sample applications:

- (a) credit card transactions;
- (b) stored value card transactions; and
- (c) debit card transactions.

**3. Inventory System**

- Inventory systems enable automatic stock registration, management, locating, purchasing, etc. They are usually integrated with point-of-sales systems.

Sample applications:

- (a) shop-front stock control; and
- (b) warehouse stock keeping.

/4. ....

#### **4. Product Kiosk**

- Kiosks enable customer self-service through the use of interactive computer terminals to display product information and sales promotion. They obviate the need for manual operation, and enable rapid information update.

Sample applications:

- (a) product information display; and
- (b) self-service membership counter.

Note: The above examples are not an exhaustive list of technologies, which will be funded by the RTAF. Any other technologies helping to manage manpower demand will also be considered by the RTAF.

-----

## Advisory Panel on Retail Manpower Development

### Terms of Reference

- To advise the Government on the implementation of measures announced in the Budget Speech for 2014-15 relating to the manpower development of the retail industry.

### Membership

<i>Name</i>	<i>Professional Background</i> <sup>Note</sup>
<u>Convenor</u> Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 2	Government
<u>Members</u> Mr Winston CHOW Wun-sing	Retail industry
Mr Wallace LUI Hung-yen	Retail industry
Ms Caroline MAK Sui-king	Retail industry
Ms Malina NGAI Man-lin, JP	Retail industry
Mr TANG Cheung-sing	Retail staff union
Mr Alvin YAU	Retail industry
Ms Ruth YU Lai-yiu	Retail industry
Principal Assistant Secretary for Commerce and Economic Development (Commerce and Industry) 4	Government
Principal Assistant Secretary for Education (Further Education)	Government
Academic Director (Business Administration), Vocational Training Council	Vocational education & training
General Manager (IT and Business Management), Hong Kong Productivity Council	Industry productivity
Senior Labour Officer (Employment Services) (Operation), Labour Department	Government

---

<sup>Note</sup> The information is provided by members of the Advisory Panel on a voluntary basis.

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

**Executive Summary**

**The Retail Industry**

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

**The Retail Manpower Problem and Projection**

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

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

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

### **Key Recommendations**

4. The Task Force recommends that –

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

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

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

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

/(C) .....



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

- (7) the Vocational Training Council (VTC) and other vocational education and training providers, in alignment with the Specification of Competency Standards for the retail industry and in consultation with industry stakeholders, should undertake in the long term an overall review of their programmes related to the retail sector at various Qualifications Framework (QF) levels to facilitate the recruitment and provision of manpower best suited to the needs of the industry;
- (8) the VTC should expedite its efforts in designing and rolling out in the short term appropriate retail work-integrated schemes at various QF levels to meet the needs of both employers and trainees, retail employers should provide inputs to programme contents and contributions like reasonable compensation, course fee sponsorship and on-the-job training to the trainees, and the Government should provide appropriate support;
- (9) the Government should suggest to post-secondary institutions including the VTC to monitor the medium-term demand for top-up degree/senior year places of first degree programmes from retail employees and to plan well ahead for appropriate programmes to meet the needs as may be identified;
- (10) Education Bureau (EDB) should suggest to post-secondary institutions to work with retail employers to see how best to take forward the idea of providing retail work experience to students at large as part of their learning. For those students who prefer to gain the experience through part-time jobs, LD should help to publicise to them the job opportunities as offered by employers;

(D) *Raising the Industry's Image*

- (11) the retail industry, through the various employer associations and notably the Hong Kong Retail Management Association, should enhance its efforts in promoting a positive image of the industry as a whole to the public and attract aspiring members of the workforce to join the industry. The Government should join hands with it to pursue publicity and promotion initiatives;

- (12) EDB should enhance the retail sector's involvement in career guidance programmes and career-related experiences for students;
  - (13) the Retail Industry Training Advisory Committee set up under the QF, together with employers and education and training institutions, should promote to the public the progression and continued learning opportunities for retail workers; and
- (E) *Managing Manpower Demand through Enhancement in Productivity*
- (14) the Government should engender an industry support scheme, with dollar-to-dollar matching contribution from participating enterprises, to help the industry in particular small and medium enterprises to review and identify room for improving productivity and adopting relevant practices and technologies to manage manpower demand.

## **Other Observations**

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

-----