

**For discussion on
15 April 2014**

Panel on Commerce and Industry

**Proposed Implementation of the Recommendations of the
Task Force on Manpower Development of the Retail Industry**

PURPOSE

This paper seeks Members' support for the proposals to implement the recommendations made by the Task Force on Manpower Development of the Retail Industry (Task Force).

BACKGROUND

2. The retail industry¹ is an important economic sector², which has been performing strongly in recent years. However, the industry is facing an increasing difficulty in recruiting workers. In view of the situation, the Financial Secretary set up the Task Force³ 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. By end 2013, the Task Force published its report (copies forwarded to Members separately, with the Executive Summary reproduced at **Annex B**). Paragraphs 3 to 5 below highlight the main findings of the report.

Retail Manpower and Projection

3. The Task Force observes that the retail industry is facing an increasingly tight manpower situation in recent years. 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

¹ 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.

² 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. As at June 2013, 264 800 persons were engaged in the industry representing about 9.8% of total employment among the private sectors surveyed.

³ The terms of reference and composition of the Task Force are set out in **Annex A**.

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%⁴, against an overall private sector average of 2.8%. This is caused by the combined result of a number of factors, including the buoyant performance of retail sales, a tightening in 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 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 to 1.1% for the overall economy in the same period), according to the Government's Manpower Projection to 2018 (MP2018). 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.

The Task Force's Recommendations

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

- (a) adopting good people management policies in the workplace;
- (b) providing recruitment, employment and placement services more targeted at the retail industry;
- (c) strengthening vocational education and training (VET) 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.

⁴ 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%).

The Government's Response

6. In the Budget Speech delivered on 26 February 2014, the Financial Secretary has announced the Government's acceptance of the Task Force's recommendations and the allocation of \$130 million to add to existing resources to pursue relevant implementation measures (to be explained below under each of the five areas mentioned in paragraphs 5(a) to (e) above).

IMPLEMENTATION PROPOSALS

Adopting Good People Management Policies

7. Apart from appealing to retail employers to maintain a competitive remuneration level and improve working conditions for staff as appropriate, the Task Force **recommends** the Labour Department (LD) to foster discussion between employers and employees on good people management practices, and promote and share effective practices relevant to the trade. The LD will do so through its established platforms including the Tripartite Committee on Retail Trade and the Human Resources Managers Club on Retail Trade.

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

8. The Task Force also **recommends** the LD to set up a dedicated webpage for retail jobs and consider how to bring vacancy information closer to job seekers in the locality. The LD will launch such a dedicated webpage at its Interactive Employment Service website shortly and promote it to job seekers. It will also 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.

9. To enlarge the source of retail labour, the Task Force **recommends** that employers should seek the help of the Employees Retraining Board (ERB) in recruiting trainees. The ERB has reserved over 2 000 training places for the retail industry in 2014-15, and would continue to work with training bodies and employers through its Industry Consultative Network to enhance and expand the retraining services and place the trainees in the retail trade.

Strengthening VET on Retail and Promoting Retail Work Experience for Students

General

10. To help tap the manpower pool of youngsters, the Task Force **recommends** that the Vocational Training Council (VTC) and other VET providers to undertake in the long term an overall review of their programmes related to the retail sector, taking advantage of developments of the Qualifications Framework (QF)⁵. The Education Bureau (EDB) has referred the recommendation to major VET providers and encouraged them to make use of the Specification of Competency Standards (SCS) drawn up by the Retail Industry Training Advisory Committee (ITAC) in developing programmes.

VTC

11. For the VTC in particular, the Task Force **recommends** it to expedite its efforts in designing and rolling out in the short term appropriate retail work-integrated schemes at various QF levels to meet the needs of both employers and trainees, and retail employers should provide inputs to programme contents and contributions (like reasonable compensation, course fee sponsorship and on-the-job training to the trainees) with appropriate support from the Government.

12. The VTC is taking on board the recommendations. Rationalising the resources for retail-related programmes, it will improve the existing facilities in the Haking Wong campus of the Institute of Vocational Education. 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. With the improved facilities, the VTC plans to launch two pilot QF-pegged programmes (as explained in paragraphs 13 to 18 below).

⁵ 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.

Pilot Traineeship Scheme

13. The VTC launched a pilot traineeship scheme in 2011, with support from the Labour and Welfare Bureau, starting with the beauty care and hairdressing industries. It provides on-the-job training and vocational education to youngsters aged 15 or above, allowing them to learn and work at the same time and accumulate the requisite knowledge and skills for starting their career in the relevant industries. Trainees and employers are generally satisfied with the scheme.

14. The VTC is prepared to extend the traineeship scheme to the retail industry in June 2014 and offer 180 places in 2014-15. In a typical week, the trainees will receive full-time training at the workplace for five days and attend classroom training for another day. The training will be provided in two stages. The first stage (six months) will cover basic training in generic skills for the retail sector, leading to a Certificate in Basic Retailing at QF Level 2. The second stage covers trade-specific training, leading to a Certificate in Retailing at QF Level 3. The second stage will last for six to nine months, the exact duration dependent on the different retail sectors involved. Upon completion of training, the trainees are welcome to stay on with the employers subject to mutual agreement on the employment terms.

Pilot Earn-and-Learn Scheme

15. For secondary 6 leavers, the VTC is planning a pilot Earn-and-Learn Scheme whereby participating student-workers enrol for an 18-month Foundation Diploma (FD, at QF Level 3) 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 programmes⁶ being provided by the VTC, the student-workers of the Earn-and-Learn 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.

⁶ 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.

16. The VTC intends to launch the pilot Earn-and-Learn Scheme in partnership with the Hong Kong Retail Management Association (HKRMA)⁷, firstly offering the FD programme in 2014/15 academic year with 400 to 500 places depending on enrolment interests (the HD programme to roll out in the 2015/16 academic year)⁸. Participating employers 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 apprentices⁹). Upon graduation, if the student-workers are to become full-time employees of the companies concerned, the employers would offer a salary no less than \$11,000 per month¹⁰; 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.

⁷ 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.

⁸ 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.

⁹ 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.

¹⁰ The salary may include commission and allowances. According to the 2013 Report on Annual Earnings and Hours Survey (published by the Census and Statistics Department 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.

17. On condition of the employers' contribution as set out in the preceding paragraph, the Government agrees to offer each student-worker (with satisfactory attendance record) an allowance of an average of \$2,000 per month during their normal study period to enhance the attractiveness of the pilot Scheme, subject to the approval of the Finance Committee (FC). The VTC will disburse the allowance, and submit regular reports to the Government for monitoring.

18. The pilot Earn-and-Learn Scheme is being planned for launching in 2014/15 academic year, and running till 2018/19 after completion of the last cohort of the HD programme. The VTC will set up a steering group, comprising representatives from VTC, the HKRMA and the Government, to monitor the progress and effectiveness of the Scheme. A summary of the proposed parameters of the Scheme for 2014/15 is at **Annex C**.

Degree Places and Retail Work Experience

19. The Task Force **recommends** that institutions offering degree level programmes should monitor the medium-term demand for top-up programmes from practitioners in the industry and to plan their programmes as appropriate, and that post-secondary students should be given more opportunities of gaining retail work experience. The EDB is planning to arrange a sharing session among representatives of the retail industry, the Retail ITAC and post-secondary institutions in the second quarter of 2014. The EDB has also written to all post-secondary institutions to encourage them to work with the retail industry 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 acquire the experience through part-time jobs, the LD would promote the job opportunities through its webpage on retail jobs (paragraph 8 above) and promote it to students through the post-secondary institutions.

20. A diagram of all retail-related education and training programmes being offered in the academic year 2013/14, together with the VTC's traineeship scheme and Earn-and-Learn Scheme for the retail industry proposed above, is at **Annex D**.

Raising the Industry's Image

21. 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.

22. 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 as a whole 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 industries¹¹.

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

24. Possible deliverables include Announcements in the Public Interest for television and radio, television dramas or documentaries, printed materials, 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, ERB and Retail ITAC, as well as the promotion of other implementation measures mentioned in this paper.

25. The Task Force also **recommends** that the EDB would enhance the retail sector's involvement in career guidance programmes and career-related experiences for students, and that the Retail ITAC should also undertake promotional work together with others. Where appropriate, the retail industry would be featured in EDB's career-related activities for secondary schools, such as career talks and professional development programmes for schools' career teachers, etc starting from the 2014/15 school year. The

¹¹ 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.

Retail ITAC will also draw up the progression pathway based on the SCS published for practitioners in the retail industry and promote them to the public with resources already provided for QF development.

Managing Manpower Demand through Enhancement in Productivity

26. Lastly, based on 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 SMEs, to adopt relevant information and communications technology and other technologies that help manage manpower demand.

Eligibility and Benefits

27. Non-listed enterprises registered in Hong Kong under the Business Registration Ordinance (Chapter 310) with substantive retail business in Hong Kong may apply¹² 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 the control over them (i.e. the equivalent of their headquarters or the franchisor) may apply as one applicant for the whole group¹³.

28. 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. 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.

¹² If there is a “related enterprise” (i.e. one registered as a different business, under the Business Registration Ordinance, from an enterprise that has benefited in full 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 (paragraph 28 below).

¹³ 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.

29. A funding commitment of \$50 million¹⁴ 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 at **Annex E**.

Implementation Partner and Procedures

30. 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.

31. As the Secretariat of the proposed RTAF, the HKPC would handle enquiries and receive applications. To facilitate applications, the HKPC will develop 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 FC, the HKPC will start preparation with an aim to 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.

Review and Control Mechanism

32. 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

¹⁴ Among which about \$5.1 million is earmarked for the administrative and promotion overheads. The HKPC, as the proposed implementation partner (paragraph 30 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.

assessment criteria, with reference to project effectiveness, reasonableness of cost and other factors.

33. Successful applicants may approach service providers and procure their services subject to procedures to be drawn up to ensure fairness and cost-effectiveness (the HKPC will not become a service provider itself). To assist enterprises in meeting the financing needs at the start-up 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.

34. The HKPC will enter into an agreement with the Government, submit an annual implementation plan and budget before actual funding is disbursed to the HKPC. The HKPC will also be required to submit regular progress reports to us, on the approval outcome, implementation progress, any problem 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

35. The Task Force recognises that 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, the multi-pronged strategy recommended by the Task Force, and the measures proposed above, should allow the Government and other stakeholders to contribute to alleviating the manpower tightening problem being faced by the retail industry.

36. In the short run, the ERB's courses and the VTC's traineeship scheme for the retail industry could potentially bring an extra of at least 2 180 workers to the stores. In addition, the proposed Earn-and-Learn 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 so trained 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 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.

37. 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 misconception about the industry and project it as a vibrant and professional one with promising career prospects. This would 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, supplementing the targeted approach of the recruitment and employment services of LD. We may also undertake industry perception surveys at different stages to identify specific image problems and review the effectiveness of the initiatives.

38. The proposed RTAF should bring immediate benefit to some 1 000 enterprises, enhancing the productivity of their retail operations, managing their manpower demands and also 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.

ADDITIONAL RESOURCES

39. The Government has set aside a total of \$130 million to add to the existing resources to take forward the above implementation proposals. On an initial planning basis, we envisage that additional resources may be allocated to the following measures, with appropriate refinements in the course of implementation -

	\$ million
(a) providing monthly training allowance of \$2,000 to about 1 500 student-workers of the VTC's pilot Earn-and-Learn Scheme and the related facilities (paragraph 17 above)	70*
(b) working with the retail sector in an image-building campaign for three years (paragraph 23 above)	10
(c) establishing the proposed RTAF (paragraph 26 above)	50
Total	130

CONSULTATION WITH STAKEHOLDERS

40. 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, the concerned Government Bureaux and Departments and statutory bodies as well as the recently established Advisory Panel on Retail Manpower Development¹⁵. On the pilot Earn-and-Learn Scheme in particular, the Retail Trade Training Board of the VTC 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 are welcome, with general agreement of the proposed parameters for the various schemes.

ADVICE SOUGHT

41. Members' support for the above implementation proposals is sought, before we seek the approval from the FC on 16 May 2014. Subject to the approval, the various measures will be launched once ready, all by end 2014.

Commerce and Economic Development Bureau
April 2014

* 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.

¹⁵ The terms of reference and composition of the Advisory Panel are set out at **Annex F**.

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 Background¹</i>
<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

¹ The information is provided by members of the Task Force 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) 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.

**Proposed Key Parameters of the VTC's
Pilot Earn-and-Learn Scheme for the Retail Industry:
Foundation Diploma**

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





* To start at \$4,100 for the 1st to 3rd month, \$4,700 for 4th to 12th 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	<p>Retail Training Course</p> <ul style="list-style-type: none"> - Short course for workers in the retail industry <p>Certificate in Basic Retailing (Pilot Traineeship Scheme – Stage 1)</p> <ul style="list-style-type: none"> - Mainly for youngsters aged 15 or above 	<p>Diploma in Vocational Education Programme (Business)</p> <ul style="list-style-type: none"> - Completion of Secondary 3 (required to study for three to four years); or the New Senior Secondary Curriculum (required to study for three semesters) 	<p>Placement-tied courses and “Skills Upgrading Scheme (SUS) Plus” courses on retail (Employees Retraining Board)#</p> <ul style="list-style-type: none"> - Seven placement-tied courses to provide training and placement follow-up services for the unemployed who are interested in joining the retail industry - 22 SUS Plus courses to enhance the competency of practitioners in the retail industry.
3 Diploma of Secondary Education / Secondary 7 / Diploma	<p>Certificate in Retailing (Pilot Traineeship Scheme – Stage 2)</p> <ul style="list-style-type: none"> - Mainly for trainees having completed Stage 1 <p>Advanced Certificate in Retail Sales and Management</p> <ul style="list-style-type: none"> - Mainly for workers in the retail industry <p>Foundation Diploma (Level 3) - Retail (Pilot Earn-and-Learn Scheme)</p> <ul style="list-style-type: none"> - For Secondary 6 leavers 	<p>Foundation Diploma (Business)</p> <ul style="list-style-type: none"> - One year - Completion of the New Senior Secondary Curriculum <p>Yi Jin Diploma</p> <ul style="list-style-type: none"> - Full-time: One year - Part-time: Two years - Secondary 6 leavers or adult learners aged 21 or above 	<p>Yi Jin Diploma</p> <ul style="list-style-type: none"> - School of Continuing Education, Hong Kong Baptist University (BU SCE): Yi Jin Diploma (Retail Management) - Caritas Community & Higher Education Service: Yi Jin Diploma (Retail Marketing Operation) <p>New Senior Secondary Applied Learning Course – Retail Management</p> <ul style="list-style-type: none"> - One of the elective courses (provided by BU SCE)
4 Associate Degree / Higher Diploma / Diploma	<p>Professional Diploma / Certificate / Module in Retail Management (jointly organised with the Hong Kong Retail Management Association)</p> <ul style="list-style-type: none"> - Newly commenced in October 2013 - Diploma to be awarded upon successful completion of seven modules within one or two years - Certificate to be awarded upon successful completion of three modules within one or two years <p>Higher Diploma in Retail and Merchandising Management (Pilot Earn-and-Learn Scheme)</p> <ul style="list-style-type: none"> - For Secondary 6 leavers with five Level 2 including English and Chinese in the Hong Kong Diploma of Secondary Education Examination <p>Higher Diploma in Retail and Merchandising Management</p> <ul style="list-style-type: none"> - Normally to be completed in two years 	<p>Various Higher Diploma programmes offered under the Business Administration Discipline</p> <ul style="list-style-type: none"> - Elements related to the retail industry are incorporated in the following programmes: <ul style="list-style-type: none"> ■ Business Administration ■ Marketing Management ■ Advertising and Brand Management ■ Event Marketing and Promotion 	<p>Advanced Diploma in Business (Retail Management) (BU SCE)</p> <ul style="list-style-type: none"> - Required to complete 12 courses in 18 months <p>Professional Diploma in Retail Management (BU SCE)</p> <ul style="list-style-type: none"> - Required to complete 5 courses in 9 months <p>Advanced Diploma in Marketing & Retail Management (School of Professional and Continuing Education, University of Hong Kong)</p> <ul style="list-style-type: none"> - Required to complete 10 courses in 20 to 40 months

<p style="text-align: center;">5 Bachelor's Degree</p>	/	/	<div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; border-radius: 15px; background-color: #f4a460; padding: 5px; width: 45%;"> <p>Bachelor of Arts (Honours) in Retail and Service Management (School of Professional Education and Executive Development, Hong Kong Polytechnic University)</p> <ul style="list-style-type: none"> - Top-up degree - For Associate Degree or Higher Diploma graduates </div> <div style="border: 1px solid black; border-radius: 15px; background-color: #f4a460; padding: 5px; width: 45%;"> <p>Bachelor of Business Administration (Honours) in Service Operations Management (City University of Hong Kong)</p> <ul style="list-style-type: none"> - Top-up degree - For Associate Degree or Higher Diploma graduates - The course will be discontinued in the 2014/15 academic year </div> </div>
<p style="text-align: center;">6 Master's Degree</p>	/	/	/
<p style="text-align: center;">7 Doctoral Degree</p>	/	/	/

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. 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.

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 Background¹</i>
<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

¹ The information is provided by members of the Advisory Panel on a voluntary basis.