

Final Report

work2future Retail Study

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SECTION ES.
Executive Summary

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Executive Summary

work2future, the San José Economic Development Department, other local governments and community organizations seek insights on how to better serve businesses and workers in the Silicon Valley retail industry. BBC Research & Consulting (BBC), working with the Silicon Valley San José Chamber of Commerce (the Chamber), completed a comprehensive assessment of this industry. Some of the study findings confirm expectations, while other results serve to dispel some of the myths concerning the industry. Based on this information, BBC recommends an overall work2future strategy for working with this industry.

Key Issues

Low-wage, low-skill, part-time jobs with slim prospects for advancement is a pervading image of the retail industry. Retail's image is further tarnished by the prevalence of evening and weekend hours and perceptions of high employee turnover. Some may see the large number of job openings in retail as opportunities for entry-level job seekers; others view this as a sign of what is wrong with the industry.

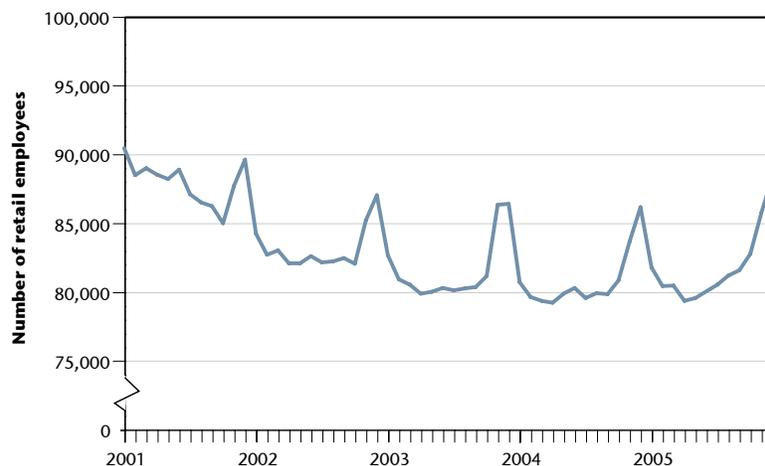
Is retail a dead-end for entry-level workers? Should work2future invest in training and placing clients in the industry? How should work2future partners view the industry? This report answers these questions.

State of the Industry

The retail industry declined along with the overall Silicon Valley economy in the first part of this decade. Santa Clara County retail establishments employed more than 90,000 people in January 2001. About 10,000 jobs were lost from 2001 through 2002. Adjusting for season, employment at the end of 2005 was nearly back to its earlier level. Figure ES-1 shows recent trends in local retail employment.

Exhibit ES-1. Monthly retail employment in Santa Clara County

Source:
BBC Research and Consulting from
California EDD ES202 data:
<http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>.



The sector is projected to continue to add jobs. Employment projections developed for BBC by the California Employment Department suggest that retail jobs will grow by 3,900 jobs over the 2002 to 2012 period (about 390 net new jobs, on average, per year).

Today, grocery stores, clothing stores and department stores account for 40 percent of local retail industry employment. Other jobs are found across a diverse set of retail businesses, from auto parts to pet stores.

More than 60 percent of local retail employees work for businesses that have 500 or more employees (if not locally, then across California). The size of the employer rather than the size of the individual store is important when understanding employment practices. Large employers and small retail businesses face unique employee hiring and training issues and have different responses to employee hiring, training and job growth challenges. For example, large employers often utilize employee application and training processes that are standardized across the country (sometimes web-based). Smaller employers have more flexibility in how they hire and train (typically informal on-the-job training). As fundamental differences between large and small retail firms span different lines of retail businesses, firm size serves as the most important factor in the typology of local retailers.

Myths and Realities

There are certain myths about the retail industry that, once dispelled, demonstrate that the industry should be a workforce development focus of work2future and its partners.

Myth: The retail industry is comprised of dead-end jobs.

Reality: Job advancement can come very quickly in the retail industry.

It is true that the retail industry has many entry-level positions and many fewer supervisory or management-level jobs. About 40 percent of retail jobs are salesperson or cashier positions and another 15 percent are clerk or other administrative support position. Jobs related to making deliveries or moving stock account for 5 percent of total jobs. Entry-level jobs represent well over half of total retail positions.

On the other hand, there are at least 5,000 first-line supervisor jobs in Santa Clara County that are typically filled by promoting entry-level employees within the organization. These promotions often come quickly, sometimes within a year of starting a retail career.

Promotions to supervisor level are based on achievement as an employee. Prior experience and formal education are not very important. One-half of first-line supervisors have, at most, a high school degree. Most retailers interviewed as part of this study said that they base hiring and promotion decisions on intrinsic employee characteristics, not years of formal education.

Larger employers also have formal management career ladders that they typically fill through internal promotions. (Recruitment of new college graduates is also important for some large retailers.) A first-line supervisor with just a high school degree may be eligible for management track. Many current managers in retail are proud to tell their personal stories of advancing from the bottom rung of the career ladder, and they are pleased to offer the same opportunities to quality, motivated employees within their organizations. Additional formal education may be necessary to proceed along the management track, and certain larger employers help new managers obtain this training.

Myth: The predominance of part-time employment in retail is a negative .

Reality: Availability of part-time positions is why some workers are attracted to retail.

To some extent, the retail sector is organized around a part-time entry-level staff and a full-time supervisory staff. Overall, about one-quarter of retail jobs in California in March 2006 were part-time (less than 35 hours per week), much higher than the 17 percent part-time workers for all private industry in the state (older statistics for Silicon Valley show similar percentages of part-time employees). The percentage of retail jobs that are part-time grows in the fourth quarter.

Most retailers need a part-time workforce to meet peak staffing demands for evenings and weekends. Retailers also report that they look for people who are seeking part-time work because of personal demands such as school or family.

- Because evenings and weekends are when many students are available to work, it is not surprising that retail is a relatively large employer of high school and college-age workers. Nearly one-third of Santa Clara County retail workers in first quarter 2005 were under the age of 25, much higher than in other industries. This percentage grows in other times of the year.
- Most retail employees working part-time do not want a full-time job. Statewide, using 2005 and 2006 data, only 22 percent of part-time retail workers say they wish to work full-time, no different than part-time workers in other industries. Most say they work part-time by choice.
- Some retail workers are people who take a retail position as a second job. In 2005-2006, about 3 percent of retail workers statewide were second job-holders.
- Jobs that require weekend and evening hours may be more attractive to students and others seeking part-time employment than people available for full-time work. According to local retailers, one of the industry's recruiting challenges among many people seeking full-time work is that they will be in the store some hours that their friends or family have off. (An often-cited example is the problem of the college graduate considering a retail job that works Friday nights and Saturdays when her friends will work 8 to 5 Monday through Friday.)
- Also, based on 2000 Census data, only 10 percent of first-line supervisors worked part-time.

It is also true that some local retailers maintain a largely part-time staff to avoid providing benefits. Some retailers now offer benefits to part-time workers as a way to compete for these workers. Even so, availability of benefits for workers is an important issue across industries in the United States, not just in the Silicon Valley retail industry.

Myth: Retail is high turnover. Why train and place employees in retail if they are going to leave?

Reality: For workers 25 and older, retail is not high-turnover.

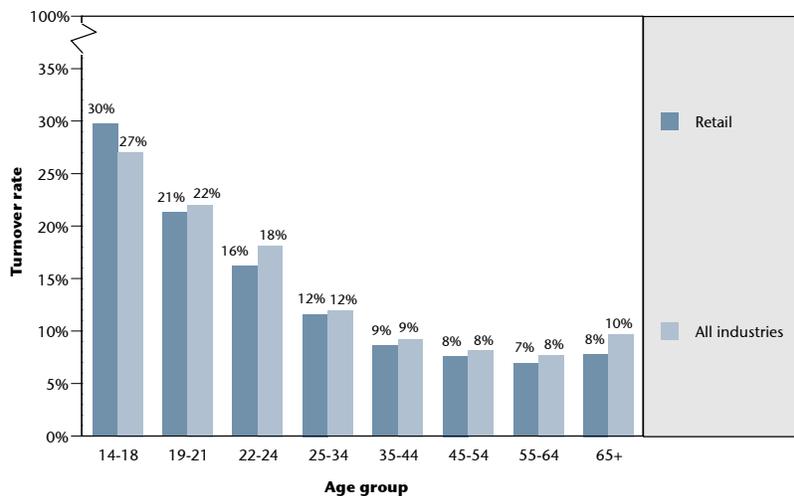
According to many retailers interviewed as part of this study, high employee turnover is a major challenge. Some large retailers plan for 70 percent turnover per year. They respond by soliciting a large volume of employment applications and nearly-continuously hiring. Keeping a steady applicant flow is a major concern for many retailers.

However, BBC's research suggests that 70 percent turnover is atypical in retail. Turnover in retail is no higher than other industries once one controls for the age mix of employees in retail. High school and college-age workers frequently leave jobs due to school schedules or other life changes. Exhibit ES-2 shows that job turnover in the fourth quarter of 2004 in the retail industry was about the same or lower than all industries when examined for each age group. (Turnover statistics are just for the quarter, and even though there are some seasonal differences in turnover, this finding holds true for other quarters.)

Finally, some of the turnover is self-induced. Some retailers admit to "cherry-picking" good retail employees from other businesses.

Exhibit ES-2.
Job turnover in retail
and all private industry
by age group,
Santa Clara County,
fourth quarter 2004

Source:
Local Employment Dynamics Quality
Workforce Indicators, available at:
<http://lehd.dsd.census.gov/led/datatools/qwi-online.html>.



Myth: The retail industry is low-skill.

Reality: Retail demands high level interpersonal skills that can be a life-long benefit.

By one measure, the retail industry is low-skill. National research suggests that the retail employees spend less time in training than in any other industry. Large employers might train new hires for 30 hours before the new recruit works independently. Much of the training is orientation to the company and its customer service culture. Very little hard skills training is needed. Smaller employers usually provide informal training while the employee is on the sales floor. Most of the formal training is reserved for management-track employees or salespeople responsible for specialized lines.

When asked about opportunities to partner with work2future on employee training, most retailers interviewed as part of this study were not interested. Companies have established ways of training new employees and almost never seek outside assistance.

According to local retailers and organizations that place workers in retail, the “job responsibility” skills and people skills learned in retail can benefit someone throughout his or her career. Any worker on the sales floor is usually expected to interact with customers and learn sales and problem-solving skills. Because supervisory experience comes quickly in retail, the industry accelerates the opportunities to learn management skills compared with other industries.

These types of skills are important for advancement in retail and are also transferable to other industries. They can also be learned quickly, which aids employees for whom retail is a stepping-stone in a career path.

Myth: The retail industry does not provide a livable wage.

Reality: True for many retail jobs, but income opportunities are high for some positions.

As of 2006, most local retailers were hiring entry-level workers in the range of \$7 to \$8 per hour (prior to recent legislation increasing the minimum wage). Low wages combined with part-time employment tend to produce very low incomes. Entry-level wages have been flat through the decade. Recent years have seen minimal cost of living increases; workers usually need to be promoted to receive a significant boost in pay.

**Exhibit ES-3.
Third quarter 2005
employment and hourly
wages for selected
occupations in
San José MSA**

Source: California EDD web site:
<http://www.labormarketinfo.edd.ca.gov/cgi/data/analysis/AreaSelection.asp?tableName=Oeswage>.

Occupation	Employment	Entry-level hourly wage	Mean hourly wage
Cashiers	16,530	\$7.88	\$11.06
Retail salespersons	23,770	\$8.29	\$13.82
First-Line supervisors/managers of retail sales workers	5,790	\$13.56	\$22.05

On the other hand, management track and commissioned sales positions can be lucrative. These career tracks are open to individuals with minimal formal education who might not have the same opportunities in other industries.

Management track positions and commissioned sales positions lead to jobs with annual earnings exceeding \$100,000. A talented commissioned sales person working for the right employer can reach this level of income relatively quickly. People in commissioned sales jobs may earn more than their management-track supervisors.

Myth: Retailers see employees as interchangeable and do not value quality.

Reality: Retailers have strong opinions about the quality of potential new hires.

Due to the large number of workers, low wages, turnover and minimal formal training, it may appear that entry-level employees are faceless, nameless cogs in the retail organization. Employers may appear to be filling slots at the lowest possible cost and do not care who occupies these positions.

BBC's interviews with retailers found that this view is mostly incorrect. The best indication was how passionate retail owners and managers were when discussing who they wanted working at their stores. They were able to describe in detail model employees and the lengths they went to find these hires, as well as the disappointment when someone did not work out as planned. Appendix C of the report provides detailed characteristics of what retailers value in entry-level employees and what they try to avoid. Some retailers interviewed in this research also described the long-term relationships employees had with the business and how they tried to accommodate employees' personal needs and goals. Retail workers may be faceless and interchangeable in some retail organizations, but that does not fit BBC's research.

This finding is important for work2future as it considers whether and how to provide soft skills training to potential retail workers. The very attributes that make an employee valuable to a retailer are the personal characteristics that will earn someone a job offer. Many of these personal strengths appear to be simple (wearing appropriate clothes, making eye contact, neatly and correctly completing a job application), but appear to be rare. These are "hot button issues" for retailers.

Myth: Retailers seek help from others in filling their job openings.

Reality: Retailers have established recruitment practices and only a few would be interested in applicants being placed by a WIB or other organizations.

Retailers expect job seekers to find and apply for jobs on their own and have developed recruitment and application systems that fit this preference. Retailers that are opening a large new store may look to a workforce investment board and other community organizations for recruitment help. Others may have ongoing relationships with individual schools, churches or other sources of workers. On the whole, however, retailers expect job applicants to seek them out, walk in the door and inquire about employment (only a few have gone completely on-line for the initial application process).

Interviews with workforce investment boards and other organizations throughout the country that have targeted retail find the industry difficult to crack. Large employers standardize hiring practices across their locations. Obtaining special local arrangement for job placement and training is often difficult. Even an organization such as Gilroy Outlet Stores property management has difficulty getting retailers to pool resources in employee recruitment.

Recommendations

The study team offers the following recommendations to work2future and its training partners.

1. For many reasons, continue to target the retail industry for pre-employment training and client placement. The local retail industry is too big for work2future and its partners to ignore, providing 10 percent of local employment and a greater share of entry-level job openings.

2. Strategically use the retail industry to train and place workers with specific needs. The retail industry provides a number of unique opportunities for work2future clients and clients of work2future training partners:

- a. Flexible employment while pursuing education and training in another field, or for workers needing a second household income from a part-time job;
- b. An opportunity to gain initial employment and valuable work experience that can be a platform for career development in other industries (perhaps only working in retail for as little as a year);
- c. A management track for highly achieving individuals with limited formal education; and
- d. The possibility of highly-lucrative careers in commissioned sales for high-achieving individuals with limited formal education.

Retail may also be a good industry for college graduates and executives from other industries seeking new management careers.

3. Exercise care in placing workers in retail who do not fit the above categories. Because most retail employers do not provide a livable wage for entry-level employees, work2future should be careful to encourage employment in the retail industry for workers who do not fit at least one of the above categories.

Even so, promotion of the local retail sector may be good public policy from other perspectives. work2future can play a role in local retail development efforts by assuring new retailers that, if needed, the organization can help recruit employees. work2future should continue to assist large retailers open new stores through job fairs. It could also be used for seasonal hiring needs.

4. Continue to focus on pre-employment training. Most local retailers do not want work2future's assistance in training employees once they are hired. Available worker training opportunities do not fit within the training or work culture of most local retailers.

5. Expand upon the soft skills training currently provided. Retailers do want new employees to walk in with the soft skills necessary to be successful in retail. work2future and its partners should continue to train clients to give them the soft skills necessary to be successful in retail. For the most part, these soft skills are the same attributes necessary to apply and be hired for a retail job. Appendix C of this report explains these characteristics in detail, but they generally include the types of skills training the work2future currently provides (understanding of retail as a career, professionalism and responsibility, appearance and how to apply for a job).

The level of training depends on the potential retail employee. For some clients, this training can be accomplished in a few hours. Other clients may need more intensive training over many weeks. Each training provider offers a different intensity of training for retail based on the background and capabilities of their clients.

6. Do not add hard skills training. Most local retail employers do not seek prior hard skills training; some prefer that the new employee have no such training. Retailers do look for workers with the needed soft skills.

7. Although NRF certification may be useful for some, it is too early for work2future to invest in NRF certification programs. National Retail Federation certification is not recognized or valued by most local retailers. work2future should not expect clients who go through this program to have an advantage because of the NRF certification (although they may benefit in other ways). Even in parts of the country such as the East Coast where NRF certification is more widely known, the workforce investment boards and other groups BBC interviewed suggested that the basic NRF training program had to be substantially truncated and that workers were not offered higher wages or better jobs because of this training.

8. Do emphasize long-term career mentoring for clients placed in retail. work2future should find ways to provide long-term career advice to clients placed in retail. The organization should help the client identify how entry-level retail will meet long-term career goals prior to obtaining a job, and then check in with the client after six months and 12 months (and perhaps beyond) to remind the client as to how they planned to use the job. For example, if the retail job is a stepping stone in a career path, is the client ready to move on? Or, has the client pursued management-track opportunities at their organization? There is a point in a retail job where many employees are well-served by moving up or out.

9. work2future should approach retailers to learn of job openings, not to place clients.

work2future's primary role should be to prepare workers to seek employment on their own. Retailers respond well to potential employees taking the individual initiative to go to the employer, try to make contact with a manager and sell themselves. They respond less-well when they think the job seeker was sent to the retailer by an agency such as work2future rather than individually choose the retailer.

10. Retailers have hot buttons – it is work2future's job to train its clients to use those hot buttons. One of the key questions asked at the start of this research was “what are retailers' hot buttons?” It was striking how animated and emotional some retailers were when describing what they wanted and did not want in a new employee. work2future can use this information to train clients on how to behave and what to say (and not say) when approaching a retailer for a job. Appendix C of this report discusses these “hot buttons.”

Summary

For many types of people, the retail industry is a good place to work. The research conducted by BBC and the Silicon Valley San José Chamber of Commerce dispels some of the myths that contribute to a sometimes negative image for the industry. work2future and its partners should strategically use retail for training and placing certain clients.

There are also work2future programs that are not well applied in the industry, including post-employment training and direct placement of employees. work2future should continue to focus on pre-employment soft skills training and career counseling for potential retail employees.

SECTION I.

Introduction

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Introduction

work2future, the San José Economic Development Department, other local governments and community organizations seek insights on how to better serve businesses and workers in the Silicon Valley retail industry. BBC Research & Consulting (BBC), working with the Silicon Valley San Jose Chamber of Commerce (the Chamber) , completed a comprehensive assessment of this industry. Some of the study findings confirm expectations, while other results serve to dispel some of the myths concerning the industry. Based on this information, BBC recommends an overall work2future strategy for working with this industry.

Key Questions

BBC and the Chamber worked together to answer the following questions:

- What is the retail industry? How do firms differ?
- Who are the retail employees in Santa Clara County? How is this changing?
- How do retail companies hire employees?
- What training is currently taking place for existing or potential retail employees?
- Are there retail job openings? Now and in the future? For what types of jobs?
- Are there career ladders in retail? Is there a path to livable incomes?
- Is retail high-turnover, and if so, why?
- Do employees in retail learn skills that can be used in other industries?
- What are the current gaps between employer needs and available workforce? How will this change in the future?
- What are other organizations doing to address recruitment and training needs?
- What are local retailers' awareness and perceptions of work2future and other partners?

By answering these questions, the study team was able to address several policy issues for work2future:

- Is supporting workforce training and recruitment for the retail industry good public policy in Silicon Valley?
- If so, what more can work2future and its partners do to help the local workforce and retail employers? For example, would promoting retail skills certification help people obtain and advance in retail jobs?
- How should work2future approach retailers? What are retailers' hot buttons?

Approach

BBC Research & Consulting conducted this assessment through a combination of:

- Analysis of State of California, U.S. Census and other data for Silicon Valley;
- Five focus groups and 36 telephone or in-person interviews with local retailers;
- An inventory of existing training providers and one focus group with selected providers; and
- A literature review, interviews throughout the country and other research to assess industry trends and best practices for meeting retail recruitment and job training needs.

This research began in spring 2006 and was completed in fall 2006.

Organization of the Report

Section II answers the questions outlined on the first page of this introduction. BBC's analysis of implications for work2future are summarized in Section III. Five appendices provide additional background information:

- Appendix A analyzes employees in the retail industry;
- Appendix B presents data on employers in the local retail sector;
- Appendix C reviews results of the retailer focus groups and interviews; and
- Appendix D analyzes local retail training providers and presents results from a focus group with those providers.
- Appendix E provides findings from BBC interviews with workforce investment boards and retail training providers across the country.

SECTION II.

Key Findings

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Key Findings

BBC's combined quantitative and qualitative research answers the following questions:

- What is the retail industry? How do firms differ?
- Who are the retail employees in Santa Clara County? How is this changing?
- How do retail companies hire employees?
- What training is currently taking place for existing or potential retail employees?
- Are there retail job openings? Now and in the future? For what types of jobs?
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- What are the current gaps between employer needs and available workforce? How will this change in the future?
- What are other organizations doing to address recruitment and training needs?
- What are local retailers' awareness and perceptions of work2future and other partners?

This section summarizes key findings. Supporting appendices provide much more detailed analysis of these issues.

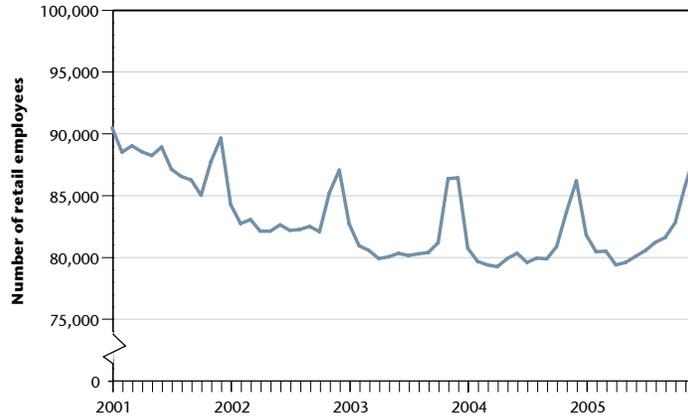
What is the retail industry? How do firms differ?

Total jobs. In recent years, retail employment in Santa Clara County has varied from 80,000 workers in the first nine months of the year to more than 85,000 in the holiday season. Retail employment accounts for about 10 percent of all San Jose metro area jobs.

There were more than 90,000 people employed in Santa Clara County retail in January 2001. Retail employment decreased through 2002 and stabilized after that point (after considering seasonal swings). In the last half of 2005, retail employment appeared to increase over the same period of 2004. December 2005 employment in Santa Clara County was 88,308, nearly as high as December 2001.

**Exhibit II-1.
Monthly retail
employment in
Santa Clara County**

Source:
BBC Research and Consulting from
California EDD ES202 data:
<http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>.



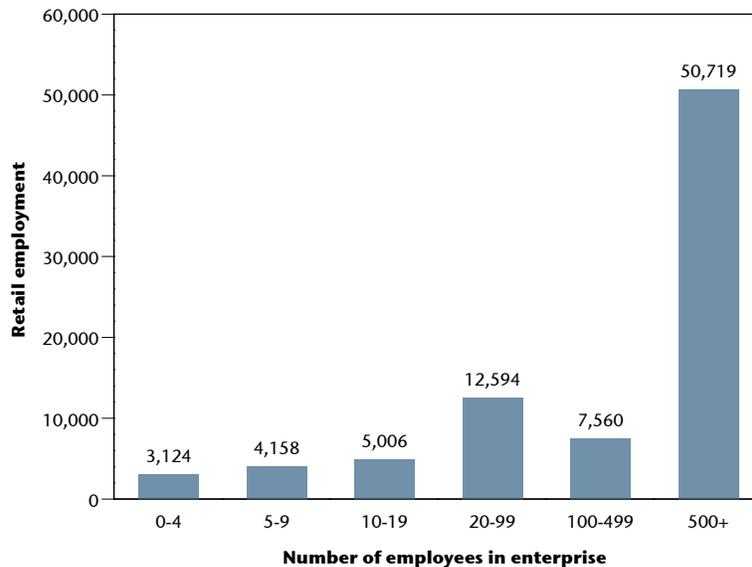
Firm size. Hiring, training and career paths differ between small and large employers. The local retail industry has many small establishments, but most employees work for large companies.

About 3,700 different firms operate nearly 5,000 retail establishments in Santa Clara County. Although most firms have fewer than 20 employees, more than 60 percent of Santa Clara retail employees work for large (500+ employee) firms. Some of these firms have many small establishments, but two-thirds of retail employees work in establishments with 20 or more employees. Employment growth is occurring among the smallest and largest establishments.

Exhibit II-2 examines the number of employees working for firms (“enterprises”) of different sizes in 2002.

**Exhibit II-2.
Distribution of retail
employment by
size of enterprise,
San José MSA, 2002**

Source:
BBC Research and Consulting from
California EDD website:
<http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=67&SubID=138>.



Retail sectors. There are more clothing stores in the San Jose Metro Area (515) than any other type of retail establishment. There are more than 250 establishments in the Metro Area for: grocery stores, health and personal care stores, electronics and appliance stores, gasoline stations, building materials and supplies retailers, and auto parts and tires stores. Grocery stores, clothing stores and department stores account for 40 percent of local retail industry employment.

Occupations. About one-half of retail jobs are salesperson, cashier or first-line supervisor positions. Another 15 percent of retail jobs are clerks or other administrative support staff. Jobs related to making deliveries or moving stock account for about 5 percent of total jobs.

There are some jobs that involve higher-level skills specific to retail. These include buyers, display designers, and marketing professionals. These jobs represent a very small fraction of total retail jobs in Santa Clara County, in part due to the lack of regional headquarters in the county.

Future growth. In projections developed for BBC, the State of California forecast 3,900 new retail jobs in Santa Clara County over the ten years ending 2012.

- Pharmacy-related jobs, which include grocery stores and health/personal care stores, will grow by 240 positions in Santa Clara County. Pharmacy-related positions are projected to have the highest percentage growth, locally and in California as a whole.
- Projections show substantial percentage increases in supervisor and management positions: in Santa Clara County, 10 percent for supervisors of retail sales workers, with 480 new positions added, and 8 percent for general managers and supervisors, with 400 new positions.

Two occupations will provide the most new retail jobs in Santa Clara County. Retail salesperson positions are expected to increase by 1,580, cashier positions by 680 and supervisors of retail sales workers by 480. Together, cashiers and salespersons made up 42 percent of the retail labor force for Santa Clara County in 2002, and their projected 2012 increases account for over half of the additional retail jobs.

Exhibit II-3.

Retail employment by major occupation, by category in Santa Clara County, 2002-2012

Retail occupation	2002 Actual Jobs	2012 Projected Jobs	Absolute Change	Percent Change, Santa Clara County	Percent Change, State of California
Pharmacy related	1,270	1,510	240	19%	34%
Non-identified occupations ¹	7,100	7,920	820	12	-
Supervisors of retail sales workers	4,950	5,430	480	10	21
Vehicle drivers and operators, non-sales	1,510	1,650	140	9	22
Managers and supervisors	4,840	5,240	400	8	18
Retail salespersons	21,160	22,740	1,580	7	17
Other, non-sales related	2,080	2,210	130	6	22
Other, sales related	2,100	2,210	110	5	22
Cashiers	13,950	14,630	680	5	17
Maintenance and repair	2,960	3,020	60	2	16
Food related	3,450	3,480	30	1	18
Cleaning and janitorial	1,180	1,190	10	1	17
Labor, hand	4,400	4,330	-70	-2	11
Administrative staff and clerks	<u>12,650</u>	<u>11,940</u>	<u>-710</u>	<u>-6</u>	<u>4</u>
Total	83,600	87,500	3,900	5%	16%

Note: ¹ Some occupational categories were suppressed by the CA EDD due to confidentiality and/or data quality constraints.

Source: Report from California Employment Department Labor Market Information Division.

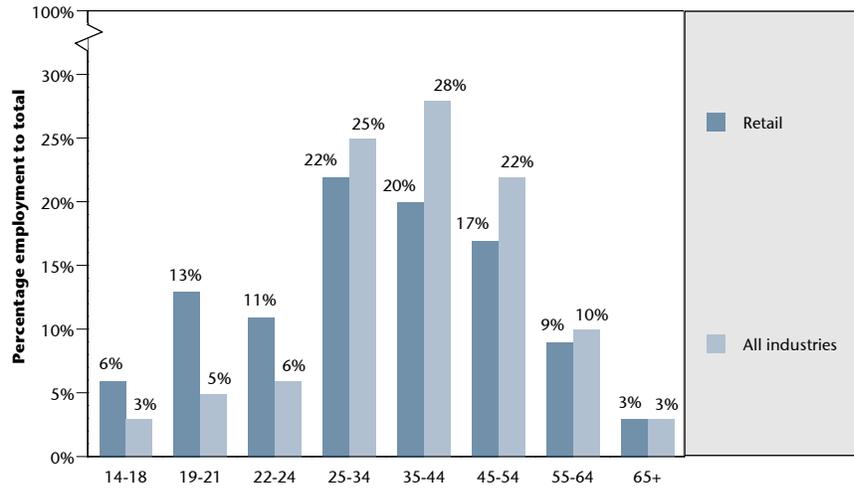
Who are the retail employees in Santa Clara County? How is this changing?

The retail industry employs part-time and seasonal high school and college students, part-time second income-earners, heads of household in entry level and supervisory positions, and far more seniors than found in other industries.

Age. Comparing retail to all private industries in Santa Clara County, 14 to 24 year-olds comprise a much larger share of retail sector employment. Seniors comprise 3 percent of total retail employment.

Exhibit B-12.
Percentage of employment by age group, retail industry and all private sector Santa Clara County, first quarter 2005

Source:
 Local Employment Dynamics Quality Workforce Indicators, available at: <http://lehd.dsd.census.gov/led/datatools/qwi-online.html>.



Gender, race and ethnicity. Women are 44 percent of retail workers in Santa Clara County, slightly higher than the total workforce. More than one-half of cashiers and salespersons are women, but fewer than 40 percent of first-line supervisors are female.

Although only 12 percent of the local workforce, Asian Americans account for 19 percent of all retail workers in Santa Clara County. This differs from California as a whole, where Asian Americans are less likely to work in retail than other workers. One-quarter of local retail employees are Latino, less than found for the county workforce.

English-speaking ability. About 14 percent of Santa Clara County retail workers speak English less than “very well,” which is a lower percentage than for all workers in the county captured in the 2000 Census (19 percent). Among the supervisors of salespersons category, only 6 to 8 percent of Santa Clara County workers reported speaking English less than “very well.” Interviews with retailers confirmed that ability to speak English well is a requirement for retail workers who might have customer contact. Some retailers reported that bilingual employees who could communicate with customers in languages other than English were highly valued.

Education. The retail industry provides employment opportunities for workers with limited education. Two-thirds of retail workers in Santa Clara County have, at most, a high school degree, compared with 49 percent in all industries. One-quarter of Santa Clara County retail employees have at least a four-year college degree compared with 48 percent of all workers. Only some of this difference reflects the younger age mix in retail. On average, San Jose area retail employees have more education than retail workers statewide.

Commuting. In 2000, about 17 percent of people holding retail jobs in Santa Clara County commuted in from other counties. According to local retailers, this percentage declined with the softening of the local economy. Now, most entry-level retail workers come from the communities surrounding the store.

Second job-holders. Only 3 percent of part-time retail workers have the retail job as a second job.

Trends. Local retailers have found it much easier to recruit employees after the tech bubble burst.

- *In the peak boom, it was hard to recruit people into retail. There were too many high paying nine-to-five jobs. This has somewhat changed.*
- *People who once worked in high-tech Silicon Valley corporations are now filling positions in retail stores.*
- *Hiring is most difficult in boom times ... we're hiring post-boom employees who would have worked as high-tech assemblers in the boom.*

A perhaps related trend is that high school age workers are making up a declining proportion of the retail workforce since 2001.

How do retail companies hire employees?

Large Silicon Valley retailers have wide-ranging and highly formalized methods for recruiting, evaluating and hiring new employees. This is also true for small employers that are franchises of national firms. On the other hand, the smallest retailers use ad-hoc, informal methods for identifying and hiring workers.

Hiring process of large retail employers. Large employers such as big box stores, department stores and other major retailers have developed recruitment, evaluation and hiring methods that vary little from store to store. They also do specialized recruitment for management positions.

Communicating job openings. Large retailers distinguish between routine hiring and special recruiting needs that come with opening a new store.

- **Standard hiring.** The hiring process for these companies is continuous, which means that they are always collecting applications. Rather than communicating specific job openings (especially for entry-level jobs), large retailers just try to keep a steady stream of people looking for jobs. Job-seekers know to apply with a retailer through:
 - In-store signage (“Now hiring” signs that are permanent);
 - Word-of-mouth;
 - Employee referrals; and
 - Websites.

For some retailers, their customers turn out to be good sources of new employees.

- **Special needs for store openings.** Routine recruitment measures often do not generate the number of applications needed to open a new store location. Retailers use other methods to boost applications for this purpose. Employers will sometimes advertise in local newspapers, but candidates for retail jobs often do not look in the paper for job listings. Unless retailers take out a large ad, newspaper advertising is usually not effective in generating a large number of applications. One large employer now advertises on the radio, at movie theaters, and on Craigslist, Monster.com, Hotjobs.com and Allretail.net.

To do mass hiring for new stores, some large retailers work with local partners such as work2future, Career Advancement, Work Net, Jobs Corps and others.

- **Management and other specialized positions.** Retailers tend to hire employees for specialized positions and their management ranks through internal promotion. When they hire from outside the company, they may advertise for the positions, obtain people through word-of-mouth, or actively “cherry pick” from competing stores. Large retailers also do on-campus recruiting to fill the first step in a management track.

Steps in evaluation and hiring for large employers. Large retailers have company-wide hiring processes that allow little room for innovation at each store, although individual manager’s preferences can influence who is hired.

- Workers looking for jobs with larger retailers are typically directed to company websites or to the computer terminals at the in-store hiring kiosks. Job seekers fill out standard applications, which are retained within a corporate HR database.
- After completing an application, job seekers are interviewed in person. An initial screening sometimes occurs at the same time the applicant completes an in-store application. In other cases, an applicant is called for an interview. Before making a hire, the retailer may have several different managers interview the applicant.
- Hiring is sometimes contingent on the applicant passing a background check and drug test. One retailer commented that it is common to lose one-quarter to one-third of the applicants who make it through the initial interview because they failed a drug test or a background check. The background check reviews validity of the social security number and searches for specific felonies. Some large retailers do not do background checks or drug tests.

Differences for small employers. Although some smaller retailers have recruitment and hiring processes that mirror large employers (especially among franchisees), small employers typically rely on word-of-mouth and informal evaluation to find and assess job candidates. They rarely have on-line application processes, most applications are hard copy forms, if they use the forms at all. The store owner may actually be involved in interviewing entry-level candidates.

Qualities evaluated in the hiring process. Most of the routine job openings in retail are for entry-level positions. Employers seek soft skills and plan on training new hires for needed hard skills. Therefore, the evaluation process focuses on reliability, honesty and “good people skills.” Large and small retailers expressed the same views:

- One retailer explained his company’s hiring approach as looking at the innate qualities a person brings that will make him or her work well on a team and respond well to customers. For example, the “energy level” of the applicant is one of the hiring factors.
- Another large employer looks for individuals who have a great attitude and commitment, and are reliable. Soft skills are “very, very important.” “Everyone can be trained on the hard skills.” “Comfort level” with the applicant is key. “Availability is huge.” New employees require flexibility in their schedule.
- One retailer focuses on good communication skills, ability to present yourself in a professional and business-like manner and basic computer skills.
- Another retailer specified consistency in performance, being on time, responsible, ability to multi task, and be a team player.
- “Smiling” and “friendly” were commonly mentioned as things retailers looked for in an interview.

What training is currently taking place for current or potential retail employees?

Company training. Smaller companies typically have informal training for new hires. Some franchisees have corporate-mandated training. Almost all larger firms have formal orientation and skills training. This training is often computer-based.

The goals of initial company training are to engage the new employee in the culture of the particular company and to give them the basic skills needed to perform their job. For example, workers may be trained on the expectations of honesty, responsibility and teamwork at their new employer. They then will be trained to use the cash register or to provide sales assistance to customers. The training may span a few days before the employee starts on the sales floor (which are paid), or the employee may be trained while working. One large retailer provides 30 hours of paid training before the employee works independently. In smaller stores, the employee receives more informal than formal training.

Companies may provide additional training for workers as they gain management responsibilities. Some employees are trained in specialized functions, such as how to keep plants or animals in good health or how to sell cosmetics. In some cases, the training is through manufacturer product training.

National research has found that retailers ranked last among industries for the amount of time workers spend in training (using 1997 statistics).¹ A National Retail Federation study found that retailer training is focusing more on management skills for employees and less on traditional topics like customer relations and technology skills.

¹ Bernhardt, Annette. “The Future of Low-Wage Jobs: Case Studies in the Retail Industry,” Institute of Education and the Economy Working Paper No. 10, March 1999.

Pre-hire training. Very few potential retail employees receive specific retail training prior to hiring by a retailer. Exceptions include a few high school programs and some college retail management programs such as the Santa Clara University Retail Studies Program.

Are there retail job openings? Now and in the future? For what types of jobs?

There are always retail job openings, and large employers never stop recruiting. Job openings are typically for entry-level positions, which are often part-time. Any new store opening creates a large need for new hires.

Current job openings. BBC received a consolidated list of job openings for Gilroy outlet stores for mid-September. The list was long, and nearly all jobs were part-time entry-level sales positions. Although the outlet stores represent an extreme, most of the points of entry into a retail organization are entry-level, part-time jobs.

Entry level jobs. There are several reasons why most publicized job openings are entry-level positions:

- Retail organizations are relatively flat, with many entry-level sales and support jobs, some first-line supervisor jobs, and many fewer higher-level management positions. This is one reason that most job openings are for sales and support positions.
- Retailers prefer to fill supervisor and management positions from within, another reason why most job openings are for entry-level jobs. One important exception is the large retailers that recruit new college graduates into formal management.
- The highest turnover rate is for entry-level positions. In the words of a training organization manager “turnover in retail is not all bad ... it means a steady stream of jobs.”

Part-time versus full-time employment. Job openings in retail are likely to be for part-time work. In 2000, about one-half of local retail salespeople and cashiers were part-time. The trend since that time appears to be towards part-time entry-level positions. Reasons retailers prefer part-time workers include:

- Most retailers need to cover long store hours and have peak staffing needs (often evenings and weekends). The flexibility offered by a large part-time staff helps meet a staffing schedule.
- The employees they seek often can only work part-time work (students, second income-earners); and
- Retailers can more easily hire part-time people without offering benefits such as health insurance.

Although some retail employees work part-time to supplement household incomes, only three percent of part-time retail workers have another full-time job.

Seasonality. More retail employees work seasonally than found in the local economy as a whole. Based on 2000 Census data, 16 percent of retail employees in the San Jose MSA worked six months or less compared with 11 percent of all workers. Retailers have different seasons for their greatest hiring needs, which vary among retail sectors. The greatest hiring surge is for the fourth quarter holiday season. Exhibit II-1 at the beginning of this section shows that fourth quarter needs temporarily boost retail employment by about 6 percent.

Other retailers face different seasonal demands. Some retailers hire specifically for the back-to-school rush. In addition, school schedules dictate hiring seasons. Retailers that rely on students have a peak of hiring at the beginning of the summer as students are available for summer jobs. They have another hiring surge at the end of the summer when students leave their jobs to go back to school. This seasonality may not increase total retail jobs in the same way as the holiday season, but it does create openings for new employees.

Future occupational gains and losses. Even though there are job openings across entry-level positions, there are certain retail occupations that are growing while others are declining.

Exhibit II-5 on the following page identifies the fifteen specific occupations in Santa Clara County with expected increases in employment of 50 or more positions from 2002 to 2012. Retail sales positions, cashiers and first line supervisor positions are expected to have the most new jobs. Among higher-paid positions, general and operations manager jobs and pharmacist jobs are expected to increase by 100 positions. (These projections are more detailed than found in Exhibit II-3.)

Exhibit II-5.
Top 15 retail occupations with projected employment increases, Santa Clara County, 2002-2012

Retail occupation	2002 Actual	2012 Projected	Numerical Change	Percent Change
Retail salespersons	21,160	22,740	1,580	8%
Cashiers	13,950	14,630	680	5
Supervisors of retail sales workers	4,950	5,430	480	10
Other sales and related workers	1,080	1,230	150	14
Pharmacists	530	650	120	23
General and operations managers	1,690	1,790	100	6
Pharmacy technicians	430	520	90	21
Combined food preparation and serving workers	1,530	1,620	90	6
Customer service representatives	910	1,000	90	10
Counter and rental clerks	520	600	80	15
Sales managers	300	370	70	23
Carpet installers	350	410	60	17
Automotive service technicians and mechanics	2,140	2,200	60	3
Truck drivers, light or delivery services	750	810	60	8
Total	50290	54000	3710	7%

Note: This table includes all occupations with projected increased employment of 50 or more.

Source: Report from California Employment Department Labor Market Information Division.

Occupations within the retail industry that are expected to lose 50 or more positions are detailed in Exhibit II-6. Due to new information technology, it is expected that stock clerk, shipping clerk and accounting clerk positions will decline. There will also be fewer butchers and meat cutters working in retail according to State projections for Santa Clara County that were developed for BBC.

Exhibit II-6.
Retail occupations with most projected employment decreases, Santa Clara County, 2002-2012

Retail occupation	2002 Actual	2012 Projected	Numerical Change	Percent Change
Stock clerks and order fillers	5,490	4,850	-640	-12%
Butchers and meat cutters	1,070	930	-140	-13%
Laborers and freight, stock and material movers	1,730	1,600	-130	-8%
Shipping, receiving, and traffic clerks	1,730	1,660	-70	-4%
Bookkeeping, accounting and auditing clerks	1,010	950	-60	-6%
Parts salespersons	620	570	-50	-8%
Packers and packagers, hand	1,850	1,800	-50	-3%

Note: This table includes all occupations with expected employment decreases of 50 or more.

Source: Report from California Employment Department Labor Market Information Division.

Are there career ladders in retail? Is there a path to livable incomes?

There are career ladders in retail that lead to livable incomes for Silicon Valley. However, because of the vast number of entry-level positions and the limited number of management jobs beyond first-line supervisor, the proportion of retail jobs offering livable incomes is small. For most seeking a livable income, a retail job must be a step toward a career in other industries.

Opportunities for individuals with limited formal education. The retail industry offers opportunities for advancement for individuals with only a high school education. For example, one-half of first-line supervisors had, at most, a high school degree. Promotions to first-line supervisor can come quickly, sometimes within one year.

- *I never asked anyone what their education was.*
- *I don't look at education at all. I look at what they've done in the past ... that tells me what they like to do.*

Some larger employers offer further advancement opportunities for people with just a high school education. In certain cases, retailers will help these employees get college training.

Full-time positions with benefits. The retail sector is organized around a part-time entry level staff and a full-time supervisory staff. Overall, about one-quarter of retail jobs statewide in March 2006 were part-time (less than 35 hours per week), much higher than the 17 percent part-time workers for all private industry in the state. U.S. Census data for 2000 placed the number of part-time retail workers at about 30 percent for Santa Clara County, the same level as the state as a whole. Even with the large amount of part-time employment, only 22 percent of part-time workers in retail wish to work full-time, the same as other industries (statewide figure from 2005-2006).

A promotion to first-line supervisor may bring the opportunity to work full-time for the employees seeking full-time jobs (but still hourly). Only 10 percent of local first-line supervisory personnel worked part-time hours as of 2000. (This percentage may have grown somewhat since then.)

It is important to note that some retailers are offering benefits to part-time employees. A few retailers use this as a recruitment and retention tool for staff that reach the first-line supervisor level.

Wages of retail workers. BBC analyzed wage estimates from the California EDD, in conjunction with the Bureau of Labor Statistics, from the Occupational Employment Statistics (OES) data series. Wage information for the top retail occupations is presented in Exhibit A-13; note that these data are for the three specific occupations in all industries, not exclusively retail trade (cashiers include retail jobs, food service jobs and cashier positions in other industries).

The entry level wages shown in Exhibit II-7 are consistent with information reported by retailers in the interviews and focus groups. Most retailers hire entry-level staff in the \$7 to \$8 per hour range, with a few exceptions. However, retailers told us that wage increases are minimal for employees staying in those positions. A 25 to 50 cent per hour increase after a year, or no raise at all, is what an employee should expect. Increases in pay primarily come from promotions to first-line supervisor and beyond. The \$11 to \$13 mean wages for cashiers and retail salespeople is influenced by a few retailers paying much higher wages. The median wage for these positions is closer to the entry-level wages reported in Exhibit II-7.

**Exhibit II-7.
Third quarter 2005
employment and hourly
wages for selected
occupations in
San José MSA**

Source: California EDD web site:
<http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Oeswage>.

Occupation	Employment	Entry-level hourly wage	Mean hourly wage
Cashiers	16,530	\$7.88	\$11.06
Retail salespersons	23,770	\$8.29	\$13.82
First-Line supervisors/managers of retail sales workers	5,790	\$13.56	\$22.05

The April 2006 “Policy Points” bulletin of the California Budget Project reported that the retail trade sector, along with leisure and hospitality, posted “strong job growth” from 2003 to 2005. However, even with the substantial job growth, the report noted that wages of low-wage workers lost purchasing power during the period, and that “the wage of the typical worker was essentially flat.”²

Career ladders. The retail industry has both a management track and commission sales career development. Opportunities for a management career may be greatest in larger organizations. Commissioned sales positions exist in both small and large retail businesses.

Management track. Retail employees who show initiative can get on a job-growth track to manage a floor, a department, and eventually for some, a store. They can also go into specialized positions such as buying or marketing. Management-track employees sometimes need to take a tour through different jobs at a regional headquarters or move between stores in different areas. Initial advancement is often rapid. A salesperson can step up the ladder to a supervisor position within a year, or even sooner for some organizations.

Some national research takes a more-pessimistic view of career ladders in retail. The combination of a flat organizational structure, the use of contingent workers, and the outsourcing of traditional career ladder positions all cause a breakdown of the “traditional routes to upward mobility.”³

Commission sales. An alternate job-growth track in retail is commissioned sales. Commission sales employees in the Valley are guaranteed minimum wage incomes with a chance for much higher salaries. Some incomes are as lucrative as \$80,000 to \$100,000. Commission sales opportunities are best for self-motivated individuals who enjoy selling. The best commission sales personnel develop and service their own repeat customer base. The commission sales people often make more money than the management people above them in the organization.

Is turnover high in retail, and if so, why?

Retailers’ perspectives. According to many retailers interviewed as part of this study, high employee turnover is a major challenge. Some large retailers plan for 70 percent turnover per year. Smaller retailers that hire high school or college students complain that young employees are constantly leaving because of changing school schedules or graduation. Other employees new to retail may not adapt to the evening and weekend hours typically required in the industry. Some retailers observe that some employees will change jobs for as little as 25 to 50 cents more per hour.

² Garcia, Alissa Anderson. “Policy Points,” California Budget Project, April 2006, Page 1.

³ Bernhardt, Annette, op. cit.

Some retailers also contribute to turnover by “raiding” other stores to find employees. Many focus group participants said that they are always on the lookout for exceptional employees they find in other stores. When no manager is looking, they will recruit the employee on the spot. Other retailers will “put the word out” when they hear of another store closing to try to capture these employees.

- *Most employees come in and they go, come in and they go ... 25 cents more and they're out the door.*
- *I've been known to go into stores and recruit people I think are good. I cherry pick.*

Turnover data. BBC’s analysis of turnover data finds that the retail industry does not have especially high turnover compared with other local industries. After controlling for the age mix in retail, the industry actually experiences lower turnover than local private industry as a whole.

Quarterly Workforce Indicators data. BBC utilized Local Employment Dynamics (LED) Quarterly Workforce Indicators (QWI) data for 2004 to analyze job turnover among industries in Santa Clara County.⁴ Turnover for the retail industry ranked seventh-highest among 19 local industries, below:

- Administrative support, waste management and remediation services;
- Arts, entertainment and recreation;
- Accommodation and food service;
- Agriculture
- Construction; and
- Other services.

Turnover in retail was comparable to real estate and leasing, transportation and warehousing; and professional, scientific and technical services. The most recent QWI data reports about 12 percent turnover for 2004. BBC also developed a more traditional method of measuring turnover, which placed retail turnover at about 20 percent in 2004 (see Appendix A for more information on different methods of analyzing turnover).

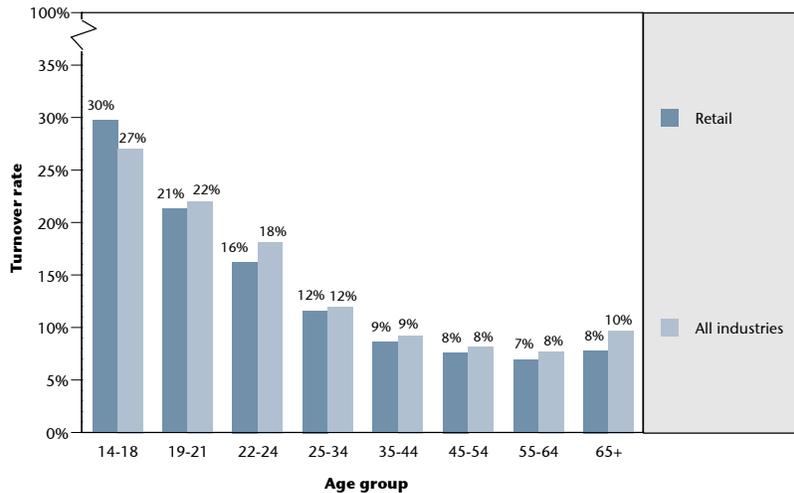
Turnover by age group. Comparison of QWI data on retail turnover relative to all other industries suggests that the perceived high turnover in retail can be explained by the age mix of people who work in retail.

⁴ The Quarterly Workforce Indicators (QWI) are provided by the U.S. Census Bureau’s Local Employment Dynamics (LED) online site; data are compiled by the U.S. Census in partnership with state Labor Market Information (LMI) agencies: <http://lehd.dsd.census.gov/led/datatools/qwi-online.html>.

Exhibit II-8 shows that job turnover in the fourth quarter of 2004 was highest in retail for the younger age groups: 30 percent for workers ages 14 to 18 and 21 percent for workers ages 19 to 21. The retail industry had the same or lower turnover rate as private industry as a whole for each age group except for 14 to 18 year-olds. However, the retail industry tends to hire younger people, who tend to have high turnover rates for the school and life-changes reasons retailers cited in the focus groups.

**Exhibit II-8.
Job turnover in retail
and all private industry
by age group,
Santa Clara County,
fourth quarter 2004**

Source:
Local Employment Dynamics Quality
Workforce Indicators, available at:
<http://lehd.dsd.census.gov/led/datatools/qwi-online.html>.



Age-adjusted turnover in retail is similar to private industry as a whole in other quarters as well. The only exception in 2004 was higher turnover among 14 to 18 years olds in the first quarter (high school students leaving holiday season jobs).

Staying in retail. Another way to examine turnover is to track whether people working in retail stay in the industry from one year to the next (they may change employers, but they stick with retail). To address this question, BBC conducted some original research using Current Population Survey data for recent years for California (see Appendix A). From year to year, measured in March of each year, three-fourths of workers working in retail stayed in retail, one in four workers left the industry, and one in four entered the industry. People leaving retail tended to be younger workers.

We also found that 80 percent of supervisors and other managers stayed in retail from one year to the next, nearly the same percentage as sales workers (77 percent). Administrative staff/clerks and laborers were least likely to stay in the retail industry from year to year (about two-thirds stayed in the industry).

Do employees in retail learn skills that can be used in other industries?

BBC analysis suggests the following:

When retail workers leave retail, where do they go and what do they do? BBC's analysis of Current Population Survey data for California also tracked people working in retail one year and moving to a different industry by the next year. BBC found that most former retail workers, in order, moved into manufacturing, wholesale trade, construction, private household services, health care, and banking and other finance.

- **Manufacturing.** New occupations in manufacturing were quite varied.
- **Wholesale trade.** Occupations in wholesale trade are similar to retail and include cashiers, clerical support, drivers, supervisors, sales representatives and managers.
- **Construction.** These jobs tended to tie closely with occupations previously worked in retail. For example, a retail salesperson would become a sales representative in construction, and a carpet installer for a retailer would remain a carpet installer but now for a firm classified as construction.
- **Private household services.** People transitioning into private household services did not tend to work in cleaning or housekeeping positions but rather a variety of occupational types including protective services, clerical support, sales and managerial jobs.
- **Health care.** Positions included those similar to retail, such as clerks, salespersons and drivers as well as new occupations including home care aide, personal service and health assessment and treatment.
- **Banking and finance.** Occupations included mostly administrative support positions with some manager and sales representative jobs.

People leaving retail who held the positions of salesperson or supervisor of sales workers moved into a wide variety of occupations in the new industries (only one in five retail sales workers held the same occupation in a new industry). Those who held retail positions outside of sales tended to take a job with a similar description in the new industry (e.g., a driver in the retail industry was a driver in another industry).

Exhibit II-9 presents BBC's analysis of the proportion of people who remained in the same occupation from one year to the next, moved up in occupational status, moved down in status, or made a lateral move from one year to the next. About three-quarter of people who stayed in the retail industry from one year to the next remained in the same occupation. About one-in-twelve moved up in occupation and a similar number moved down in occupation. About 11 percent made lateral moves (or occupational changes that were difficult to classify as upward or downward). Workers typically "moved up" by switching from a non-supervisory to a supervisory or managerial position or from a non-professional position to a professional specialty. Moving up examples also include changing from a cashier to a salesperson or from a general sales worker to a health technician.

Similarly, “moving down” is most commonly seen as moving from a supervisor or manager position to a non-supervisory position or from a professional specialty to a non-professional position. Moving down may also occur in an example such as moving from a designer position to a salesperson.

In contrast, only 21 percent of people moving out of retail stayed in the same occupation. The prospects for upward mobility were greater than staying in retail, but the chances of moving down in occupational status were also higher. About four-in-ten took a new job that appeared to be a lateral move.

**Exhibit II-9.
Occupational mobility of retail industry stayers and movers out in California, 1998 to 2005**

Note:

The pooled sample includes employed retail workers ages 14 and older interviewed in March of each year.

Source:

BBC Research and Consulting from Current Population Survey March Supplement.

	Stayers	Movers out
Remained in same occupation	73%	21%
Moved up in occupational level	8	18
Moved down in occupational level	8	18
Lateral (or ambiguous) move to a different occupation	<u>11</u>	<u>43</u>
Total	100%	100%

Note that occupational “moved up” and “moved down” categories are difficult to classify, and the data should be reviewed with caution.

What are the wages of people who stay in retail or leave retail? A 2002 study for the California Policy Review examined real earnings growth for industry-stayers and industry-leavers from 1988 to 2000.

Researchers found that workers who stayed in the retail industry received by 2000, on average, a 14 percent increase in annual earnings over the starting figure of \$29,309 in 1988 (measured in 2000 dollars). Workers who moved out of the retail industry tended to have lower baseline earnings, only \$18,368 in 1988 (again measured in 2000 dollars), but received an 83 percent increase in median earnings by 2000.⁵ In other words, workers who stayed in retail started at \$29,309 and ended at \$33,412, while workers who switched industries started at \$18,368 and ended at \$33,613 (in 2000 dollars). This suggests that retail may be a stepping stone for workers who leave the industry for other careers.

In a Policy Brief for The Brookings Institution, researchers found: “Our data clearly indicate that, on average, earnings growth [for low-wage workers] is higher among those who change jobs than among those who stay with the same employer over time...on the other hand, these results do not imply that all job mobility is productive, or that returns to work experience and tenure with a given employer are irrelevant.”⁶

⁵ Dardia, Michael, Elisa Barbour, Akhtar Khan and Colleen Moore. “Moving Up? Earnings Mobility in California,” California Policy Review. Vol. 1, No. 4, April 2002, page 9.

⁶ Holzer, Harry J. “Encouraging Job Advancement Among Low-Wage Workers: A New Approach,” The Brookings Institution Policy Brief, May 2004, page 4.

Changing jobs does not always result in higher earnings, but in this study, one implication of changing jobs is specific: “The greatest earnings gains among initially low earners are experienced by those who change jobs fairly early, and then accumulate work experience and wage growth with their newer and higher-wage employers.”⁷

Not all retailers are the same. Not all retailers pay low wages for entry-level positions. Costco and Nordstrom’s are nationally known as retailers who pay higher wages (or a combination of wages and commissions). At Costco, a cashier can make more than \$40,000 annually within four years.⁸ Retail employers with the highest wages and most benefits are able to hire the best candidates.

What are the current gaps between employer needs and available workforce? How will this change in the future?

Types of positions. Interviews with employers, with few exceptions, indicated needs for entry-level sales positions (including cashiers). They usually need part-time workers willing to work some evenings and weekends. Employers seek personal qualities over educational achievement, although they do want employees with adequate foundational skills such as writing and math ability.

There are a few exceptions to this model, such as the strong demand for pharmacists and pharmacy technicians to work in retail.

Desired training. Employers want workers who have the soft skills and “people personality” that will make them valuable retail employees. Beyond strong work ethic, responsibility, honesty and the ability to work with people, retailers often seek people with:

- English proficiency;
- Ability to communicate in writing (e.g., correctly write an address);
- Basic math skills; and
- Basic computer skills (which the job seeker may need to even apply for the job).

Unless they have cherry picked the employee from a competitor, most retailers would prefer the entry-level employee to not have any retail experience. “We prefer to teach them our way.” They have internal training that will teach hard skills. A training class in how to run a cash register, for example, is not seen as valuable by most retailers. Most retailers would prefer to teach “their way” of operating a cash register, setting up displays, dealing with customers and other functions.

⁷ Ibid, page 5.

⁸ Mapes, Lynda V. “Good Business: Two local companies are proving it pays to do well by workers,” The Seattle Times Magazine, January 16, 2006. <http://seattletimes.nwsourc.com/pacificnw/2005/0116/cover.html>

The ideal new employee would also understand and accept the demands of the retail industry and perhaps be excited about retail as a long-term career. A retail training program such as NRF certification demonstrates that understanding and appreciation of the retail industry to the employer, even if they do not recognize the NRF certification “brand.” It is this aspect of a job applicant’s investment in retail training that would be appreciated by an employer, not the specific skills learned. Some employers said anything that demonstrates “stick-to-it-iveness” on the part of the job applicant helps that job seeker.

What are other organizations doing to address recruitment and training needs?

Local training organizations often focus on retail because they are trying to train and place individuals who have limited education and skills, or have unique circumstances. Retail is a target because they can place clients in this industry. Providers also see an entry-level job in retail as a stepping stone to a better job in another industry, or advancement in retail. They work with clients to see how a retail job might be a step in their long-term career (in retail or in another industry).

Focus on training for entry-level jobs and “first jobs” for clients. The providers serve non-English speakers, recent immigrants with little or no formal education, unprepared job applicants, retirees, individuals laid off from other industries and other job seekers.

- *We take people of all levels, non-English speakers, no diploma ...*
- *Our clients are recent immigrants ... most from Africa.*
- *Many don't have a lot of education, work history. They lack in technical skills.*
- *We serve retired folks, people getting back to work because they need to supplement retirement.*
- *Most of us are in the business of helping people who are unemployed, unable to find a job.*

Some clients are “first job” seekers. Others want to escape a dead-end job in a dying industry. Training providers say that, for many individuals, moving to retail is a good place to jump-start a career.

- *For new arrivals, [retail] is a great opportunity to get a first position!*
- *A lot of our students get early work experience in retail.*
- *[Retail] sounds really good to an unemployed engineer ... it becomes a survival job, maybe even a new career!*

Retail fits into the “career development” focus of local training. The providers help people map out career paths that best fit their skills, personality and long-term objectives. They counsel that job seekers must have a plan for how the entry-level job in retail will help their career development (in retail or in other industries).

- *Anyone can walk off the street and get a job, so we don't focus on jobs. We focus on careers ... with career goals we can take the levels higher.*

NRF certification. The National Retail Federation’s basic training program consists of a Retail Readiness Assessment (RRA), a four to six week (120 hour) training program with an optional internship component, and the National Professional Certification in Customer Service.

Some workforce investment boards (WIBs) across the country have at least explored partnering with NRF to provide training for the National Professional Certification in Customer Service. Individuals earn the Professional Certification by passing the Customer Service Assessment and applying for certification. The 70-question assessment is made up of real-life customer service situations, asking test takers to identify the best courses of action. The test is delivered by computer, is highly interactive and takes just over one hour to complete. The test is web-enabled; however, it must be proctored. Successful candidates receive a certificate and a lapel pin and their name is entered into the national certification database (currently in development). The NRF training model is implemented at Retail Skills Centers throughout the nation.

A few local area training providers have programs that provide National Retail Federation certification as a means to meeting retail career goals. Because many local providers and others throughout the country find the basic NRF program to be too long, they have modified it to meet the needs of their clientele.

Other providers are skeptical of the benefits of NRF certification because many Silicon Valley employers do not understand what it means. (They say that NRF has better recognition in eastern states.) Many see little interest in NRF certifications.

Some providers say that employers need to understand the benefits of NRF certification before it has value to a job applicant. These providers believe that NRF certification is valuable and will catch on.

Experiences of other WIBs and training centers throughout the country. Workforce Investment Boards and other organizations across the U.S. have looked into partnering with the National Retail Federation (NRF) in their Retail Skills Center. BBC interviewed a number of these organizations as part of this study. The Retail Skills Center (RSC) at Jersey Gardens Mall is an example. They appear to have limited success with NRF-based training for many of the same reasons found in BBC’s research with Silicon Valley retailers (see Appendix E).

What are local retailers’ awareness and perceptions of work2future and other partners?

BBC interviewed some employers that had partnered with work2future on past job fairs. Other than those past partners and others who had direct ties to work2future, retailers were generally unaware of work2future (or “SVWIN” or the One-Stops). Even Gilroy outlet stores were unfamiliar with the local work2future One-Stop.

Summary

The retail industry is an important source of entry-level jobs in Silicon Valley, especially for people who need flexibility in schedule or have limited formal education. Motivated individuals with little education who have good interpersonal and management skills have advancement opportunities not found in many other industries.

Turnover in the industry is high, but not necessarily higher than other sectors that provide many entry-level jobs. Much of the high turnover can be explained by the young retail workforce that may need to quit jobs to fit their school schedules.

Employees working in retail learn interpersonal skills that can be transferred to other jobs. Those who train and place clients in retail are careful to explain to their clients how retail experience can help them advance in their careers. For the small proportion of retail workers who seek and obtain management-track opportunities, long-term employment in the industry can be financially attractive.

SECTION III.
Study Implications

SECTION III.

Study Implications

BBC offers the following recommendations for work2future policy and tactics for working with the retail industry. These recommendations are organized around the key questions set forth in Section I.

Recommendations to work2future

Is supporting workforce training and recruitment for the retail industry good public policy in Silicon Valley?

Yes, the retail industry is an important avenue for workforce development. The local retail industry is too big for work2future and its partners to ignore, providing 10 percent of local employment and a greater share of entry-level job openings.

Strategically use the retail industry to place workers with specific needs. The retail industry provides a number of unique opportunities for work2future clients and clients of work2future training partners:

1. Flexible employment while pursuing education and training in another field, or for workers needing a second household income from a part-time job;
2. An opportunity to gain initial employment and valuable work experience that can be a platform for career development in other industries (perhaps only working in retail for as little as a year);
3. A management track for high-achieving individuals with limited formal education; and
4. The possibility of highly-lucrative careers in commissioned sales for high-achieving individuals with limited formal education.

Retail may also be a good industry for college graduates and executives from other industries seeking new management careers.

Exercise care in placing-workers in retail that do not fit the above categories. Because most retail employers do not provide a livable wage for entry-level employees, work2future should be careful to encourage employment in the retail industry for workers who fit at least one of the above categories. Even so, promotion of the local retail sector may be good public policy from other perspectives – adding to the sales tax base, promoting downtown development, or providing more retail choices in communities that may be underserved by retail.

What more can work2future and its partners do to help the local workforce and retail employers? Would promoting NRF certification help people obtain and advance in retail jobs?

Continue to focus on pre-employment training. Most local retailers do not want work2future's assistance in training employees once they are hired. Available worker training opportunities do not fit within the training or work culture of most local retailers. Retailers do want new employees to walk in with the soft skills necessary to be successful in retail.

Expand upon the soft skills training currently provided. work2future and its partners should continue to train clients to give them the soft skills necessary to be successful in retail. For the most part, these soft skills are the same attributes necessary to apply and be hired for a retail job. Appendix C of this report explains these characteristics in detail, but they generally include the types of skills training that work2future currently provides (understanding of retail as a career, professionalism and responsibility, appearance and how to apply for a job).

The level of training depends on the potential retail employee. For some clients, this training can be accomplished in a few hours. Other clients may need more intensive training over many weeks. Each training provider offers a different intensity of training for retail based on the background and capabilities of their clients.

Do not add hard skills training. Most local retail employers do not seek prior hard skills training; some prefer that the new employee have no such training. Retailers do look for workers with the needed soft skills.

Although NRF certification may be useful for some, it is too early for work2future to invest in NRF certification programs. NRF certification is not recognized or valued by most local retailers. Although NRF certification is more popular on the East Coast, Workforce Investment Boards BBC interviewed suggested that, to be workable, the basic NRF training program had to be substantially truncated. In sum, NRF training and certification is not yet impacting the retail industry, especially in Silicon Valley.

This may change in the future. If NRF's efforts to promote certification nationally are successful, work2future should reexamine potential participation in NRF training and certification.

In addition, NRF is developing new training programs focused on management. It is currently piloting a program in the Washington, D.C. area. BBC's research with Silicon Valley retailers suggests that internal management training is well developed and that there is little need for outside programs. work2future should at least monitor the success of this new NRF initiative.

Continue job fairs and other assistance to retailers opening new stores. work2future helps large retailers open new stores through job fairs. This hiring opportunity can help to assure new retailers that a workforce will be available. It could also be used for seasonal hiring needs. work2future should continue this program.

How should work2future approach retailers? What are retailers' hot buttons?

work2future should approach retailers to learn of job openings, not to place clients.

work2future's role should be to prepare workers to seek employment on their own. Retailers respond well to potential employees taking the individual initiative to go to the employer, try to make contact with a manager and sell themselves. They respond less-well when they think the job seeker was sent to the retailer by an agency such as work2future.

Retailers have hot buttons – it is work2future's job to train its clients to use those hot buttons.

One of the key questions asked at the start of this research was “what are retailers' hot buttons?” It was striking how animated and emotional some retailers were when describing what they wanted and did not want in a new employee. work2future can use this information to train clients on how to behave, what to say (and not say) when approaching a retailer for a job. Appendix C of this report provides these “hot buttons.”

Summary

For many types of people, the retail industry is a good place to work. The research conducted by BBC and the Silicon Valley San Jose Chamber of Commerce dispels some of the myths that contribute to a sometimes negative image for the industry. work2future and its partners should strategically use retail for training and placing certain clients.

There are also work2future programs that are not well applied in the industry, including post-employment training and direct placement of employees. work2future should continue to focus on pre-employment soft skills training and career counseling for potential retail employees.

APPENDIX A.

Data Analysis of Employees in the Retail Industry

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Data Analysis of Employees in the Retail Industry

Introduction

BBC analyzed characteristics of California's retail industry employees using various data sources. Topics include employee turnover, retail as a career choice, industry and occupational mobility and earnings.

In the final section of this appendix, BBC utilizes 2000 U.S. Census data to provide a "snapshot" of the retail worker demographics in California and Santa Clara County, and to provide an occupational profile of retail industry workers surveyed in the 2000 Census.¹ The section details specific demographic information for the top retail occupations and includes commuting data for Santa Clara County.

Within the retail industry in Santa Clara County:

- Employee turnover was 12 percent in the fourth quarter of 2004 (using the definition presented by the U.S. Census Local Employment Dynamics internet site). Retail trade ranks fourth in turnover among the seven largest industries.
- Most retail workers work full-time, though the industry has a 9 percentage point higher incidence of part-time employment than private industry as a whole.
- In the years 2002 to 2005, measured in March of each year, three-fourths of workers stayed in retail from year to year, one in four workers left the industry, and one in four entered the industry. The average age and the percentage of adult workers is lower for movers out than for the other groups, suggesting that workers leaving the retail industry tend to be younger.
- The retail industry offers potentially stable long-term positions as well as short-term positions with the potential to be "stepping stones." The industry also provides part-time second jobs for 10 percent of multiple-job holders.
- Manufacturing, wholesale trade and construction are the top three destinations for movers out of retail. Workers who move out of the retail industry tend to take similar jobs if they had retail occupation other than salesperson or supervisor of sales worker.

¹ 2000 U.S. Census 5% Public Use Micro-sample Data. Available at: <http://www.census.gov/Press-Release/www/2003/PUMS5.html>

BBC used the four-digit level of NAICS code definitions, listed in Exhibit A-1, for the Retail Trade industry classification. We include information for private firms only, excluding any government job information.

Exhibit A-1.
NAICS Code classifications

Note:

This includes the four-digit 2002 NAICS codes for the retail trade industry.

Source:

U.S. Census Bureau,
<http://www.census.gov/epcd/www/naics.html>

NAICS Code	Retail Trade Industry Category
4411	Automobile dealers
4412	Other motor vehicle dealers
4413	Auto parts, accessories, and tire stores
4421	Furniture stores
4422	Home furnishings stores
4431	Electronics and appliance stores
4441	Building material and supplies dealers
4442	Lawn & garden equipment/supplies stores
4451	Grocery stores
4452	Specialty food stores
4453	Beer, wine and liquor stores
4461	Health and personal care stores
4471	Gasoline stations
4481	Clothing stores
4482	Shoe stores
4483	Jewelry, luggage and leather goods stores
4511	Sporting goods/musical instrument stores
4512	Book, periodical and music stores
4521	Department stores
4529	Other general merchandise stores
4531	Florists
4532	Office supply, stationery and gift stores
4533	Used merchandise stores
4539	Other miscellaneous store retailers
4541	Electronic shopping and mail-order houses
4542	Vending machine operators
4543	Direct selling establishments

Job Turnover in the Retail Sector

BBC utilized Local Employment Dynamics (LED) Quarterly Workforce Indicators (QWI) data to analyze job turnover in Santa Clara County.² Exhibit A-2 shows retail job turnover at 16 percent in the first quarter of 2001, decreasing to 13 percent in the last quarter of 2001, and relatively stable thereafter with seasonal cycles. Aside from the fourth quarter 2004 spike, the overall pattern is similar to the trend in county retail employment from Exhibit B-3. The most recent QWI data reports 12 percent turnover in the fourth quarter of 2004.

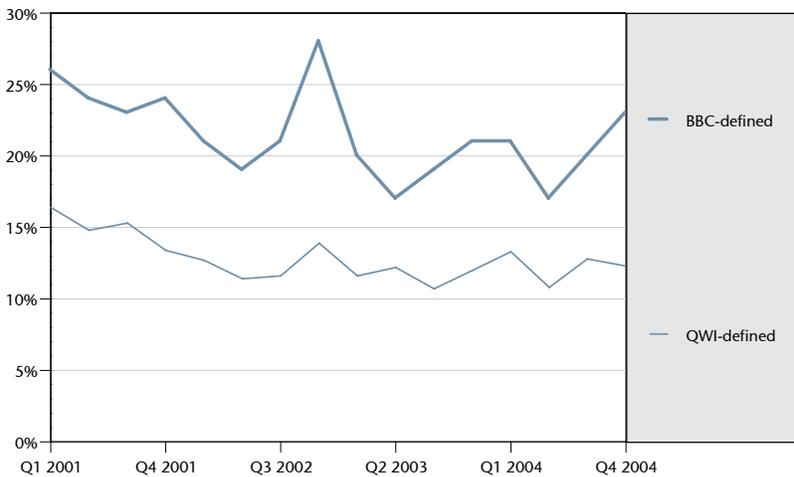
Exhibit A-2. Job turnover in the private retail industry, Santa Clara County, 2001-2004

Note:

The turnover rate is measured quarterly. The QWI definition is: $\frac{1}{2}[(\text{new employees}) + (\text{number of employees who left within the quarter}) / (\text{number employed for the full quarter})]$. The more traditional method is: $(\text{Number of employees who left within the quarter}) / [1/2 (\text{Beginning of quarter total employment} + \text{End of quarter total employment})]$.

Source:

BBC Research and Consulting from Local Employment Dynamics Quality Workforce Indicators, available at: <http://lehd.dsd.census.gov/led/datatools/qwi-online.html>.



Note that the QWI definition of employee turnover is different than the definition used by the Bureau of Labor Statistics. For comparison, BBC includes a more traditional method of measuring turnover in Exhibit A-2. The fourth quarter 2004 increase in turnover is more pronounced using the BBC-defined method of calculating turnover.

² The Quarterly Workforce Indicators (QWI) are provided by the U.S. Census Bureau's Local Employment Dynamics (LED) online site; data are compiled by the U.S. Census in partnership with state Labor Market Information (LMI) agencies: <http://lehd.dsd.census.gov/led/datatools/qwi-online.html>.

Turnover by industry. In terms of employee turnover, retail trade ranks seventh out of eighteen employment industry categories listed in Exhibit A-3. The fourth quarter figures are representative of turnover throughout the year, although some non-retail industries had larger fluctuations during 2004. During the first quarter, retail trade had a higher relative ranking than during the second through fourth quarters due to lower post-holiday employment.

**Exhibit A-3.
Quarterly turnover rate
(QWI-defined) by industry in
Santa Clara County, fourth
quarter 2004**

Note:

¹ This industry includes security, travel, credit and collection agencies, call centers, administrative support services on a contract or fee basis, and other services.

The turnover rate is measured quarterly:
 $\frac{1}{2}[(\text{new employees}) + (\text{number of employees who left within the quarter}) / (\text{number employed for the full quarter})]$

Source:

Local Employment Dynamics Quality Workforce Indicators, available at:
<http://lehd.dsd.census.gov/led/datatools/qwi-online.html>.

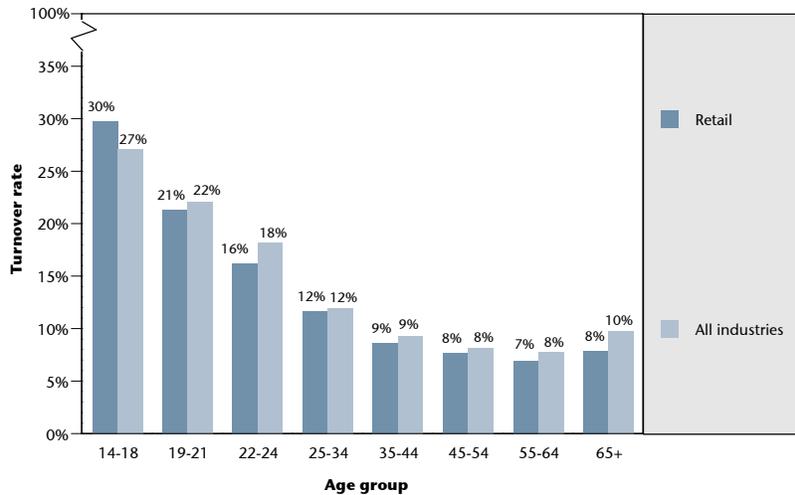
Industry	Turnover Rate— Fourth Quarter 2004
Administrative support, waste management and remediation services ¹	22%
Arts, entertainment and recreation	16%
Accommodation and food service	16%
Agriculture	15%
Construction	14%
Other services	13%
Retail trade	12%
Real estate and leasing	12%
Transportation and warehousing	11%
Professional, scientific and technical services	11%
Management of companies and enterprises	10%
Health care and social assistance	9%
Finance and insurance	9%
Wholesale trade	9%
Information	8%
Educational services	8%
Manufacturing	7%
Utilities	4%

Turnover by age group. The distributional patterns by age group are consistent from 2001 to 2004. Each year, retail employment dips in the second quarter and rises in the fourth quarter. This is more pronounced for the 14 to 18 year-old age group, and this follows intuition since younger workers often fill seasonal jobs.

QWI data in Exhibit A-4 shows that job turnover in the fourth quarter of 2004 was highest in retail for the younger age groups: 30 percent for workers ages 14 to 18 and 21 percent for workers ages 19 to 21. The retail industry had the same or lower turnover rate as private industry as a whole for each age group except for 14 to 18 year-olds.

**Exhibit A-4.
Job turnover in private industry by age group, Santa Clara County, fourth quarter 2004**

Source:
Local Employment Dynamics Quality Workforce Indicators, available at: <http://lehd.dsd.census.gov/led/datatools/qwi-online.html>.



Age-adjusted turnover in retail is similar to private industry as a whole in other quarters as well. The only exception in 2004 was higher turnover among 14- to 18-year-olds in the first quarter (high school students leaving holiday season jobs).

Retail Jobs: Career Choice or Supplemental Income?

BBC analysis suggests the following:

- As a long-term career choice, retail trade offers potentially stable positions, though little significant upward mobility.
- As a short-term career choice, retail trade offers positions with the potential to be “stepping stones.”
- Retail trade makes up a substantial part of part-time second jobs, and the industry is especially important for seasonal work.

Full-time versus part-time employment in the retail industry. BBC used annual Current Population Survey (CPS) basic survey data from the month of March for each year to examine full-time versus part-time employment.³ The sample includes employed workers ages 14 and older in California.

³ The Current Population Survey is a monthly survey of approximately 50,000 U.S. households. Data collected includes demographic and labor market variables.

The distribution of full-time and part-time employees is relatively stable from year to year. Of all employed workers in California ages 14 and older in March 2006, 26 percent of retail employees worked fewer than 35 hours per week as compared with 17 percent of all private industry employees. Most workers in retail work full-time, though there is a higher incidence of part-time work in retail as compared with all private industry. (Exhibit A-5.)

**Exhibit A-5.
Percentage of part-time and full-time workers in California, March 2006**

Source:
BBC Research and Consulting from CPS.

Hours worked per week	Retail workers	All private industry workers
12 or less	4%	3%
13 – 24	11%	7%
25 – 34	11%	7%
35 or more	74%	83%

Movers and stayers in the retail industry. BBC used the CPS March Supplement survey data to analyze movers and stayers in the retail industry. The CPS is not a longitudinal survey, however the rotating design of the interviews permits the creation of a “pseudo-longitudinal” study by matching individuals from month to month or from the same month in one year to another.

BBC utilized a matching procedure for the CPS March Supplemental Survey developed by Demombynes (2002) to match individuals from one year to another.⁴ We filtered the data to include only employed workers, ages 14 and up, residing in California.

**Exhibit A-6.
Retail movers and stayers, California, 2002-2005**

Note:
This pooled sample includes employed workers ages 14 and older interviewed in March of each year.

Source:
BBC Research and Consulting from Current Population Survey March Supplement.

	Percent 2002-2005	Average age of annual movers and stayers	Percentage ages 22 and older
New to retail each year	27%	40.2	92%
Moved out of retail each year	26%	35.7	81%
Stayed in retail from year to year	74%	40.5	89%

From year to year, measured in March of each year, three-fourths of workers stayed in retail, one in four workers left, and one in four entered the industry. These results are for 2002 to 2005. People leaving retail are younger than workers staying in retail. (Exhibit A-6.)

⁴ Demombynes, Gabriel. “Three Ways of Looking at Immigrant Wage Growth: Analysis with the 1993-98 Current Population Survey,” University of California at Berkeley, presented at the Institute for Labor and Employment Conference, January 2002.

We match individuals from different data sets using the CPS identifiers, gender, race, age and educational attainment variables. The identifiers should be an exact match, as should gender and race, while age may range from minus one year to plus two years from the previous year, and educational attainment may range from plus or minus three levels from the previous year.

The destination industries and occupations of movers out of retail. In the California sample, BBC found that most former retail workers move into the industries of manufacturing, wholesale trade, construction, private household services, health care, and banking and other finance. Workers moved into the following industries and occupations, ordered from largest to smallest destination industry:

- **Manufacturing.** Movement into manufacturing occurred more in 1998 and 1999 than in 2000 to 2005. New occupations in manufacturing were quite varied.
- **Wholesale trade.** Occupations in wholesale trade were similar to retail and include cashiers, clerical support, drivers, supervisors, sales representatives and managers.
- **Construction.** These jobs tended to tie closely with occupations previously worked in retail. For example, a retail salesperson would become a sales representative in construction, and a carpet installer would remain a carpet installer but now for a firm classified as construction.
- **Private household services.** Movers into private household services did not tend to work in cleaning or housekeeping positions but rather a variety of occupational types including protective services, clerical support, sales and managerial jobs.
- **Health care.** Positions included those similar to retail, such as clerks, salespersons and drivers as well as new occupations including home care aide, personal service and health assessment and treatment.
- **Banking and finance.** Occupations included mostly administrative support positions with some manager and sales representative jobs.

More on occupations of movers out. People leaving retail who held the positions of salesperson or supervisor of sales workers moved into a wide variety of occupations in the new industries. Those who held positions outside of sales tended to take a job with a similar description in the new industry.

- One in five retail sales workers held the same occupation in a new industry.
- One in three supervisors and managers of retail sales workers held a supervisory or management level position in a new industry.
- One in two workers in non-sales occupations remained in the same or similar jobs in a new industry.

Workers who stay in retail. BBC again utilized the CPS to analyze occupational stay rates for retail industry workers. The occupational stay rate is the percentage of retail workers who stayed in the same occupation from March of a given year to March in the subsequent year.

**Exhibit A-7.
Occupational stay rates in
California’s retail industry**

Note:
The pooled sample includes employed retail workers ages 14 and older interviewed in March of each year.

Source:
BBC Research and Consulting from Current Population Survey March Supplement.

Retail workers	Annual stay rates, 1998 to 2005
Supervisors and other managers	80%
Sales workers	77
Administrative staff and clerks	68
Labor	63
Other	78
All retail workers	75%

Within retail occupations, 80 percent of supervisors and other managers stay in retail from one year to the next. Sales workers also have high “stay rates.” About two-thirds of administrative staff and labor in retail stay in the industry from year to year (Exhibit A-7). In contrast, for movers out of retail, retail sales workers and supervisors of these workers have lower occupational stay rates than overall workers, as noted in the previous section.

**Exhibit A-8.
Occupational mobility of retail
industry stayers and movers
out, 1998 to 2005**

Note:
The pooled sample includes employed retail workers ages 14 and older interviewed in March of each year.

Source:
BBC Research and Consulting from Current Population Survey March Supplement.

	Stayers	Movers out
Remained in same occupation	73%	21%
Moved up in occupational level	8	18
Moved down in occupational level	8	18
Lateral (or ambiguous) move to a different occupation	<u>11</u>	<u>43</u>
Total	100%	100%

Exhibit A-8 includes the distribution of occupational movers and stayers in the 1998 to 2005 pooled sample, both for workers who stayed in the retail industry and for those who moved to a new industry.

The occupational “moved up” and “moved down” categories are difficult to classify, and the data should be reviewed with caution. The job switch categories are determined conservatively, so a large percentage of employee job switches will be classified as lateral or ambiguous moves.

Workers typically “moved up” by switching from a non-supervisory to a supervisory or managerial position or from a non-professional position to a professional specialty. Moving up examples also include changing from a cashier to a salesperson or from a general sales worker to a health technician.

Similarly, “moving down” is most commonly seen as moving from a supervisor or manager position to a non-supervisory position or from a professional specialty to a non-professional position. Moving down may also occur in an example such as moving from a designer position to a salesperson.

In a pooled sample from 1998 to 2005 (March of each year), 73 percent of retail workers remained in the same occupation from year to year, 8 percent moved up, 8 percent moved down and 11 percent made a lateral or ambiguous occupational change.

Movers out of retail were less likely to remain in the same occupation; most workers moved into a different occupation, and workers had a greater chance of moving up or down in occupational level than workers who remained in retail. Moving out of retail did not guarantee a “better” job, but did give workers greater occupational mobility.

Retail as a second job for multiple job-holders. BBC again utilized the CPS to analyze retail positions as a second job. Only 4 percent of the samples hold multiple jobs; this is slightly lower than the U.S., where 5 percent of employed workers hold multiple jobs. These percentages have been stable, measuring in March of each year, since 2001.

Among workers with multiple jobs in California, BBC examined a twelve-month pooled sample as well as four eight-year pooled samples for the months of March, June, September and December from 1998 to 2006. In March of each year, about 12 percent of multiple job holders held their second job in retail. This increases to 17 percent in December. (Exhibit A-9.)

**Exhibit A-9.
Retail as a second job,
eight-year pooled data
in California**

Source:
BBC Research and Consulting from
Current Population Survey.

Month analyzed in each year	Percentage of multiple-job holders with retail second job	Average age
March (1999-2006)	12%	39.7
June (1999-2006)	13%	37.4
September (1998-2005)	9%	37.4
December (1998-2005)	17%	36.5

Retail as a second job compared with other industries. Exhibit A-10 lists industries from the twelve-month pooled sample with the highest incidence of part-time second jobs. These six categories account for one-half of second jobs. Retail trade accounts for 10 percent of second jobs in California.

**Exhibit A-10.
Second jobs in California,
July 2005 – June 2006**

Note:
Pooled twelve-month sample.

Source:
BBC Research and Consulting from
Current Population Survey.

Industry category	Percentage of total part-time second jobs
Educational services	12%
Professional and technical services	10%
Retail trade	10%
Eating and drinking establishments	7%
Arts, entertainment and recreation	7%
Non-hospital health care	6%
All others	48%

Second job-holders in part-time retail employment. Another way to look at retail as a part-time job is to examine the extent to which all workers with retail part-time jobs and determine the percentage working the retail part-time job as a second job. BBC also examined how many people working part-time retail jobs take the retail position as a second job. Using the pooled July 2005 through June 2006 data from Exhibit A-9, only 3 percent of part-time retail workers have the retail jobs as a second job.

Full-time employees who regularly work part-time hours. One issue concerning the retail industry is whether employers set employees' working hours in order to maintain flexibility and avoid benefits costs.

This is important to consider if employees are paid hourly, since a low hourly wage compounded with a lack of working hours contributes to a population of employed workers at or below the level of basic subsistence.

The July 2005 through June 2006 pooled sample of California employees contained 9,106 part-time workers:

- 67 percent worked part-time by choice;
- 21 percent wished to work full-time; and
- 12 percent responded that their part-time hours are considered a full-time position.

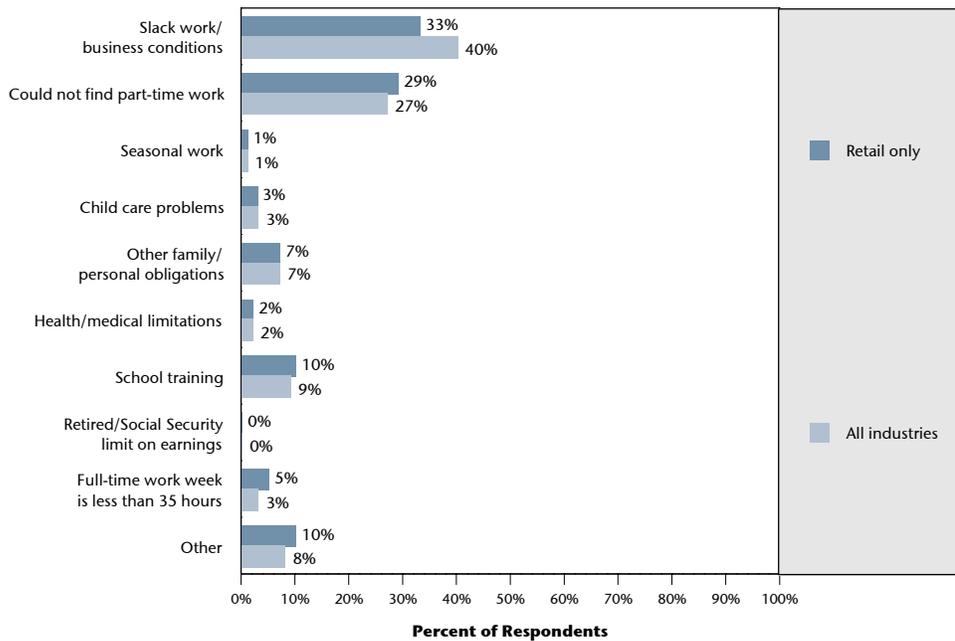
The sub-sample of 1,502 retail workers is similar:

- 68 percent work part-time by choice;
- 22 percent wish to work full-time; and
- 10 percent work part-time hours but are considered full-time employees.

BBC did not find evidence that the retail industry in California is treating workers differently than workers overall in terms of assigning hours. Most part-time retail workers work less than full-time by choice, similar to workers in all private industry in California.

Of the roughly one-fifth of part-time employees who would like to work full-time, most work part-time either because of slack business conditions or because part-time work was the only work available (Exhibit A-11).

Exhibit A-11.
Reasons why employees desire full-time employment, yet work part-time, California, July 2005 - June 2006



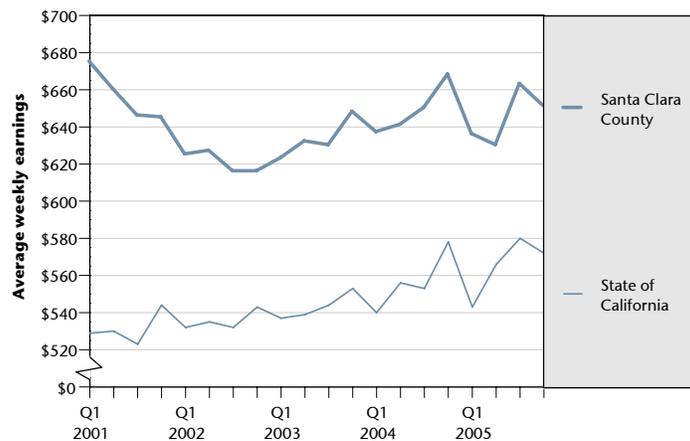
Note: The pooled sample are 1,949 part-time workers in all industries, 327 of whom are in retail, who answered that they would like to work full-time—the other possible answers being no—or that their hours are considered full-time. A three percent difference or less between categories for the retail sample is not statistically significant, though the differences between categories for all industry workers are significant.

Source: BBC Research and Consulting from CPS.

Earnings in the Retail Sector

State of California data show \$675 average weekly earnings for retail workers in Santa Clara County in the first quarter of 2001, dipping to \$616 in the fourth quarter of 2002, and ending with \$651 in the fourth quarter of 2005. The State of California reported \$529 in the first quarter of 2001 and \$572 in the fourth quarter of 2005.

Exhibit A-12.
Average Weekly Earnings for Retail Workers



Note: Quarterly data.

Source: BBC Research and Consulting from California EDD ES202 data: <http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=industry>.

Average weekly earnings for retail workers are higher for individuals working in Santa Clara County compared with the state. However, earnings levels are affected by the number of hours worked as well as the wage level.

Also, the \$651 weekly earnings for retail workers in Santa Clara County appears high when compared with the hourly wages for selected retail occupations discussed in the next part of this report. High income workers skew the mean weekly earnings figures upward from what one would expect based on typical wages for sales workers.

Wages of retail workers. Utilizing an alternative data source, we obtained occupational employment and wage estimates from the California EDD, in conjunction with the Bureau of Labor Statistics from their Occupational Employment Statistics (OES) data series. (These data are not suitable for a continuous time series analysis.⁵)

Wage information for the top retail occupations is presented in Exhibit A-13; note that these data are for the three specific occupations in all industries, not exclusively retail trade.

**Exhibit A-13.
Third quarter 2005
employment and hourly
wages for selected
occupations in
San José MSA**

Source: California EDD web site:
<http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Oeswage>.

Occupation	Employment	Entry-level hourly wage	Mean hourly wage
Cashiers	16,530	\$7.88	\$11.06
Retail salespersons	23,770	\$8.29	\$13.82
First-Line supervisors/managers of retail sales workers	5,790	\$13.56	\$22.05

⁵ California EDD web site: <http://www.labormarketinfo.edd.ca.gov/article.asp?articleId=435&PAGEID=&SUBID=>

Snapshot: Santa Clara Retail Sector Employees in the U.S. 2000 Census

Using the 2000 U.S. Census 5% Public Use Micro-sample Data, we report the following demographic characteristics for the state and county level: gender, race, Hispanic or Latino origin, age, English-speaking ability, educational attainment, full-time employment, reported hours worked per week and reported months worked in 1999.

Note that the months worked category is measured as follows:

- “One month or less” is four weeks or less;
- “More than one month, less than six” is greater than four weeks, but less than or equal to 26 weeks; and
- “Greater than six months” is greater than 26 weeks.

Exhibit A-14 contains the demographic data for employed workers (not including self-employed workers) in private firms for California, detailed for the aggregate and retail sectors. The same detail is provided for Santa Clara County in Exhibit A-15.

Exhibit A-16 includes a sub-set of statewide demographic data for top occupations in the retail sector. Cashiers and salespersons are included in one sub-group, and supervisors of salespersons are the second sub-group. Exhibit A-17 on the following page provides the same information for Santa Clara County.

**Exhibit A-14.
Demographics of workers in California**

Demographic category	All workers	Percentage to total	Retail workers	Percentage to total
Total	10,605,730		1,421,883	
Female	4,698,561	44%	663,002	47%
Race				
White	6,529,082	62%	845,189	64%
Black	552,049	5%	67,177	5%
Asian	1,267,484	12%	135,030	10%
Other single race	1,802,453	16%	209,783	16%
Two or more races	454,662	5%	68,500	5%
Hispanic or Latino	3,110,019	29%	366,788	28%
Age				
16-24	1,821,215	17%	393,956	28%
25-34	2,814,032	27%	359,861	25%
35-44	2,893,223	27%	328,924	23%
45-54	1,991,768	19%	209,300	15%
55-64	848,635	8%	96,048	7%
65+	236,857	2%	33,794	2%
Speaks English less than 'very well'	2,057,006	19%	192,607	14%
Highest level of educational attainment				
Less than high school diploma	2,183,070	21%	269,218	19%
High school diploma	4,874,719	46%	831,245	58%
Two-year degree	791,568	7%	100,222	7%
Bachelor's degree	1,897,910	18%	173,583	12%
Advanced degree	566,617	5%	47,615	3%
Full-time, full year workers*	6,254,870	59%	751,675	53%
Annual months worked				
One month or less	468,019	4%	73,242	5%
More than one month, less than six	886,753	8%	149,323	11%
Greater than six months	9,250,958	87%	1,199,318	84%
Hours worked per week				
12 or less	661,405	6%	101,295	7%
13 – 24	703,209	7%	148,262	10%
25 – 34	865,801	8%	180,795	13%
35 or more	8,375,315	79%	991,531	70%

Note: The sample includes all workers residing in California. Self-employed individuals, government workers, employed individuals who are not working, and members of the Armed Forces are not included. Both profit and not-for-profit private firms are included.
*Full-time is defined as 35 or more hours per week.

Source: BBC Research and Consulting from 2000 U.S. Census 5% PUMS Data, <http://www.census.gov/Press-Release/www/2003/PUMS5.html>.

**Exhibit A-15.
Demographics of workers in Santa Clara County**

Demographic category	All workers	Percentage to total	Retail workers	Percentage to total
Total	776,050		83,822	
Female	316,775	41%	37,155	44%
Race				
White	6,529,082	62%	49,459	59%
Black	552,049	5%	2,963	4%
Asian	1,267,484	12%	16,292	19%
Other single race	1,802,453	16%	10,684	13%
Two or more races	454,662	5%	4,424	5%
Hispanic or Latino	3,110,019	29%	19,908	24%
Age				
16-24	105,772	14%	22,424	27%
25-34	224,672	29%	22,717	27%
35-44	226,979	29%	19,243	23%
45-54	142,482	18%	11,254	13%
55-64	62,423	8%	6,152	7%
65+	13,722	2%	2,032	2%
Speaks English less than 'very well'	145,563	19%	11,563	14%
Highest level of educational attainment				
Less than high school diploma	102,944	13%	14,999	18%
High school diploma	281,609	36%	41,723	50%
Two-year degree	59,077	8%	6,213	7%
Bachelor's degree	199,185	26%	15,251	18%
Advanced degree	133,235	17%	5,636	7%
Full-time, full year workers*	515,308	66%	46,603	57%
Annual months worked				
One month or less	28,212	4%	4,281	5%
More than one month, less than six	55,284	7%	9,161	11%
Greater than six months	692,554	89%	70,380	84%
Hours worked per week				
12 or less	38,445	5%	6,310	8%
13 – 24	40,390	5%	8,814	11%
25 – 34	46,711	6%	9,427	11%
35 or more	650,504	84%	59,271	71%

Note: The sample includes all workers residing in California and working in Santa Clara County. Self-employed individuals, government workers, employed individuals who are not working, and members of the Armed Forces are not included. Both profit and not-for-profit private firms are included.
*Full-time is defined as 35 or more hours per week.

Source: BBC Research and Consulting from 2000 U.S. Census 5% PUMS Data, <http://www.census.gov/Press-Release/www/2003/PUMS5.html>.

Exhibit A-16.
Demographics of selected retail occupations, California

Demographic category	Cashiers and salespersons	Percentage to total	Supervisors of sales workers	Percentage to total
Total	490,658		192,647	
Female	277,493	57%	79,937	41%
Race				
White	306,264	62%	133,949	70%
Black	26,966	5%	9,232	5%
Asian	55,609	11%	17,331	9%
Other single race	74,315	15%	23,313	12%
Two or more races	27,504	6%	8,822	5%
Hispanic or Latino	133,398	27%	42,456	22%
Age				
16-24	187,354	38%	25,866	13%
25-34	100,053	20%	59,370	31%
35-44	88,929	18%	58,179	30%
45-54	64,073	13%	34,223	18%
55-64	34,879	7%	12,834	7%
65+	15,370	3%	2,175	1%
Speaks English less than 'very well'	64,321	13%	15,489	8%
Highest level of educational attainment				
Less than high school diploma	101,205	21%	17,992	9%
High school diploma	299,419	61%	118,395	62%
Two-year degree	33,649	7%	16,658	9%
Bachelor's degree	46,997	10%	32,861	17%
Advanced degree	9,388	2%	6,741	4%
Full-time, full year workers*	190,311	39%	146,293	76%
Annual months worked				
One month or less	35,704	7%	2,585	1%
More than one month, less than six	74,499	15%	6,555	3%
Greater than six months	380,455	78%	183,507	95%
Hours worked per week				
12 or less	50,020	10%	3,783	2%
13 – 24	82,781	17%	3,881	2%
25 – 34	88,389	18%	11,156	6%
35 or more	269,468	55%	173,827	90%

Note: The sample includes all workers residing in California and working in Santa Clara County. Self-employed individuals, government workers, employed individuals who are not working, and members of the Armed Forces are not included. Both profit and not-for-profit private firms are included.

*Full-time is defined as 35 or more hours per week.

Source: BBC Research and Consulting from 2000 U.S. Census 5% PUMS Data, <http://www.census.gov/Press-Release/www/2003/PUMS5.html>.

Exhibit A-17.
Demographics of selected retail occupations, Santa Clara County

Demographic category	Cashiers and salespersons	Percentage to total	Supervisors of sales workers	Percentage to total
Total	28,171		10,821	
Female	15,110	54%	4,218	39%
Race				
White	15,572	55%	7,428	69%
Black	1,317	5%	498	5%
Asian	6,079	22%	1,296	12%
Other single race	3,576	13%	1,103	10%
Two or more races	1,627	6%	496	5%
Hispanic or Latino	6,742	24%	2,298	21%
Age				
16-24	10,965	40%	1,879	17%
25-34	5,648	21%	3,379	31%
35-44	4,856	18%	2,892	27%
45-54	3,396	12%	1,597	15%
55-64	2,372	9%	967	9%
65+	779	3%	107	1%
Speaks English less than 'very well'	4,296	15%	690	6%
Highest level of educational attainment				
Less than high school diploma	6,507	23%	969	9%
High school diploma	15,165	54%	5,969	55%
Two-year degree	2,297	8%	941	9%
Bachelor's degree	3,471	12%	2,259	21%
Advanced degree	731	3%	683	6%
Full-time, full year workers*	10,711	38%	8,169	75%
Annual months worked				
One month or less	2,183	8%	133	1%
More than one month, less than six	4,727	17%	552	5%
Greater than six months	21,261	75%	10,136	94%
Hours worked per week				
12 or less	3,186	11%	236	2%
13 – 24	5,109	18%	122	1%
25 – 34	4,914	17%	711	7%
35 or more	14,962	53%	9,752	90%

Note: The sample includes all workers residing in California and working in Santa Clara County. Self-employed individuals, government workers, employed individuals who are not working, and members of the Armed Forces are not included. Both profit and not-for-profit private firms are included.

*Full-time is defined as 35 or more hours per week.

Source: BBC Research and Consulting from 2000 U.S. Census 5% PUMS Data, <http://www.census.gov/Press-Release/www/2003/PUMS5.html>.

Age, gender and race. In 2000, women made up just under half of the retail workforce in California, and 44 percent of retail workers in Santa Clara County. Women accounted for slightly higher percentage of retail workers than found for all industries. In the supervisors of salespersons occupation, 41 percent of retail workers in California were women, and 39 percent of retail workers in Santa Clara County were women. The opposite is true for the occupational sub-group for cashiers and salespersons: 57 percent were female in the state, and 54 percent were female in the county.

In Santa Clara County, Asian American workers made up 19 percent of all retail workers and only 12 percent of workers overall. In the category of cashiers and salespersons, Asians account for 22 percent of the workforce. These findings differ from California, as a whole where Asian Americans are less likely to work in retail than non-Asian workers.

Individuals of Hispanic or Latino descent made up between 21 and 29 percent of the workforce across groups and categories.

Retail workers tend to be younger than workers in other industries, with the 16-24 age bracket accounting for the largest group of workers. This is true for all groups except the supervisors of salespersons category of retail workers. The largest distribution of these workers is between ages 25 and 34.

Educational attainment and English-speaking ability. About 14 percent of Santa Clara County workers speak English less than “very well,” which is less than for all industries in the county. Among the supervisors of salespersons category, only 6 to 8 percent of Santa Clara County workers reported speaking English less than “very well.”

About 77 percent of retail workers in California had achieved no more than a high school education as compared with 67 percent in all industries. Similarly, 68 percent of retail workers in Santa Clara County were categorized at the high school level or less, compared with 49 percent in all industries. More Santa Clara County retail workers had a bachelor’s degree than found in California, however.

Between the cashiers/salespersons and supervisors of sales workers categories, workers at the high school level or less were approximately 55 percent of retail employment. Workers with less than a high school diploma made up a greater percentage of the cashier/salesperson category, and workers with a bachelor’s degree made up a greater percentage of the supervisor category.

Typical weekly hours and annual months worked. In general, workers in Santa Clara County were more likely to be employed full-time (35 or more hours per week) for a full year than workers in California, though this is not true for specific occupations.

There was a marked difference between cashiers/salespersons and supervisors of sales workers. In Santa Clara County, only 38 percent of cashiers were employed full-time, full-year as compared with 75 percent of the supervisors. Cashiers worked fewer months of the year and fewer hours per week than supervisors.

Retail to all workers by age group. Two age groups of Santa Clara County workers are heavily represented in retail: young people and older people. About 21 percent of workers in Santa Clara County worked in retail in 2000. Fifteen percent of workers ages 65 and older worked in retail.

Exhibit A-18.
Percentage of retail to all workers, California and Santa Clara County, 2000 U.S. Census

Age Group	California			Santa Clara County		
	All workers	Retail workers	Percentage retail to all workers	All workers	Retail workers	Percentage retail to all workers
16-24	1,821,215	393,956	22%	105,772	22,424	21%
25-34	2,814,032	359,861	13%	224,672	22,717	10%
35-44	2,893,223	328,924	11%	226,979	19,243	8%
45-54	1,991,768	209,300	11%	142,482	11,254	8%
55-64	848,635	96,048	11%	62,423	6,152	10%
65+	<u>236,857</u>	<u>33,794</u>	14%	<u>13,722</u>	<u>2,032</u>	15%
All groups	10,605,730	1,421,883	13%	776,050	83,822	11%

Note: Self-employed individuals, government workers, employed individuals who are not working, and members of the Armed Forces are not included.
Source: BBC Research and Consulting from 2000 U.S. Census 5% PUMS Data, <http://www.census.gov/Press-Release/www/2003/PUMS5.html>.

Retail workers commuting in and out of Santa Clara County. In 2000, there was a net inflow of 8,452 retail workers into Santa Clara County, making up 10 percent of the 83,822 retail workers in the County. Workers commuting to Santa Clara County for jobs comprised a smaller proportion of the retail workforce than other industries. (Exhibit A-19.)

Exhibit A-19.
Commuting workers in and out of Santa Clara County, 2000

Note:
Commuting time refers to the usual time it takes to travel from home to work each day.

Source:
BBC Research and Consulting from 2000 U.S. Census 5% Public Use Micro-sample Data. Available at: <http://www.census.gov/Press-Release/www/2003/PUMS5.htm>.

	Number of commuters	Average commuting time (minutes)
Retail workers		
In	16,061	49.6
Out	<u>7,609</u>	41.5
Net	8,452	
All workers		
In	182,676	52.2
Out	<u>86,903</u>	39.4
Net	95,773	

Distribution of retail occupations in Santa Clara County. For reference, Exhibit A-20 details retail occupations that made up 0.5 percent or more of the retail employment in Santa Clara County in 2000. The top three occupational categories comprised almost half of all retail employment: cashiers, retail salespersons and supervisors of retail sales workers.

**Exhibit A-20.
Occupations
within the retail
sector, Santa Clara
County, 2000**

Source:
BBC Research and Consulting
from 2000 U.S. Census 5% Public
Use Micro-sample Data.

Data available at:
<http://www.census.gov/Press-Release/www/2003/PUMS5.html>,
Census 2000 occupational
category titles and code list:
<http://www.census.gov/hhes/www/ioindex/occ2000t.pdf>.

Occupation	Number of workers	Percentage to total retail sector
Retail salespersons	19,515	23.3%
First-line supervisors/managers of retail sales workers	10,821	12.9%
Cashiers	8,656	10.3%
Stock clerks and order filers	3,341	4.0%
Computer software engineers	2,743	3.3%
Customer service representatives	2,511	3.0%
Laborers and freight, stock and material movers	2,232	2.7%
Marketing and sales managers	1,500	1.8%
Automotive service technicians and mechanics	1,276	1.5%
Bookkeeping, accounting, and auditing clerks	1,187	1.4%
Driver/sales workers and truck drivers	1,013	1.2%
Secretaries and administrative assistants	990	1.2%
Managers, all other	927	1.1%
Computer programmers	921	1.1%
Designers	848	1.0%
Chief executives	839	1.0%
Accountants and auditors	781	0.9%
Butchers and other meat, poultry and fish processing	754	0.9%
Shipping, receiving and traffic clerks	750	0.9%
Wholesale and retail buyers, except farm products	744	0.9%
Computer scientists and systems analysts	716	0.9%
Financial managers	704	0.8%
Pharmacists	658	0.8%
Network systems and data communication analysts	620	0.7%
Computer support specialists	590	0.7%
HR, training and labor relations specialists	562	0.7%
First-line supervisors/managers of office and administrative support workers	552	0.7%
Receptionists and information clerks	509	0.6%
Inspectors, testers, sorters, samplers and weighers	416	0.5%
Office and administrative support workers, all other	400	0.5%
Office clerks, general	391	0.5%
Cleaners of vehicles and equipment	<u>384</u>	<u>0.5%</u>
All other	14,971	17.9%

APPENDIX B.
Data Analysis of
Employers in the Retail Industry

APPENDIX B.

Data Analysis of Employers in the Retail Industry

Introduction

In this appendix, BBC analyzes the level of retail employment in Santa Clara County and the state of California, and provides age-group distributions and occupational projections. BBC also examines the number and size of retail establishments. BBC finds the following characteristics of the retail industry in Santa Clara County:

- The data suggest an upward trend in retail employment when comparing 2005 with the same periods in 2004.
- From 1998 to 2004, the number of retail establishments decreased by 3 percent, and retail employment decreased by 0.5 percent.
- The California Employment Department projects a 5 percent increase in retail employment for 2002 to 2012; detailed projections by occupation are included in this report.
- Retail workers tend to fall within the 25 to 44 age group. Still, retail workers are twice as likely to fall within the 14 to 24 year-old age group as private industry in general.
- From 2001 to 2005, the retail workforce saw a decrease in high school-aged workers, and an increase in workers ages 55 and older.
- Most retail industry establishments employ fewer than 10 workers, yet most workers are employed in establishments with 20 to 249 employees.

Employment in the Retail Industry

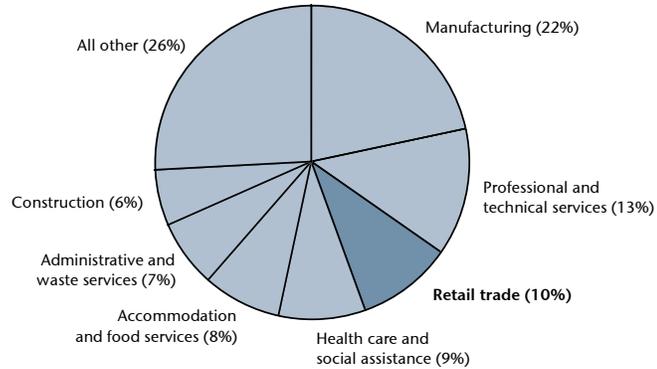
Using data from the California Employment Development Department (CA EDD), we outline trends in the number of retail establishments and levels of employment. The source of this information is the Quarterly Census of Employment and Wages (QCEW), formerly known as ES202.¹

Employment in retail compared with other sectors. In 2005, the retail trade sector accounted for 10 percent of private industry employment in Santa Clara County (Exhibit B-1). Manufacturing was the largest sector, with 22 percent, followed by professional and technical services with 13 percent.

¹ State of California Employment Development Department, Labor Market Information Division website: <http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>.

**Exhibit B-1.
Distribution of
employment in private
industry, Santa Clara County,
fourth quarter 2005**

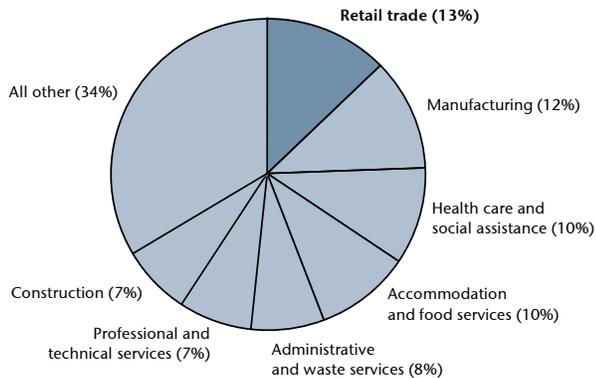
Source:
California EDD website:
<http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>.



In California as a whole, the retail sector employed 13 percent of private sector workers, making it the largest non-government sector. (Exhibit B-2.)

**Exhibit B-2.
Distribution of employment
in private industry, State of
California, fourth quarter 2005**

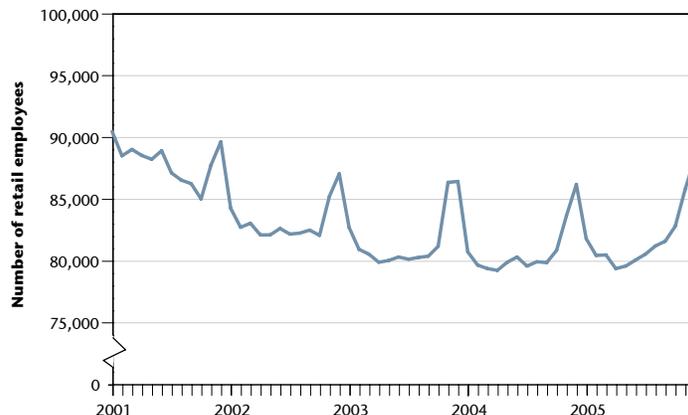
Source:
California EDD website:
<http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>.



Trends in retail employment. There were 90,433 people employed in Santa Clara County retail in January 2001. Retail employment decreased by 8,679 from January 2001 to January 2005. However, Exhibit B-3 suggests that the decline primarily took place through 2001 and 2002. Retail employment, after considering seasonal swings, remaining stable thereafter. In the last half of 2005, retail employment appeared to increase over the same period of 2004. December 2005 employment in Santa Clara County was 88,308, nearly as high as December 2001.

**Exhibit B-3.
Monthly retail
employment in
Santa Clara County**

Source:
BBC Research and Consulting from
California EDD ES202 data:
<http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>.

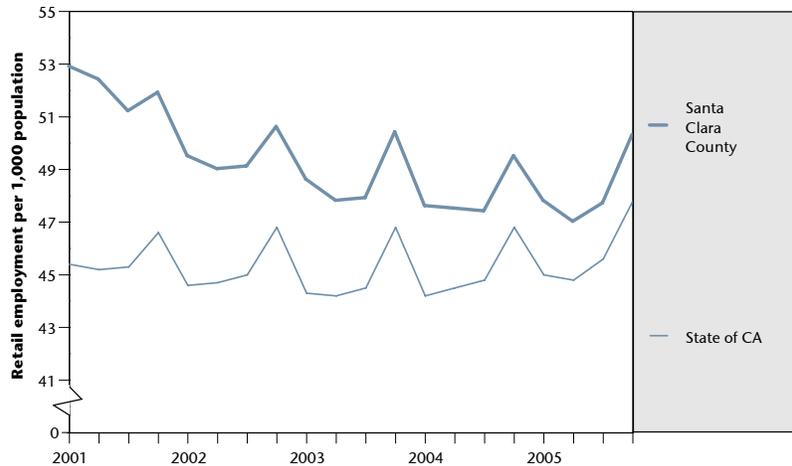


The number of retail employees per 1,000 population in Santa Clara County is higher than in California, though trends suggest some convergence as shown in Exhibit B-4. Santa Clara County reported 52.9 retail workers per 1,000 population in the first quarter of 2001, and 50.3 in the fourth quarter of 2005. California showed 45.4 and 47.8 for the same quarters.

**Exhibit B-4.
Retail employment
per 1,000 population**

Note:
Quarterly data.

Source:
BBC Research and Consulting from U.S. Census and California EDD ES202 data:
<http://www.census.gov/popest/estimates.php> and
<http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>.



Retail employment projections for California. The California Employment Department, in cooperation with the U.S. Bureau of Labor Statistics, conducted a survey of approximately 113,000 California employers over a three-year period to help develop 2012 employment projections for nearly 800 occupations.²

These projections take into account historical trends, industry growth and technological change. Unexpected events or structural changes are not incorporated into the estimates, and these overall projections may not accurately portray seasonal employment. The projections do not include self-employed workers, and most agricultural employment is also excluded. The California Employment Department published occupational projections by industry for California as a whole. BBC commissioned a special set of projections for Santa Clara County.

Projections by general category. Total retail industry employment in Santa Clara County is projected to increase by 5 percent, from 83,600 in 2002 to 87,500 in 2012. The California projection percentages are included for comparison; the state is expected to increase retail jobs by 16 percent, with growth more robust than Santa Clara County in every category.

² CA EDD is scheduled to release an updated report in fall 2006 with 2014 projections based on 2004 employment levels.

Exhibit B-5.
Projected retail employment increases, by category in Santa Clara County, 2002-2012

Retail occupation	2002 Actual Jobs	2012 Projected Jobs	Absolute Change	Percent Change, Santa Clara County	Percent Change, State of California
Pharmacy related	1,270	1,510	240	19%	34%
Non-identified occupations ¹	7,100	7,920	820	12%	-
Supervisors of retail sales workers	4,950	5,430	480	10%	21%
Vehicle drivers and operators, non-sales	1,510	1,650	140	9%	22%
Managers and supervisors	4,840	5,240	400	8%	18%
Retail salespersons	21,160	22,740	1,580	7%	17%
Other, non-sales related	2,080	2,210	130	6%	22%
Other, sales related	2,100	2,210	110	5%	22%
Cashiers	13,950	14,630	680	5%	17%
Maintenance and repair	2,960	3,020	60	2%	16%
Food related	3,450	3,480	30	1%	18%
Cleaning and janitorial	1,180	1,190	10	1%	17%
Labor, hand	4,400	4,330	-70	-2%	11%
Administrative staff and clerks	<u>12,650</u>	<u>11,940</u>	<u>-710</u>	<u>-6%</u>	<u>4%</u>
Total	83,600	87,500	3,900	5%	16%

Note: ¹Some occupational categories were suppressed by the CA EDD due to confidentiality and/or data quality constraints.

Source: Report from California Employment Department Labor Market Information Division.

- Pharmacy-related jobs, which include grocery stores and health/personal care stores, will grow by 240 positions in Santa Clara County. Pharmacy-related positions are projected to have the highest percentage growth, locally and in California as a whole.
- Projections show substantial percentage increases in supervisor and management positions: in Santa Clara County, 10 percent for supervisors of retail sales workers, with 480 new positions added, and 8 percent for general managers and supervisors, with 400 new positions.
- Three occupations will provide the most new retail jobs in Santa Clara County. Retail salesperson positions are expected to increase by 1,580, cashier positions by 680 and supervisors of retail sales workers by 480. Together, cashiers and salespersons made up 42 percent of the retail labor force for Santa Clara County in 2002, and the projected 2012 increases account for over half of the additional retail jobs.

Cashiers and retail salespersons. Exhibit B-6 shows projected increases in cashiers and salespersons positions by type of establishment. Cashier positions have the highest expected growth in food and beverage stores, general merchandise and health and personal care retail establishments. For the reported types of stores, salesperson positions have the highest expected growth for clothing and accessories, general merchandise and building material/supply stores.

**Exhibit B-6.
Projected increases in employment for cashiers and salespersons by type of retail establishment in Santa Clara County**

Type of retail establishment	Cashiers			Salespersons		
	2002 Employment	Numerical change 2002-2012	Percentage change	2002 Employment	Numerical change 2002-2012	Percentage change
Building materials and supplies	880	130	15%	2,500	310	12%
Clothing and accessories	430	30	7%	5,430	430	8%
Electronics and appliances	340	20	6%	1,950	140	7%
Food and beverage stores	5,250	160	3%	500	0	0%
General merchandise	1,830	130	7%	3,670	330	9%
Health and personal care	1,510	100	7%	-	-	-
Sporting goods/ musical instruments	1,060	-50	-5%	1,720	-140	-8%
All other	<u>2,650</u>	<u>160</u>	6%	<u>5,390</u>	<u>510</u>	10%
Total	13,950	680	5%	21,160	1,580	8%

Note: The detail for some types of retail establishments is suppressed due to confidentiality and data quality constraints.

Source: Report from California Employment Department Labor Market Information Division.

The top occupational gains and losses. Exhibit B-7 details fifteen specific occupations in Santa Clara County with expected increases in employment of 50 or more from 2002 to 2012. Occupations within the retail industry expected to lose 50 or more positions are detailed in Exhibit B-8. Exhibit B-9 details all other retail occupations.

**Exhibit B-7.
Top 15 retail occupations with projected employment increases, Santa Clara County, 2002-2012**

Retail occupation	2002 Actual	2012 Projected	Numerical Change	Percent Change
Retail salespersons	21,160	22,740	1,580	8%
Cashiers	13,950	14,630	680	5%
Supervisors of retail sales workers	4,950	5,430	480	10%
Other sales and related workers	1,080	1,230	150	14%
Pharmacists	530	650	120	23%
General and operations managers	1,690	1,790	100	6%
Pharmacy technicians	430	520	90	21%
Combined food preparation and serving workers	1,530	1,620	90	6%
Customer service representatives	910	1,000	90	10%
Counter and rental clerks	520	600	80	15%
Sales managers	300	370	70	23%
Carpet installers	350	410	60	17%
Automotive service technicians and mechanics	2,140	2,200	60	3%
Truck drivers, light or delivery services	750	810	60	8%

Note: This table includes all occupations with projected increased employment of 50 or more.

Source: Report from California Employment Department Labor Market Information Division.

**Exhibit B-8.
Retail occupations with most projected employment decreases, Santa Clara County, 2002-2012**

Retail occupation	2002 Actual	2012 Projected	Numerical Change	Percent Change
Stock clerks and order fillers	5,490	4,850	-640	-12%
Butchers and meat cutters	1,070	930	-140	-13%
Laborers and freight, stock and material movers	1,730	1,600	-130	-8%
Shipping, receiving, and traffic clerks	1,730	1,660	-70	-4%
Bookkeeping, accounting and auditing clerks	1,010	950	-60	-6%
Parts salespersons	620	570	-50	-8%
Packers and packagers, hand	1,850	1,800	-50	-3%

Note: This table includes all occupations with expected employment decreases of 50 or more.

Source: Report from California Employment Department Labor Market Information Division.

Exhibit B-9 presents projections for each retail occupation.

**Exhibit B-9.
Projected retail employment changes
by occupation, complete detail for Santa Clara County 2002-2012**

Retail occupation	2002 Actual	2012 Projected	Numerical Change	Percent Change
Retail salespersons	21,160	22,740	1,580	7%
Cashiers	13,950	14,630	680	5%
First-line supervisors/managers of retail sales workers	4,950	5,430	480	10%
Other sales and related workers	1,080	1,230	150	14%
Pharmacists	530	650	120	23%
General and operations managers	1,690	1,790	100	6%
Combined food preparation and serving workers	1,530	1,620	90	6%
Customer service representatives	910	1,000	90	10%
Pharmacy technicians	430	520	90	21%
Counter and rental clerks	520	600	80	15%
Sales managers	300	370	70	23%
Automotive service technicians and mechanics	2,140	2,200	60	3%
Carpet installers	350	410	60	17%
Truck drivers, light or delivery services	750	810	60	8%
Computer and information systems managers	110	150	40	36%
First-line supervisors/managers of food preparation and serving workers	250	290	40	16%
First-line supervisors/managers of mechanics, installers and repairers	430	470	40	9%
Helpers of installation, maintenance and repair workers	250	290	40	16%
Industrial truck and tractor operators	500	540	40	8%
Bill and account collectors	290	320	30	10%
Financial managers	160	190	30	19%
Food preparation workers	170	200	30	18%
Meat, poultry, and fish cutters and trimmers	330	360	30	9%
Other business operations specialists	100	130	30	30%
Pharmacy aides	310	340	30	10%
Receptionists and information clerks	250	280	30	12%
Truck drivers, heavy and tractor-trailer	180	210	30	17%
Accountants and auditors	150	170	20	13%
Bakers	300	320	20	7%
First-line supervisors/managers of production and operating workers	210	230	20	10%

Exhibit B-9. (continued)
Projected retail employment changes
by occupation, complete detail for Santa Clara County 2002-2012

Retail occupation	2002 Actual	2012 Projected	Numerical Change	Percent Change
Floor layers—except carpet, wood and hard tiles	80	100	20	25%
Janitors and cleaners—except maids and housekeeping cleaners	450	470	20	4%
Production, planning and expediting clerks	150	170	20	13%
Sales representatives, wholesale and manufacturing, technical and scientific products	130	150	20	15%
Training and development specialists	60	80	20	33%
Administrative services managers	60	70	10	17%
Advertising and promotions managers	40	50	10	25%
Chief executives	80	90	10	13%
Cost estimators	80	90	10	13%
Engineering managers	40	50	10	25%
First-line supervisors/managers of helpers, laborers and material movers, hand	110	120	10	9%
First-line supervisors/managers of non-retail sales workers	60	70	10	17%
First-line supervisors/managers, other protective service workers	20	30	10	50%
General maintenance and repair workers	110	120	10	9%
Human resources assistants—except payroll and timekeeping	30	40	10	33%
Interior designers	70	80	10	14%
Market research analysts	30	40	10	33%
Other Installation, maintenance and repair workers	90	100	10	11%
Other managers	70	80	10	14%
Recreational vehicle service technicians	70	80	10	14%
Sales engineers	40	50	10	25%
Security guards	270	280	10	4%
Taxi drivers and chauffeurs	80	90	10	13%
Weighers, measurers, checkers, samplers and recordkeeping	160	170	10	6%
Automotive body and related repairers	90	90	0	0%
Compensation, benefits and job analysis specialists	30	30	0	0%
Cooks, short order	40	40	0	0%
Credit analysts	70	70	0	0%
Credit authorizers, checkers and clerks	20	20	0	0%
Dispatchers—except police, fire, and ambulance	60	60	0	0%

Exhibit B-9. (continued)
Projected retail employment changes
by occupation, complete detail for Santa Clara County 2002-2012

Retail occupation	2002 Actual	2012 Projected	Numerical Change	Percent Change
First-line supervisors/managers of construction trades and extraction workers	10	10	0	0%
First-line supervisors/managers of housekeeping and janitorial workers	10	10	0	0%
First-line supervisors/managers of transportation and material-moving machine and vehicle operators	40	40	0	0%
Floral designers	160	160	0	0%
Food batchmakers	10	10	0	0%
Home appliance repairers	180	180	0	0%
Inspectors, testers, sorters, samplers and weighers	30	30	0	0%
Maids and housekeeping cleaners	10	10	0	0%
Marketing managers	40	40	0	0%
Motorcycle mechanics	50	50	0	0%
Other secretaries, administrative assistants and office support workers	50	50	0	0%
Parking lot attendants	50	50	0	0%
Photographic process workers	30	30	0	0%
Photographic processing machine operators	60	60	0	0%
Procurement clerks	20	20	0	0%
Purchasing managers	50	50	0	0%
Self-enrichment education teachers	130	130	0	0%
Switchboard operators, including answering service	120	120	0	0%
Transportation, storage and distribution managers	30	30	0	0%
Billing and posting clerks and machine operators	190	180	-10	-5%
Cleaners of vehicles and equipment	720	710	-10	-1%
Executive secretaries and administrative assistants	300	290	-10	-3%
File clerks	60	50	-10	-17%
First-line supervisors/managers of office and administrative support workers	700	690	-10	-1%
General office clerks	1,000	990	-10	-1%
Mail clerks and mail machine operators—except postal service	30	20	-10	-33%
Other assemblers and fabricators	140	130	-10	-7%
Payroll and timekeeping clerks	70	60	-10	-14%
Service station attendants	90	80	-10	-11%
Wholesale and retail buyers—except farm products	330	320	-10	-3%
Driver/sales workers	230	210	-20	-9%

Exhibit B-9. (continued)
Projected retail employment changes
by occupation, complete detail for Santa Clara County 2002-2012

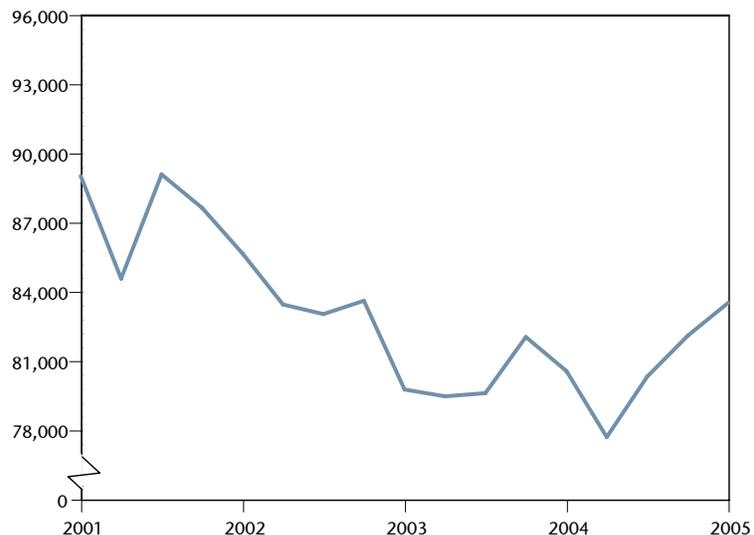
Retail occupation	2002 Actual	2012 Projected	Numerical Change	Percent Change
Secretaries—except legal, medical and executive	140	120	-20	-14%
Bicycle repairers	230	200	-30	-13%
Computer operators	120	90	-30	-25%
Data entry keyers	200	170	-30	-15%
Order clerks	400	360	-40	-10%
Packers and packagers, hand	1,850	1,800	-50	-3%
Parts salespersons	620	570	-50	-8%
Bookkeeping, accounting and auditing clerks	1,010	950	-60	-6%
Shipping, receiving and traffic clerks	1,730	1,660	-70	-4%
Laborers and freight, stock and material movers, hand	1,730	1,600	-130	-8%
Butchers and meat cutters	1,070	930	-140	-13%
Stock clerks and order fillers	5,490	4,850	-640	-12%

Source: Report from California Employment Department Labor Market Information Division.

Distribution of retail employment by age group. BBC used the Local Employment Dynamics (LED) Quality Workforce Indicators (QWI) data to analyze employment by age group. The U.S. Census Bureau generates this data set in cooperation with state agencies. Exhibit B-10 shows the overall retail employment for the private retail industry in Santa Clara County. Similar to the monthly data in Exhibit B-3, these data also suggest a higher level of employment in 2005 over the same period in 2004.

Exhibit B-10.
Employment in the private retail industry, Santa Clara County, fourth quarter 2001 – first quarter 2005

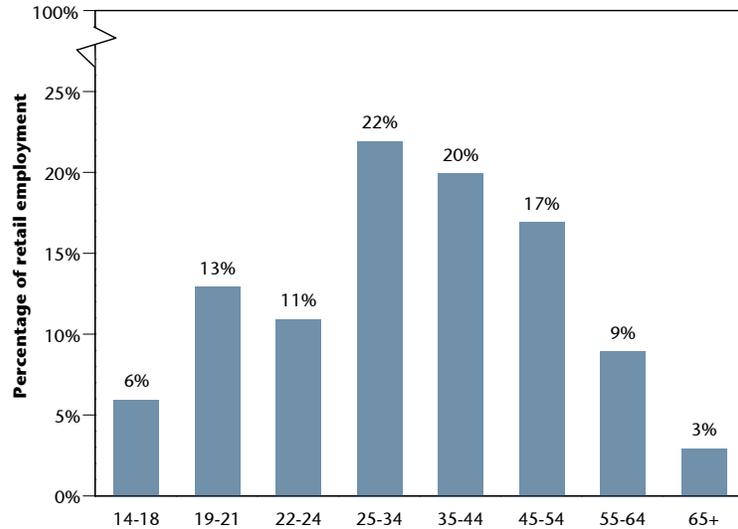
Source:
 Local Employment Dynamics Quality Workforce Indicators, available at:
<http://lehd.dsd.census.gov/led/datatools/qwi-online.html>.



Breaking the overall employment into age categories, we find that the relative distribution of employment by age group is stable throughout the time series. We analyze the most recent data, from first quarter 2005, in Exhibit B-11.

Exhibit B-11.
Percentage of retail employment industry by age group, Santa Clara County, first quarter 2005

Source:
 Local Employment Dynamics Quality Workforce Indicators, available at: <http://lehd.dsd.census.gov/led/datatools/qwi-online.html>.

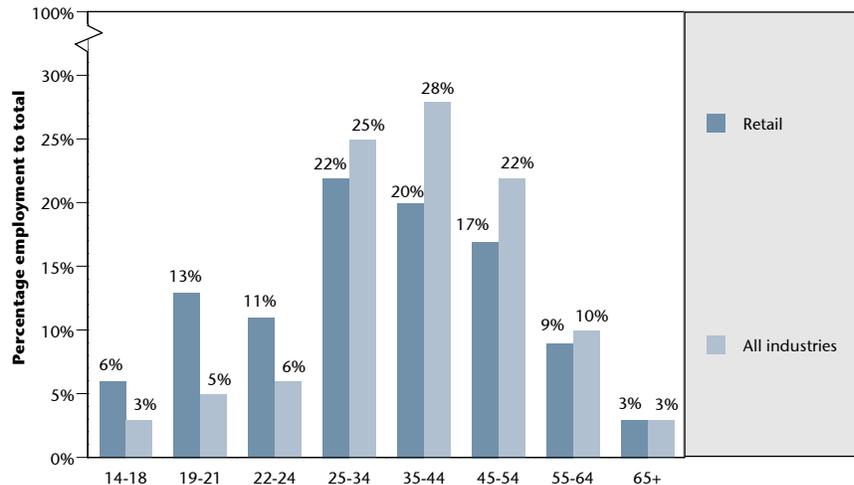


Even though the retail sector is thought of as an industry of young employees, the largest percentage of employed workers falls into the 25 to 44 age groups. The youngest workers, and workers 65 and older, make up less of the employed retail workforce.³

Comparing retail to all private industries in Santa Clara County, 14 to 24 year-olds comprise a much larger share of retail sector employment.

Exhibit B-12.
Percentage of employment to total in private by age group, Santa Clara County, first quarter 2005

Source:
 Local Employment Dynamics Quality Workforce Indicators, available at: <http://lehd.dsd.census.gov/led/datatools/qwi-online.html>.



³ If one looks at all people working in retail at any time within a year, there are relatively more retail workers in the lowest age groups. This points to shorter employment spans for young workers.

The age distribution of local retail workers changed somewhat from 2001 to 2005. The number of high school-age workers substantially declined over these four years. The number of college-age and 55 and older workers increased (see Exhibit B-13).

Exhibit B-13.
Employment in the private retail industry,
Santa Clara County, first quarters 2001 and 2005

Age group	Employment, first quarter 2001	Percent of total	Employment, first quarter 2005	Percent of total
14-18	8,001	9%	5,057	6%
19-21	10,082	11%	11,009	13%
22-24	7,365	8%	8,905	11%
25-34	21,265	24%	18,253	22%
35-44	19,445	22%	16,563	20%
45-54	13,876	16%	13,853	17%
55-64	6,539	7%	7,379	9%
65-99	<u>2,432</u>	3%	<u>2,493</u>	3%
Total	89,005		83,512	

Note: Quarterly data.

Source: Local Employment Dynamics Quality Workforce Indicators, available at: <http://lehd.dsd.census.gov/led/datatools/qwi-online.html>.

Proportion of retail to all workers by age group. Exhibit B-14 shows the percentage of Santa Clara County workers in the retail industry for each age group. Overall, 11 percent of all workers are in the retail industry. One-quarter of 14 to 18-year-olds working in the county are in retail jobs. Nearly one-third of 19 to 21-year-olds work in retail. Seniors are slightly more likely to work in retail than are people ages 25 to 64. (This table is comparable to Exhibit A-18.)

Exhibit B-14.
Percentage of retail
to all workers in
Santa Clara County,
first quarter 2005

Source:
 Local Employment Dynamics Quality
 Workforce Indicators, available at:
<http://lehd.dsd.census.gov/led/datatools/qwi-online.html>.

Age group	All workers	Retail workers	Retail as a percent of all workers
14-18	20,146	5,057	25%
19-21	35,251	11,009	31%
22-24	43,981	8,905	20%
25-34	186,674	18,253	10%
35-44	210,289	16,563	8%
45-54	164,603	13,853	8%
55-64	76,880	7,379	10%
65-99	<u>20,740</u>	<u>2,493</u>	12%
Total	758,564	83,512	11%

Number of Retail Establishments

State data showed 4,610 retail establishments employing workers in the third quarter of 2005.

Patterns in the number of retail establishments over time. There were fewer retail establishments in Santa Clara County in 2005 than 2001; mirroring state-wide trends. The number of retail establishments in Santa Clara County decreased from 4,935 in the third quarter of 2001. The change from third quarters, year to year, is illustrated in Exhibit B-15. The largest change, in 2004, represents a 4 percent decrease.

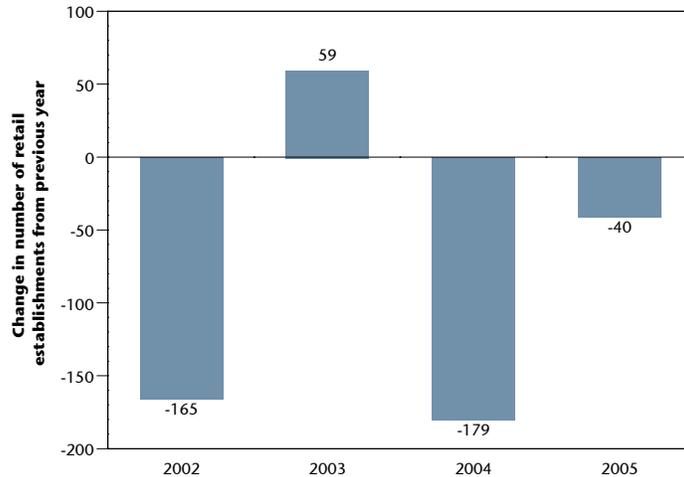
Exhibit B-15. Change in the number of retail establishments from the previous year, Santa Clara County

Note:

Data from the third quarter of each year.

Source:

BBC Research and Consulting from California EDD website, ES202 data: <http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>.



Patterns for California are similar; the number of retail establishments decreased from 104,141 in the third quarter of 2001 to 101,106 in the third quarter of 2005 (Exhibit B-16). The change from 2003 to 2004 represents a 2 percent decrease.

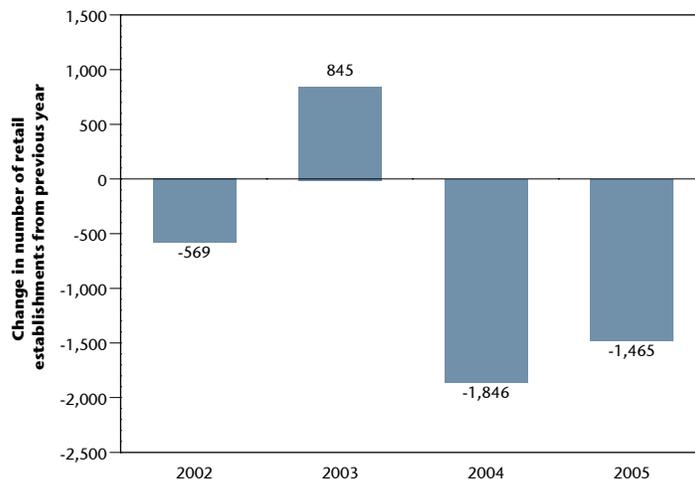
Exhibit B-16. Change in the number of retail establishments from the previous year, California

Note:

Data from the third quarter of each year.

Source:

BBC Research and Consulting from California EDD website, ES202 data: <http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>.



Distribution of retail establishments by size. The distribution of retail businesses by size in the Santa Clara County region is comparable to that of the state. BBC obtained the most recent size of business information from the California EDD website.⁴ The information is compiled from third quarter “Contributions Return” and “Employment and Payroll Distribution Schedule” forms submitted by employers to the State of California for their employees subject to unemployment insurance under the California Unemployment Insurance code.

Data are not published at the Santa Clara County level for 2004, so we used data compiled by California EDD for the San José MSA (currently Santa Clara and San Benito counties). The distribution is very similar to that of Santa Clara County in 2003. Exhibit B-17 shows this distribution.

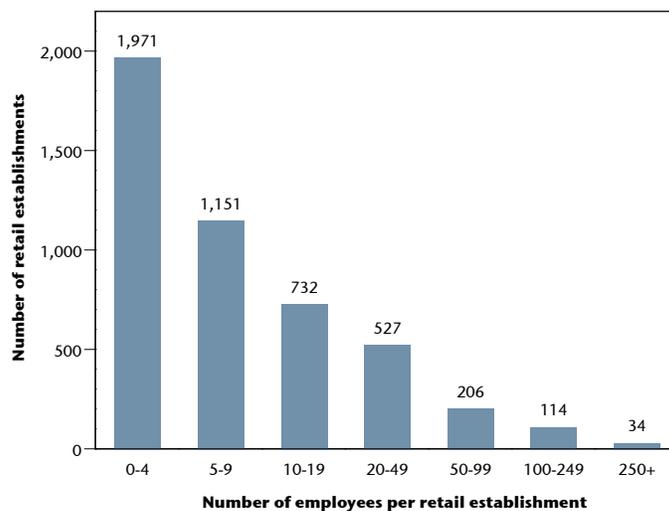
**Exhibit B-17.
Distribution of retail establishments by number of employees, third quarter 2004**

Source:
BBC Research and Consulting from
California EDD website:
<http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=67&SubID=138>.

Number of employees	San José MSA	State of California
0-4	42%	46%
5-9	24%	23%
10-19	15%	14%
20-49	11%	10%
50-99	4%	4%
100-249	3%	2%
250+	1%	1%

**Exhibit B-18.
Distribution of retail establishments by number of employees, San José MSA, third quarter 2004**

Source:
BBC Research and Consulting from
California EDD website:
<http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=67&SubID=138>.



More than eight in ten retail establishments in Santa Clara County have fewer than 20 employees; 42 percent employ four or fewer. Only 1 percent of establishments have more than 250 employees. These largest establishments account for 16 percent of total retail employment.

⁴ California EDD website: <http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=67&SubID=138>

Distribution of retail employment by establishment size. Most employment is at mid-size establishments: about 70 percent of retail workers are employed in establishments with 20 to 249 employees.

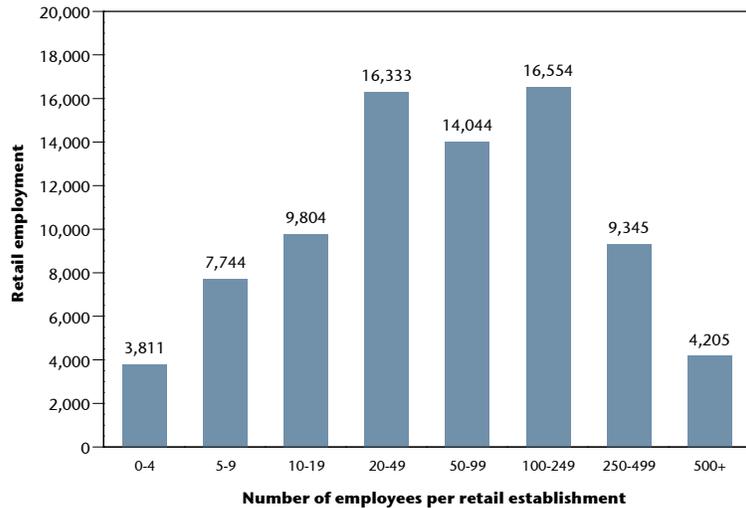
**Exhibit B-19.
Distribution of retail employment by number of employees, third quarter 2004**

Source:
BBC Research and Consulting from California EDD website:
<http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=67&SubID=138>.

Number of employees	San José MSA	State of California
0-4	5%	5%
5-9	9%	10%
10-19	12%	12%
20-49	20%	20%
50-99	17%	18%
100-249	20%	21%
250-499	11%	11%
500+	5%	3%

**Exhibit B-20.
Distribution of retail employment by number of employees per establishment, San José MSA, third quarter 2004**

Source:
BBC Research and Consulting from California EDD website:
<http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=67&SubID=138>.



U.S. Census Size of Business Data

Distribution of retail firms by size of enterprise. BBC also analyzed the distribution of retail firms and employment by size of enterprise. (In the previous section, we examined figures for retail establishments.) An enterprise is “a business organization consisting of one or more domestic establishments in the same state and industry that were specified under common ownership or control.” A firm is the same as an enterprise, but within the same state and industry.⁵

Exhibit B-21 Distribution of retail firms by size of enterprise, 2002

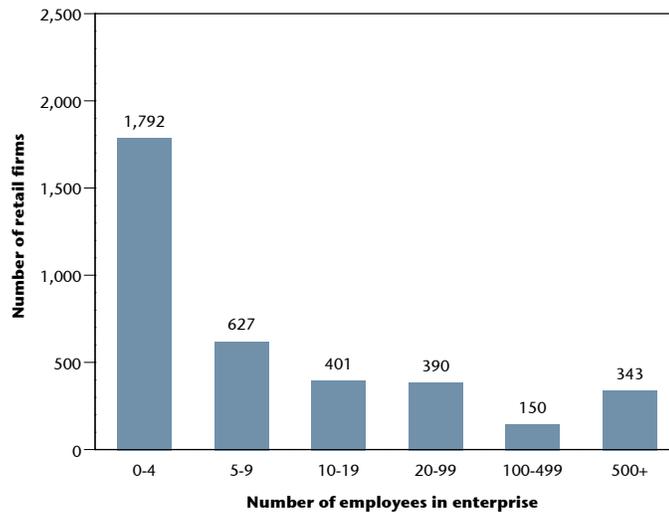
Source:
BBC Research and Consulting from
California EDD website:
<http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=67&SubID=138>.

Number of employees	San José MSA	State of California
0-4	48%	57%
5-9	17%	20%
10-19	11%	12%
20-99	11%	8%
100-499	4%	2%
500+	9%	1%

The majority of local retail establishments are a part of enterprises with four or fewer employees.

Exhibit B-22. Distribution of retail firms by size of enterprise, San José MSA, 2002

Source:
BBC Research and Consulting from California EDD
website:
<http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=67&SubID=138>.



⁵ U.S. Census Bureau, Statistics of U.S. Businesses: <http://www.census.gov/csd/susb/defterm.html>.

Distribution of retail employment by size of enterprise. Most retail workers are employed by firms with 500 or more employees in the overall enterprise.

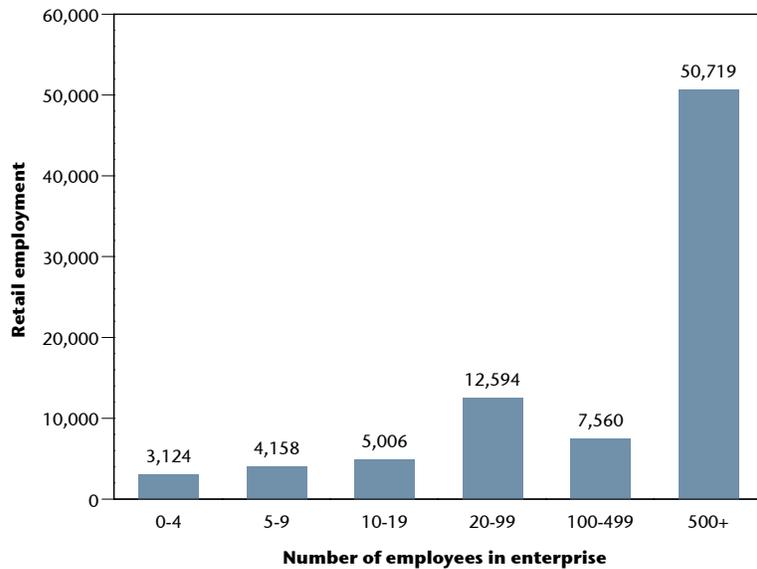
**Exhibit B-23.
Distribution of retail employment by size of enterprise, 2002**

Source:
BBC Research and Consulting from California EDD website:
<http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=67&SubID=138>.

Number of employees	San José MSA	State of California
0-4	4%	5%
5-9	5%	6%
10-19	6%	7%
20-99	15%	15%
100-499	9%	11%
500+	61%	55%

**Exhibit B-24.
Distribution of retail employment by size of enterprise, San José MSA, 2002**

Source:
BBC Research and Consulting from California EDD website:
<http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=67&SubID=138>.



Trends in business size distribution 1998 to 2004. BBC used an alternate source—the U.S. Census (CenStats) data on county business patterns—to analyze trends in the distribution of retail establishment size by type of establishment. For this analysis, we excluded the following categories: electronic shopping and mail-order houses, vending machine operators and direct-selling establishments.

Exhibit B-25 details the change in number of retail establishments from 1998 to 2004, while Exhibit B-26 analyzes the change in employment for the same period. Overall, there were 136 fewer retail establishments in 2004, a 3 percent decrease from 1998, and 392 fewer jobs, about a 0.5 percent decrease.

- Grocery stores saw an 11 percent increase in the number of establishments, but only a 2 percent increase in employment.
- Clothing stores had the opposite pattern: the number of establishments increased by 3 percent, although the stores added 2,901 jobs (45 percent). Distribution shifted from small stores to those with 20 or more employees.
- Building material and supply establishments increased 5 percent, and employment increased 19 percent. These stores shifted from mid-sized establishments to both smaller and larger stores.
- Health and personal care stores increased in number by just 1 percent, but 1,135 jobs were lost as the distribution of the largest stores shifted to establishments with 10-49 employees. Most stores in this category have 1-4 employees, and the number of smallest stores remained flat over the period.
- Lawn and garden shops became fewer, and larger, and employment increased by 21 percent.
- Specialty food, jewelry, luggage and leather goods stores saw increased employment and number of establishments. The distribution shifted from larger to smaller stores.
- Book, periodical and music businesses lost one out of five stores, and office supply, sporting good, musical instrument, electronics and appliance establishments also had substantial losses as the distribution shifted to big box stores. These stores also lost between 15 and 24 percent of jobs.

Exhibit B-25 details the change in number of retail establishments from 1998 to 2004. Overall, there were 136 fewer establishments in 2004, a 3 percent decrease.

Exhibit B-25.
Change in number of retail establishments in
Santa Clara County by type of establishment, 1998 to 2004

NAICS Category	1998	2004	Change from 1998 to 2004	Percentage change from 1998 to 2004
Grocery stores	423	470	47	11%
Specialty food stores	152	171	19	13%
Jewelry, luggage and leather goods stores	181	200	19	11%
Other general merchandise stores	50	65	15	30%
Clothing stores	501	515	14	3%
Building material and supplies dealers	253	265	12	5%
Gasoline stations	360	370	10	3%
Shoe stores	178	183	5	3%
Health and personal care stores	399	403	4	1%
Home furnishings stores	188	190	2	1%
Other miscellaneous store retailers	210	212	2	1%
Department stores	41	42	1	2%
Automobile dealers	162	160	-2	-1%
Other motor vehicle dealers	51	49	-2	-4%
Furniture stores	147	145	-2	-1%
Beer, wine and liquor stores	136	126	-10	-7%
Lawn and garden equipment/supplies stores	57	45	-12	-21%
Auto parts, accessories and tire stores	274	258	-16	-6%
Used merchandise stores	74	56	-18	-24%
Florists	111	81	-30	-27%
Office supply, stationery and gift stores	238	205	-33	-14%
Book, periodical and music stores	144	105	-39	-27%
Sporting goods/musical instrument stores	300	246	-54	-18%
Electronics and appliance stores	<u>450</u>	<u>382</u>	<u>-68</u>	<u>-15%</u>
Total	5,080	4,944	-136	-3%

Note: This table looks at the first and last figures of an annual time series of data. We excluded the following categories: electronic shopping and mail-order houses; vending machine operators; and direct selling establishments.

Source: BBC Research and Consulting from U.S. Census (CenStats): <http://censtats.census.gov/>.

Exhibit B-26 shows the change in employment from 1998 to 2004 by type of establishment. There were 392 fewer employees in 2004, a 0.5 percent decrease. Clothing stores added a 2,901 jobs (45 percent), even though the number of establishments only increased by 3 percent. Health and personal care stores lost 1,135 jobs (-17 percent), though the number of establishments increased by 1 percent.

Exhibit B-26.
Change in employment in Santa Clara
County by type of establishment, 1998 to 2004

NAICS Category	1998	2004	Change from 1998 to 2004	Percentage change from 1998 to 2004
Clothing stores	6,479	9,380	2,901	44.8%
Building material and supplies dealers	4,979	5,936	957	19.2%
Other motor vehicle dealers	501	913	412	82.2%
Grocery stores	13,827	14,083	256	1.9%
Home furnishings stores	1,999	2,231	232	11.6%
Shoe stores	1,253	1,481	228	18.2%
Lawn and garden equipment/supplies stores	497	599	102	20.5%
Jewelry, luggage and leather goods stores	904	976	72	8.0%
Specialty food stores	1,195	1,241	46	3.8%
Department stores	9,160	9,163	3	0.0%
Other miscellaneous store retailers	1,341	1,341	0	0.0%
Beer, wine, and liquor stores	376	365	-11	-2.9%
Used merchandise stores	796	698	-98	-12.3%
Other general merchandise stores	2,379	2,249	-130	-5.5%
Florists	612	424	-188	-30.7%
Gasoline stations	2,902	2,604	-298	-10.3%
Furniture stores	1,434	1,092	-342	-23.8%
Office supply, stationery and gift stores	2,259	1,900	-359	-15.9%
Automobile dealers	6,942	6,517	-425	-6.1%
Book, periodical and music stores	2,092	1,650	-442	-21.1%
Electronics and appliance stores	5,100	4,525	-575	-11.3%
Auto parts, accessories and tire stores	2,903	2,178	-725	-25.0%
Sporting goods/musical instrument stores	3,642	2,769	-873	-24.0%
Health and personal care stores	<u>6,511</u>	<u>5,376</u>	<u>-1,135</u>	<u>-17.4%</u>
Total	80,083	79,691	-392	-0.5%

Note: This table looks at the first and last figures of an annual time series of data. We excluded the following categories: electronic shopping and mail-order houses; vending machine operators; and direct selling establishments.

Source: BBC Research and Consulting from U.S. Census (CenStats): <http://censtats.census.gov/>.

Retail establishments with 20 or more employees. Grocery, clothing and health/personal care categories have the most stores with 20 or more employees, together making up almost half of these retail establishments (Exhibit B-27).

**Exhibit B-27.
Number of establishments in Santa Clara County with
20 or more employees in 2004 by type of establishment**

NAICS Category	Establishments in 2004 with 20+ employees	Percent of total	Total Establishments in 2004	Percent of total
Grocery stores	179	20.5%	470	53.9%
Health and personal care stores	112	12.8%	403	46.2%
Clothing stores	110	12.6%	515	59.1%
Automobile dealers	81	9.3%	160	18.3%
Building material and supplies dealers	53	6.1%	265	30.4%
Sporting goods/musical instrument stores	44	5.0%	246	28.2%
Department stores	40	4.6%	42	4.8%
Electronics and appliance stores	38	4.4%	382	43.8%
Home furnishings stores	32	3.7%	190	21.8%
Book, periodical, and music stores	27	3.1%	105	12.0%
Office supply, stationery and gift stores	24	2.8%	205	23.5%
Other general merchandise stores	18	2.1%	65	7.5%
Gasoline stations	17	1.9%	370	42.4%
Other miscellaneous store retailers	15	1.7%	212	24.3%
Auto parts, accessories, and tire stores	14	1.6%	258	29.6%
Other motor vehicle dealers	13	1.5%	49	5.6%
Furniture stores	12	1.4%	145	16.6%
Lawn and garden equipment/supplies stores	11	1.3%	45	5.2%
Specialty food stores	10	1.1%	171	19.6%
Shoe stores	8	0.9%	183	21.0%
Used merchandise stores	7	0.8%	56	6.4%
Jewelry, luggage and leather goods stores	3	0.3%	200	22.9%
Beer, wine, and liquor stores	2	0.2%	126	14.4%
Florists	<u>2</u>	0.2%	<u>81</u>	9.3%
Total	872		4,944	

Note: This table looks at the first and last figures of an annual time series of data. We excluded the following categories: electronic shopping and mail-order houses; vending machine operators; and direct selling establishments.

Source: BBC Research and Consulting from U.S. Census (CenStats): <http://censtats.census.gov/>.

Changes in number of establishments by size of store. Overall, the number of retail establishments decreased by 57 from 1998 to 2004. The number of stores with 1-4 employees increased, as did stores with 20-49 employees and establishments employing 250-499 (Exhibit B-28).

Exhibit B-28.
Change in number of retail establishments in Santa Clara County by size of establishment, 1998 to 2004

Number of employees per establishment	Number of retail establishments in 1998	Number of retail establishments in 2004	Change in number of establishments from 1998 to 2004	Percentage change in number of establishments from 1998 to 2004
1-4	2,114	2,217	103	5%
5-9	1,390	1,270	-120	-9%
10-19	881	813	-68	-8%
20-49	489	526	37	8%
50-99	235	219	-16	-7%
100-249	117	116	-1	-1%
250-499	16	24	8	50%
500-999	3	3	0	0%
1,000 +	<u>1</u>	<u>1</u>	<u>0</u>	0%
Total	5,246	5,189	-57	-1%

Source: BBC Research and Consulting from U.S. Census (CenStats): <http://censtats.census.gov/>.

Changes in employment by size of store. Exhibit B-29 switches data sources to analyze the employment by size of business establishment; the California EDD compiles the following data from third quarter Contribution Returns and Employment and Payroll Distribution Schedules for insured employers. Exhibit B-29 lists the change in retail employment of San José MSA workers by size of business establishment.

Exhibit B-29.

Change in employment in San José MSA by size of establishment, 2001 to 2004

Number of employees per establishment	Employment in third quarter 2001	Employment in third quarter 2004	Change in employment from 2001 to 2004	Percentage change in employment from 2001 to 2004
1-4	3,750	3,811	61	2%
5-9	7,614	7,744	130	2%
10-19	10,000	9,804	-196	-2%
20-49	17,550	16,333	-1,217	-7%
50-99	15,693	14,044	-1,649	-11%
100-249	18,694	16,554	-2,140	-11%
250-499	9,084	9,345	261	3%
500 +	<u>3,467</u>	<u>4,205</u>	<u>738</u>	21%
Total	85,852	81,840	-4,012	-5%

Source: BBC Research and Consulting from CA EDD size of business reports:
<http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=67&SubID=138>.

From 2001 to 2004, the retail sector lost 4,012 jobs. The smallest and largest establishments increased employment, but stores with between 10 and 249 employees all reported substantial losses in employment.

The largest percentage growth is seen in establishments with 500 or more employees, adding 738 jobs. The greatest percentage loss in employment (-11 percent) is found for the 100-249 employee category, with 2,140 jobs lost.

APPENDIX C.
Retailer Interviews and Focus Groups

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Retailer Interviews and Focus Groups

Introduction

BBC contracted with the San José Chamber of Commerce to complete business interviews with retail businesses in Santa Clara County. The Chamber completed 26 interviews. BBC conducted ten additional interviews (including interviews with work2future board members) for a total of 36 interviews. BBC also held five focus groups with retailers (one more than planned in the scope of services). In the interviews and focus groups, the study team asked questions about their business operations, employee characteristics and positions, recruitment practices, hiring efforts, job skills requirements, training practices, growth opportunities and other topics.

Interviews. The participating retail businesses were a mix of Chamber members and nonmembers, work2future clients and non-clients (mostly non-clients), and others generated from a Dun & Bradstreet list of retail businesses that employ over 20 workers in Santa Clara County. These businesses represented a cross-section of retail sectors and sizes of firms. All participants had locations in the work2future service area (San José, Campbell, South County area, Los Gatos, Morgan Hill, Los Altos, Saratoga or Monte Sereno).

BBC provided a business interview guide and training to the San José Chamber of Commerce interviewers, and reviewed interview reports. Most of the Chamber's and BBC's interviews were conducted by phone. The interviews averaged 15 to 30 minutes in length. Results of the interviews are generally representative of the retail industry in Santa Clara County, however firms were not randomly selected.

Focus groups. Focus groups completed by BBC were two hours in length. Retailers were primarily recruited from a random Dun & Bradstreet list of retail businesses that employ more than 20 workers in Santa Clara County. The Chamber recruited participants for four of the groups and the manager of the Gilroy Outlet Stores recruited participants for one group. BBC provided lunch or breakfast for focus group participants. BBC held three groups at the San José Chamber meeting rooms, one group at the Gilroy One-Stop and one group at Erik's Deli at the Gilroy Outlet Stores.

Business Demographics

Types of business activity. The participating businesses sell a wide variety of retail goods, including:

- Clothing and jewelry;
- Electronics;
- Music and video products;
- Novelties;
- Nursery goods
- Pet supplies;
- Cars and automotive parts;
- Office solutions;
- Pharmacy and food items;
- Hardware; and
- Furniture, home improvement and building accessories.

A few businesses combined retail operations with services. For example, an interior plant design firm sold live products and follow-up maintenance. Another retailer offered veterinary services at their retail pet store. Some sold retail food items and accessories along with serving coffee, tea or ice cream.

Ownership and business locations. Retailers in this study included locally-owned firms with a single location, locally-owned firms with two or more locations and national corporations (each with headquarters outside the county).

Business size by employee count. The participating retail businesses included large firms (e.g., department stores and “big box” employers) and medium-sized employers. Large firms employed more than 100 people in one or more locations. Medium-sized firms included businesses with 20 to 100 employees in one or more locations. Some firms with multiple locations had as few as seven employees per location. Others averaged 100 to 300 employees in each branch store, and could employ nearly 2,000 people in the county. Each had at least one store in Santa Clara County.

Employee Profile

Age. Retail businesses participating in this study hire employees of all ages. Many workers are as young as 16 and some as old as 70. For example, two large employers hire teens starting at 16 (if working papers are in order). These businesses make provisions for limited hours to comply with labor laws. A few retailers rely on “moms” re-entering the workforce. Others recruit retirees.

Wide range. Many of the study participants said that their firms are staffed with employees spanning many age groups. A linens store employed people ranging from 17 to 70. Another retailer has employees from 21-years-old to 70. One medium-sized employer in the Valley said, *We hire lots of working moms and students with ages ranging from 18 to 60.*

Homogeneity. Only a few firms were hired from narrow age groups. Those selling age-specific merchandise were more likely to hire staff within certain age groups. For example, a national “boarder” store selling teen clothing and skateboard accessories said that their “ideal new hire” is 16- to 17-years-old. The same retailer’s management team and district managers average ages in the early 20s to “30ish.”

Evolving profiles. Some retailers see changes in the age profile of their workers, as their product appeal changes. A medium-sized Valley clothing retailer said that their staff is getting younger *as their product line has begun to appeal to the younger crowd.*

- *Our workforce is getting older (veterans), we’re trying to recruit some younger people. It’s hard, because we work weekends.*
- *We’re looking for younger employees, our image is changing.*

Gender split. In general, retail is neither a female- nor male-dominant industry. Both medium-sized and large businesses hire males and females. However, some businesses may have, by default, more employees of one gender. Very few have gender-specific hiring practices.

- **50/50.** Most participating retailers hire both male and female workers, many equally split. However, by default, a few businesses, have unequal splits.
- **Female dominant.** Retailers relying on moms re-entering the workforce may have workforce that is two-thirds female. One retail nursery owner said that they have more women than men, since few people stay if they are their family’s primary bread winner. His business relies on part-time employees — often women re-entering the workforce, who are not their households’ “primary source of income.”
- **Male dominant.** Some businesses have more male employees, or more male employees in higher-level positions. For example, a motorcycle parts and accessories business is three-quarters male employees. Another retailer in the hardware business said that his business’ sales staff is 85 percent male, while cashiers are mostly *high school girls and a couple of 50-year-old women.*
- **Single gender.** Only a few participating retailers show a preference for either all-male or all-female staff. An interior plant retailer said that she offers opportunities to “unskilled mid-life” moms returning to the workforce. Women’s clothing retailers may have entirely female staffs.

Racial or ethnic. Ethnic profiles of workers in retail businesses are diverse. Many retailers hire minorities: Latinos, African Americans, Vietnamese, Philipinos, Middle Easterners, and Chinese are among some mentioned.

Diversity. A large-national specialty-food retailer indicated that their *[racial/ethnic] profile is more diverse here [Santa Clara County] than anywhere else in the country.* A retail flooring supply company noticed that the demographic profile has changed in Santa Clara County in such a way that *previously, it was challenging to hire a diverse staff, now it would be challenging not to hire a diverse staff.* A large sports chain agrees that hiring a diverse population is not an issue in Santa Clara County. Instead, *it's other parts of the country where it's a struggle to obtain a diverse workforce.*

Reflection of neighborhood demographics. An electronics retailer said that his staff *runs the gamut and mirrors the surrounding [Santa Clara County] community.* The philosophy of this company and many other retailers is to attract workers from the immediate community to keep the company worker profiles in tune with neighborhood demographics. A large retailer also said that its stores' staff generally reflect neighborhood demographics. For example, its stores in mostly Hispanic neighborhoods have mostly Hispanic employees. For many retailers, only stores in high-income neighborhoods draw employees from outside the immediate community.

Response to ethnic clientele. In Santa Clara County, many retailers cater to ethnic clientele. Some of these businesses hire only employees of the same ethnicity as their customers, or people who speak the language of choice. For example, a grocery retailer catering to Latino customers hires only Spanish-speaking (often mono-lingual) Hispanics.

Physical ability. Some businesses interviewed spoke about having outreach programs designed to be inclusive of people with physical and learning disabilities. A large national retailer has "job coaches" to assist people with disabilities. A retail nursery operation with multiple locations actively promotes hiring of individuals with disabilities.

Some retailers make fewer accommodations. One large sports retailer hires people with "physical ability" to work at a store with "reasonable accommodations."

Recruiting Practices

Recruiting practices range from word-of-mouth referrals, more common to medium-sized employers, to mass hiring and referral-incentive programs, more common to large employers.

Medium-sized business strategies. Few in this size group find recruiting to be a challenge, since they often rely on applicants who "find" them. However, some specialty retailers (especially some Gilroy outlet stores) reported that they did not get enough job applicants.

Word of mouth and walk-ins. Many medium-sized retailers rely on "word of mouth" and "walk-ins" to fill positions. A few post help-wanted ads in store windows to encourage walk-in traffic.

- *Word of mouth is now and has always been the best source.*
- *Recruiting is easy, they walk in the door!*
- *We have a number of walk-in applicants, which makes it easy to fill positions.*
- *Some of my good ones [walk-ins] will hunt me down!*

- *We recruit 20 to 30 people per year by putting a 'help wanted' sign in the window.*
- *Basically, I post a sign.*

Informal referral network. Medium-sized retailers talk to other employees, people in the industry and community neighbors to recruit a good employee.

- *We rely on employee referrals.*
- *We hire from a church group with good kids ... they only refer other kids who won't give them a bad rap.*
- *We talk to other people in the industry to see if anyone is looking.*
- *We ask around the community, so we get people who set a good example in the community.*

Cherry picking. Some medium-sized employers “steal” qualified workers from their competitors. Offering higher salaries and benefits, a single-location (medium-sized) specialty store “watched and stole” employees trained by a larger national competitor. Another retailer “cherry picks” employees from its competitors.

- *We steal employees from our competitor, once they are trained. We pay more.*
- *We recruit by meeting people in other retail establishments and recruit them away.*
- *I've been known to go into stores and recruit people I think are good. I cherry pick.*
- *We'll visit competitors to recruit away good employees.*

Media advertising. Establishments of medium size sometimes place help wanted ads in newspapers, but find them less than reliable. Many applicants they recruit from newspapers are not the quality of worker they hope to hire. Some medium-sized retailers successfully use websites such as craigslist.

- *On rare occasions, we'll place a newspaper ad.*
- *Newspaper has proven to be unfruitful, it is costly and does not yield results.*
- *Sometimes we advertise on craigslist.*
- *We get a tremendous response from craigslist.*

Large business strategies. Larger, national firms have more sophisticated recruitment practices. Some use hiring kiosks, websites, job fairs and mass hiring organizations to help them fill positions. Others sponsor college recruitment programs and summer internships.

Websites. On-line applications serve as a way for large retailers to compile large volumes of job applications.

For some businesses a website is an employee's first step in the recruitment process. As a first-step recruiting and screening process, web applications may be followed by group screenings, role playing activities and one-on-one interviews. Many large retailers use corporate-operated websites, because *they do extremely well in recruiting and pre-screening employees.*

In-store signage. Signage placed strategically throughout stores is the primary recruiting strategy of some large employers. One retail giant says, *The number one source of recruiting is in-store signage.*

In-store kiosks. Some larger organizations have in-store kiosks where applicants can fill out applications. However, relying on walk-ins does not always generate enough applicants to fill positions in larger organizations. Some say kiosks are also an effective pre-screening tool, since they require keyboarding and computer-navigation skills.

Media advertising. For many larger firms, newspaper advertising is not a productive means of announcing openings, since it does not generate an adequate volume of applicants. Instead, some large organizations rely on advertising with craigslist, Monster.com, Hotjobs.com, Allretail.net. Others rely on radio and movie theater ads.

Referral incentives. Some large retailers may provide cash incentives to employees who recruit other employees. One gives their employees incentives of \$25 (per staff hire) to \$1,000 (per executive hire) for referring new hires. They believe that recruiting through existing employees obtains a better quality new hire who is more likely to stay.

Store closings and transfers. Larger employers often hunt for recruits from similar stores at the closing. For example, a big-box retailer approached a closing grocery store for management-level supervisors.

Mass hiring. With ten hired out of 75 to 100 people interviewed, one large retailer said that hiring can be a challenge. This organizations turns to partners such as work2future, Career Advancement, Work Net, Job Corps and others for mass hiring and other assistance. (Very few medium-sized firms interviewed were aware of organizations offering recruitment assistance, or wanted their assistance.)

Community outreach. Some large organizations recruit by having designated community resource-development personnel outreach to local neighborhoods. These types of positions help the retailers recruit from new hires from local communities.

College recruiting programs. A few large retailers partner with colleges to offer students summer internships and retail training. Providing internships and training opportunities before graduation helps prepare students with soft skills before entering retailing management upon graduation.

Specialty-business strategies. Specialty stores have an easier time recruiting employees, since many of their recruits are generated from their customer base. Specialty businesses may have a hiring wait list of up to three years.

Customer base. A medium-sized guitar store has its customer base as its employee pool. Many semi-professional musicians wait in line to fill jobs. The company may hire only one or two employees a year and can pick from a backlog of resumes. BBC found similar situations for book stores, specialty food stores, camera stores and others.

- *The job applicant usually makes the first contact as a customer.*
- *Our customers become our employees.*
- *Your best employees are your best customers.*

Some large specialty employers also find recruiting to be easy. A large teen-oriented store said that *the job applicant makes the first move as a walk in ... we get [and stockpile] 40 to 50 applicants a day!* This store's employee pool originates from a customer base of interested skateboarders *who wear the lifestyle.* Others have good success with websites and kiosks.

Competitor referrals. Competing businesses may share referrals with other retailers. A large live-product retailer said that he passes on applicants or employee names when they might be a better fit for another company.

Cherry picking. Some retailers in specialty industries make an effort to keep informed of qualified employees at competitor operations. These "cherry pickers" may offer more attractive salaries or better benefits to employees at competing organizations.

Hiring Considerations

Full-time versus part-time employees. The participating retailers (regardless of size) were nearly equally split between mostly part-time and mostly full-time employees. Some hired temporary help during peak seasons, such as holidays, back-to-school days and summer.

Part-time employees may work a few hours to over 30 hours per week. Many retailers that rely on part-time employees hire high schoolers, high school graduates or college students to fill their positions. A retailer selling coffee and tea hires mostly English-proficient high school graduates or college students. Many of their employees stay with the company after college graduation working "up the ladder" to management positions.

Others recruit hires from a pool of people re-entering the workforce after becoming empty-nesters or retiring. One large clothing and accessories retailer has great success with retirees, since they fill many support positions, coming in at 6 am and finishing by 10 am. Other retailers hire "second income" hires who need to supplement finances to keep up with the Silicon Valley's high cost of living.

Many retail businesses earn most of their revenues during peak seasons. These firms hire temporary personnel to accommodate increased customer traffic. For example, a retail nursery selling seasonal live goods nearly doubles its staff in the summer months. A medium-sized party supply store needs extra help at Halloween, Easter and during winter holiday seasons. Many larger stores make seasonal hires beginning in October for the holiday season.

Education requirements. Medium-sized and large retailers usually have minimal educational requirements for new hires.

- *I never asked anyone what their education was.*
- *[Their grades and education] are only an [interview] tool to me.*
- *I don't look at education at all. I look at what they've done in the past ... that tells me what they like to do.*

Advancement. Many retail businesses rely heavily on promoting from within their company. Employees starting with high school diplomas can be promoted in both medium- and large-sized organizations.

Returning graduates. Those who leave retail to complete college degrees may return for higher-level management or accounting positions. However, leaving a sales position to complete a college degree often limits an employee's chances for advancement. Many college graduates are passed over for in-store management positions being filled by people with continuous retail employment.

A national clothing-and-accessories store manager said that employees leaving for higher education outgrow in-store floor positions. He said, *They're a better fit for home office accounting positions.* In many cases, these types of positions are limited.

Trends in the Valley. Some retailers see an evolution to higher education levels (in Santa Clara County) since the high-tech bubble burst in the Silicon Valley. They say the "burst" freed up educated workforce for the retail job market.

- *In the peak boom, it was hard to recruit people into retail. There were too many high paying nine-to-five jobs. This has somewhat changed.*
- *People who once worked in high-tech Silicon Valley corporations are now filling positions in retail stores.*
- *Hiring is most difficult in boom times ... we're hiring post-boom employees who would have worked as high-tech assemblers in the boom.*

Job skills. Interviewees (both medium- and large-sized retailers) often hired workers with little or no retail experience. Many feel that internal training is more important than having previous retail or management experience. An ice cream retailer said that he never hires people with experience. *A clean slate in retail is key — people do not have to unlearn bad habits.*

Soft skills. When skills requirements were mentioned they were most often "soft skills." Similar skills were highlighted by medium-sized and large employers. They include:

- Common sense;
- Image in line with company character;

- Positive attitude and high energy;
- Punctuality and good work ethic;
- Inter-personal skill; and
- Personality and ability to communicate with people.

Most employers strongly stated that soft skills are the key skill set they look for in a new hire.

- *People skills are the most important: friendly, outgoing, positive attitude.*
- *The top skills, and this includes those needed for promotion, are honesty, reliability and willingness to learn.*
- *What we need are people who can look you in the eye and give an honest answer. We need honesty, reliability ... we want them to buy into the company.*
- *Comfort level ... soft skills are very, very important.*
- *'Availability' is huge.*
- *We need employees who understand the importance of showing up for work. Absenteeism is the primary reason employees are terminated.*
- *Soft skills are most important, mostly anything [else] can be taught.*
- *Basic things [are needed] ... you're scheduled, you have to come to work.*

Having solid employees who take pride in their jobs is a hot button issue for many of the retail managers and owners participating in this study. They want employees who care about the company. Owners and managers of smaller retail businesses have an especially hard time understanding and accepting employees lacking these characteristics.

Hard skills. Most employer participants prefer to do their own retail and “hard skills” training. However, for some employers, hiring employees with an ability to navigate a cash register or computer is a plus. Others preferred to do their own register and computer training.

- *Everyone can be trained on the hard skills.*
- *We'll teach you retail! We do all training in-house.*
- *We can teach them the other stuff: how to merchandize, run registers ...*
- *There is in-house training for the technical skills they need.*
- *We train in the classroom, 4 hours on the cash register and with mentoring.*

Formal education. Some education-related skills were common (medium- and large-business) needs.

- Literacy and elementary writing;
- Basic math knowledge;
- Computer ability;
- English fluency (but not always); and
- Bilingual proficiency (but not always).

Having basic writing and math skills was also a hot button issue for retail managers and owners. Many retail jobs require simple math skills, or the ability to communicate in writing (including proper spelling). Basic computer skills are necessary to submit an application for larger retailers that use websites or kiosks.

Language skills. Many large retailers require English proficiency for employees (other than stock room attendants). Only a few hire people without English proficiency for positions that have customer contact.

Specialized skill sets. A few participating retail businesses had specialized skills requirements. Specialty stores, including those retailing musical instruments, automotive parts, building supplies and wine, require a basic knowledge of the field. However, in these businesses, many hires are self-taught amateur or semi-professional enthusiasts who start with a strong knowledge of the field even without formal training.

Proficiency-screening. Potential hires are put through a variety of tests, particularly by large employers recruiting in volume. Medium-sized employers may also apply some formalized informal testing techniques.

Group role playing. One major employer assesses interactive behavior and interpersonal communication abilities through organized group-role-playing activities.

Math, reasoning and reading comprehension. Retailers often test math and reasoning skills, and reading comprehension using a standardized written test.

- *All employees are tested for math and reasoning skills. They are judged on how they reason, rather than how many correct answers.*
- *We test everyone for basic reading comprehension and understanding of instructions.*

English proficiency. Some large employers require English proficiency for nearly all of their employees (with the exception of overnight stockers). Many consider communication with customers and other employees to be a key part of their business success. Some cite safety as another reason employees must be English proficient.

Ethics. One tests ethics with questions such as “is it okay to take a little money from the cash register?” Apparently, some job applicants think this is allowable. Answers to these types of questions screen out some potential hires.

Informal screening. Some medium-sized employers simply screen an applicant’s spelling and ability to follow instructions through written application responses.

- *When they [job applicants] fill out the application, and spell and fill out everything correctly, they’re hired! If they can’t spell, I can’t hire them.*

Background checks. Some retailers check references to evaluate employee reliability. Others do background checks on potential new hires to screen for felony convictions and bad credit. Some do drug tests. One big-box employer reviews validity of social security numbers, screens for felonies (drug and theft convictions) and for executives, credit liability.

- *References that won’t give any other comment tell you something.*
- *We check drivers’ licenses ... if something [questionable] shows up there, we know there’s something deeper.*
- *Absolutely, we do background checks — financials, credit, felonies will show up.*

Starting Compensation

Starting compensation is generally low. Entry-level workers start at hourly pay just above minimum wage. Starting wages may be \$8.00 per hour. Some employees are eligible to receive benefits. However, a large portion of retail employees (e.g., part-timers and temps) almost never receive a benefit package.

A few establishments pay higher starting wages to encourage applications from individuals looking for long-term careers. These retailers may start entry-level sales employees at \$11.00 per hour (a wage comparable to some management-level salaries). Some firms that pay higher entry-level wages say that a higher-starting salary buys “loyalty” and reduces turnover.

Employee Training

Employee training varies from “hands-on,” informal or nonexistent to very structured. Comments typical of smaller retailers include:

- *In retail you don’t hire someone until you need them, and then we throw them in. We do on-the-job training.*
- *When I do training it’s more story based. I’ll see you doing something and tell you a story.*
- *People in the community watch and train my employees.*
- *Training? They [employees] are expected to be able to do things or they are out!*

Others rely on manufacturer product training, certifications or specialty training to train employees about certain products. Employees selling specialty goods may be trained in “getting to know their product,” and sales or commission sales strategies.

- *We have training that’s provided by manufacturers and rep firms.*
- *Training is dependent on the role ... fish and bird specialists get special training.*
- *There are training certifications for specialized goods, including shoes and fine jewelry.*

Many large retailers implement training programs for all new hires. Programs typically include:

- Classroom instruction;
- Cash register and computer training;
- Mentoring, ‘buddying’ or shadowing; and
- Role playing activities.

Large retailers often devote about 30 hours to initial formal training.

- *[The store provides] 20 to 30 hours for entry-level positions and a month for managers ... including videos, in-person and ‘show-times.’*
- *A new sales associate has three to four hours of orientation (customer service) ... two days computer-based training modules ... an assigned buddy sales associate on the sales floor.*
- *New hires receive 30 hours of paid training before working independently.*
- *We have a formalized training checklist that covers all the tangibles (cash register, lab and inventory training).*

Training is almost always provided by internal staff. Exceptions are product training from manufacturers or sales coaching from outside sales trainers. For some retailers, sales training is the only externally provided training worth paying for.

Job Growth Opportunities

Skills needed to advance within a retail organization may include:

- Leadership qualities;
- Commitment;
- Exceptional people skills;
- Comfort with customer service;

- Good analytical and problem-solving abilities; and
- Advanced sales technique (especially in commissioned sales).

Very few retail firms have no-growth or dead-end positions because lower-paying jobs such as cashiers and sales positions can be stepping stones to first-line supervisor positions. Both medium-sized and large retailer participants spoke of lateral and upward job growth to motivate employees and reduce turnover.

Growth ladders. The retail industry has at least three job-growth ladders: an advance from part-time to full-time positions, management track and commission sales. Both medium- and large-sized retailers can provide these growth opportunities; however, opportunities for vertical movement may be greater in larger organizations.

Advance to full-time positions. One way for an employee to advance is to move from a part-time position to a full-time position. Some retailers offer full-time positions to an employee only after they prove themselves in a part-time setting. Full-time positions offer benefits and a chance for higher pay down the road.

Management track. Retail employees who show initiative can get on a job-growth track from sales to supervisor positions. A salesperson can step up the ladder to management in as little as six months.

Commission sales. An alternate job-growth track in retail is commissioned sales. Commission sales employees in the Valley are guaranteed minimum incomes with a chance for much higher salaries. Some incomes as lucrative as \$80,000 to \$100,000. Commission sales opportunities are best for self-motivated individuals who enjoy selling. The best commission-sales personnel develop and service their own repeat customer base. They often make more money than their managers.

Management track. Management career programs range from very informal performance-based to structured programs.

Informal programs. Many medium-sized employers have informal promotion programs. Employees can move up if they demonstrate a strong work ethic. Performance assessments consider attitude, reliability and a “go-the-extra mile” mentality.

A national camera outlet emphasized, *There are always opportunities for advancement within the organization, either to a higher volume sales position or into management level.*

Some retailers attribute their companies’ success to active job growth opportunities. A kitchen appliance retailer said that hiring employees for deliveries with intent on promoting them to higher-paying positions *is why he has long-term tenure with sales staff in their 60s.*

A few retailers interviewed minimize job classifications by expecting teamwork. One specialty retailer said that *everyone does everything — someone may be sweeping at one point and guest services at another.* This philosophy helps each employee acquire the decision-making skills needed to advance within the firm. Another retail establishment trains *anyone to do anything — everyone sells.* His goal is to make each employee capable of lateral and vertical moves within the firm.

Formal programs. Large retailers may implement some of the same informal practices as the medium-sized firms, and some more formalized programs.

One large retail employer has an “Associate to Manager” program that trains associates for higher-level management positions. This four- to six-month program (with classes one day per week) nominates, assesses eligibility and trains sales associates for management positions. Selection for this program is selective, since those who finish the program graduate to directing people their own age.

- *It's [the program] a big step to becoming a manager, since sales associates come with little or no management training.*
- *Often a young person in a group sales management position is managing people his or her own age.*

Some participating firms promote individuals by moving them to other stores or newly-opened locations.

A men's clothing retailer said that *sometimes a promotion means moving to another store*. Another large retailer follows a different management model. Instead of moving people “back and forth” between stores and regional headquarters, staff are given the flexibility to choose one over the other. In some cases, employees prefer to stay at the home store to avoid moves or greater travel times to regional headquarters.

Employee Retention

Many retailers make an attempt to reduce turnover and retain employees they have hired. Creative retention strategies differ from company-to-company. Strategies may include:

Higher start salaries. A few firms start their entry-level employees at salaries higher than expected in the retail industry. At \$11.00 per hour starting salaries, a specialty food store hires individuals with a “passion for what they do” and a desire to grow with the organization.

For many retailers who have lower pay rates, the risk of having employees move to other retail establishments (for compensation as little as 25 cents more per hour) is high. A large retailer paying a little over \$8.00 per hour said it regularly *loses quality employees to upper-end retailers that offer better starting salaries and benefits*.

When Employees Leave

People who leave positions with retail organizations are sometimes students going to college or high school or college graduates moving on to “career jobs.” Others move on to office or management positions.

Many retailers indicate that retail training develops multi-task skills applicable to any industry. A large retailer participant said that those who leave her establishment leave with an ability *to juggle twelve things at once with a smile on their face!*

- *People in sales learn to show up on time and be good employees.*
- *They learn customer service, negotiating skills and people skills that can be used in any career.*
- *Customer service is applicable in any industry, sales, management ...*
- *Those who want to be entrepreneurs, need work experience before they open their doors. [They get it in retail sales.]*
- *Employees gain confidence, work experience, multi-tasking.*

Some employees who leave to obtain college degrees, make an attempt to return to retail. For some retailers, there is a bias against the re-hire, since they may be seen as having outgrown the store. These individuals are encouraged to apply to corporate management or accounting positions, which may be far and few between.

Future Challenges

Retailers predict that the future will bring some of the same challenges they already face today. Participants see low-quality applicants, more demanding employees and a decline in retail as a career.

Reduced availability of high-quality employees. Many retailer participants complain about the quality of employees they are able to afford and hire. Some participants predict an even larger shortage of qualified workers on the horizon.

- *The people who are looking for jobs are not the ones you want to hire.*
- *The new people don't want to learn. They are basically interested in 'where's the party!'*
- *This valley has two [employee] segments ... the super achievers are the best in the world and the rest are the worst in the world! You have to deal with a very low quality of people.*

Some smaller retailers say that their businesses are facing competition from large chains snatching up the best employees. Many employees, once hired, keep looking for a “better place to work.”

- *Because we compete with the chains, it's really difficult to get the appropriate help.*
- *It's more difficult to find the ideal candidate due to easier retail jobs. [Working at a retail nursery] is less glamorous than working at a mall.*
- *Employees who come on board are always looking for a better position.*

Greater demand for flexible hours and competitive salaries. Many retail participants see increasing demand for flexible hours and competitive salaries (that keep up with the Valley's high cost of living). A large retailer finds that many employees are unsatisfied with evening, weekend and holiday hours when their friends work nine to five.

- *Employees are often students ... when their schedules change they often need to find new employment.*
- *Certainly, salary requirements and cost of living are much different [higher] here than in other regions.*
- *A big challenge with the available workforce is making people understand the importance of showing up to work.*
- *Our biggest challenge is to accommodate schedules, because the majority is students who leave for class, prom night*

Non-management positions in the retail industry are historically low-paying. A big challenge for both large and medium-sized retailers is being able to pay attractive salaries to recruit and retain employees.

A coffee retailer sees a trend developing: *retail employees are looking for more money, more flexibility and more pay to keep them satisfied.* He predicts that *companies will have to do more in touch with the needs of the available workforce in order to stay relevant and prosper.*

During the typical employee interview, retail employers say they hear the same questions:

- *How much is the hourly rate?*
- *When's the pay day?*
- *Do I get weekends off?*

Some Valley employers supplement pay with sales commissions.

- *All sales positions are commissioned ... the necessary skill to progress is self motivation!*
- *Some see others making \$75,000 [on commission] and can't figure out why they are still making low pay.*

Decline in image of retail industry as a career. Consistent with long-term national change in the employer-employee relationship, retail employee commitment to developing a career with one firm is changing. Many retailers believe that the retail industry is facing image problems making individuals less serious about looking to retail for a long-term career.

Some retailer participants face the challenge of "it's just a job mentality."

- *They don't see it [retail] as a career! Retail has gotten a bad image.*

- *There is a need to sell retail as a career ... we need to make retail a more positive choice.*
- *With the Internet the more an item becomes commoditized the less you need sales people. When you actually have to sell something, you can't find that person who wants to learn the skills.*
- *[The challenge is] to find knowledgeable people who want to make a career of their jobs!*

Perceived Differences in Job Applicants

Retail businesses say they would benefit from employees who are better equipped (in appearance, work ethic, communications, and some job-specific skills) to join the workforce. One employer said, *[We see] lots of good people who don't present well!*

Appearance. Employers appreciate a job applicant who makes an effort to make a good first impression. For many employers, job applicants are missing “how-to” business etiquette training.

- How to dress (e.g., neat, business-appropriate attire);
- What not to wear (e.g., earrings for men, low-slung pants, flip flops, dirty clothes); and
- How to groom (e.g., bathe, wash and style hair, hide tattoos).

Work ethic. Employers look for applicants with a well-developed “work ethic.” They want employees to “own their work.” Businesses benefit from job applicants with:

- Excellent “people skills”;
- High energy and good attitude;
- Passion for work; and
- Commitment to the job (show up, and arrive and leave on schedule).

Communication. Retailers need workers with good communication skills. Many applicants misspell words on written applications or cannot follow simple instructions. Others fail tests for writing fluency, reading comprehension, English proficiency, and basic math skills (e.g., simple computation and fractions). Potential employers need able employees with:

- Competent spelling;
- Ability to follow instructions;

- Writing and reading fluency;
- Comfort with the English language (sometimes, not always); and
- Elementary math ability (sixth grade or higher).

Job-specific skills. Few retailers expect employees to have “hard-skills” training at entry level. However, for some employers, job applicants might benefit from:

- Introduction to retail careers;
- Cash register training;
- Computer competency; or
- Specialized expertise (e.g., driver training for delivery personnel).

Retailer Awareness and Perceptions of Training Opportunities

A number of programs are available to retail job seekers and employers throughout Silicon Valley; however, there is limited awareness of these options.

Knowledge of provider programs. A few large retailers know of provider programs that offer job-preparedness, job-training assistance and job-recruiting opportunities.

- *I've heard of classes that help people fill out applications.*
- *We've worked with SVWIN in the past.*
- *We've done job fairs. We're pleasantly surprised at the quality of candidates we see through job fairs.*

Others assume there are no services in their area. Some think available services are not tailored to meet their needs or the needs of the retail industry.

- *We have those [provider programs] in Gilroy?*
- *I paid for a Saturday class for my new employees. It focused on how to deal with problem customers, but that's not how you focus your day! You focus on eliminating problem customers by giving the best customer service.*
- *I've been to One Stop and I've talked to them. They aren't attracting people who want to come into retail. They're attracting people who need jobs!*

National Federation of Retailers Certification (NRF). Few of the medium- or large-sized retailers knew about the NRF certification program.

- *I don't know about it!*
- *I didn't know they had this here.*
- *What's it [NRF certification] about?*

Positive response. Some thought they would give consideration to applicants having NRF certification because it shows a commitment to retail and a willingness to learn.

- *I would look at it [NRF certification] if they explained it to me.*
- *New training, new ideas out there always impresses me!*
- *I'm interested for both reasons [commitment and willingness to learn].*

Negative response. Others question the value of NRF certification.

- *I would want to go through the program to see if it would mean anything.*
- *Right now, we don't care. The people hiring are not educated on what that [NRF certification] means.*

State- or federally-funded retailer-assistance programs. Retailers had a mixed response to subsidized programs. Some large retailers had experience with employer-assistance programs.

- *We used to have the Target Job tax credit when I worked for Payless and that was a valuable part of bringing on new people. It got lots of dollars into commerce.*
- *My company, they did something like this a while ago. They cut it off and went to in-house [recruiting and training].*
- *We use Kelly Services ... this would be the same thing.*

Some medium- and large-sized employers were interested in subsidized training opportunities. Others liked the opportunity to exchange new ideas.

- *Right now I have students as part-timers, should they not stay with me, I'd use them [subsidized recruitment programs] in the future. Our company has already said, 'If you have a program ...let us know about it, we're open to it.'*
- *My guidelines in my store would fit very easily into a large retail program.*
- *Anything that would help keep our current employees and bring in new!*

Some providers feel subsidized programs would not help their business. Some fear extra paperwork, hidden training costs or change.

- *I would assume they would have some sort of forms and some sort of guidelines. All federal programs do!*
- *It would cost money. If someone wants to better themselves they should go back and do it. It's not the employers' responsibility.*
- *We're happy with our own training. Maybe we'd consider a pilot program.*
- *Honestly, I don't feel too comfortable with it. I just feel comfortable with what I'm doing now.*

APPENDIX D.
Provider Focus Group

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Provider Focus Group

Introduction

BBC conducted a focus group with providers in Santa Clara County who offer training to people seeking employment in the retail industry. The service providers were asked to discuss their perceptions of the aspects of retail industry including:

- Career paths;
- Employee training opportunities;
- Employee retention; and
- Implications for work2future.

The focus group completed by BBC was two hours in length with seven participants. The participating service providers included representatives from Silicon Valley charities, educational institutions, and employment, career development and job-training programs. Each participant had first-hand experience with training for the retail industry.

BBC held the focus group at the San José Chamber of Commerce. A light lunch was provided for participants. BBC recruited the group from a list of local retail service providers.

Clients Served

The retail service providers assist people ranging from first-time workers to retirees re-entering the workforce. Some agencies outreach to non-English speakers, migrant workers and recent immigrants. Many providers assist people with less than high school educations.

Demographics. The providers serve non-English speakers, recent immigrants with little or no formal education, unprepared job applicants, retirees, incumbent workers with retail experience looking for ways to refine skills and advance in the industry, individuals laid off from other industries and other job seekers.

- *We take people of all levels, non-English speakers, no diploma ...*
- *Our clients are recent immigrants ... most from Africa.*
- *Many don't have a lot of education, work history. They lack in technical skills.*
- *We serve retired folks, people getting back to work because they need to supplement retirement.*
- *We see incumbent workers keeping job skills up to move up the [retail] ladder.*

- *Some are high-tech workers between jobs!*
- *Most of us are in the business of helping people who are unemployed, unable to find a job.*

Career stage. Some program participants are “first job” seekers. Others want to escape a dead-end job in a dying industry. For many individuals, moving to retail is a good place to jump-start a career.

- *For new arrivals, it's[retail] a great opportunity to get a first position!*
- *A lot of our students get early work experience in retail.*
- *[Retail] sounds really good to an unemployed engineer ... it becomes a survival job, maybe even a new career!*
- *Some employers are open to taking those in dying industries with a background in management. It can be a real win!*

Services Offered

Service providers in the Silicon Valley offer networking, training and counseling assistance to prepare job applicants to enter the retail industry. By developing relationships with interested employers, the providers help program participants plan their careers and search for a job that supports long-term career goals.

Types of services. Retail service providers offer a number of services:

- Liaison with potential employers;
- Pre-screening of employees;
- Pre-testing of math and reading skills;
- Soft skills training (sometimes including English language instruction);
- Limited hard skills training (including keyboarding and cash register navigation);
- Career and job-search counseling;
- Networking;
- National Retail Federation (NRF) certification;
- Job placement;
- Mediation between employers and employees; and
- Follow-up occupational counseling.

How services are delivered. Silicon Valley provider services can benefit workers in a number of different ways. Many providers tailor programs to meet time constraints. Others provide free or affordable options for enrolling in classes and training seminars.

Length of training. Retail training programs range from one-day customer service seminars to six-month training programs, some ending in NRF certification. A few are work-study programs.

- *We offer one-day, 40-hour and 4-month sessions.*
- *Our programs are long term — 6 months!*
- *Our students are required to work first — twenty hours per week, and go to school second — twelve hours per week.*

Affordable programs. Some providers offer free training programs. Others provide a number of price and program options: one-day, 40-hour and four- to six-month programs. One-day seminars can provide quick training for individuals unable to sustain themselves financially during longer programs. Participants in accredited programs are eligible to receive financial aid.

- *All of our services are free!*
- *Our one-day seminars are the most often used because workers need to work to sustain themselves.*
- *We're an accredited institution certified for financial aid. Many of our students use loans to cover tuition.*

Career Planning

Most providers deliver career planning along with job placement to encourage long-term employment stability. Retail jobs are often the first stepping stone in program participants' careers.

Career potential. Most programs emphasize career development, as opposed to just “getting a job.” The providers help people map out career paths that best fit their skills, personality and long-term objectives.

- *Anyone can walk off the street and get a job, so we don't focus on jobs. We focus on careers ... with career goals we can take the levels higher.*
- *Our students are encouraged to set goals and objectives!*
- *All of our clients do a written career plan!*
- *We use peer counselors tied to a specific career plan.*

Retail jobs. Providers recognize that many retail employers have difficulty filling positions. Turnover is high and retail openings are plentiful. Consequently, the retail industry is an easy place for a new or re-entering worker to obtain a job.

- *Turnover in retail is not all bad ... it means a steady stream of jobs.*
- *A chance in retail boosts self image and self worth. It's a fantastic starting point!*
- *Retail helps with motivation. In a short period of time in retail, they [unskilled workers] completely change!*
- *It's a good entry-level job not requiring a lot of training beyond working a cash register.*

Many workers begin their careers in the retail industry. For an applicant with few skills, a retail position is often their first job.

- *We can work on their[new immigrants'] soft skills and get them into retail!*
- *For new arrivals, it's a great opportunity to get an entry level position. A good way to get self-sufficient and support the family in a short period of time.*
- *[Retail] it's something that can be done right now! They're shocked that they can find a future.*

Providers often see retail jobs leading to accelerated job growth opportunities, because advancement is based on performance. A hard worker can advance rapidly. Many also recognize that retail positions teach an employee transferable skills.

- *Retail rewards attitude, strong work ethic, interpersonal skills and a desire to grow.*
- *Retail really grounds a person to continue in other employment. That grounded work in retail will help them [succeed].*
- *Build a career within retail and use the skills outside ... [retail skills] are transferable to so many careers and professions!*
- *The attitude [retail employees] bring with them is useful in so many different professions.*

Job growth. Most providers spoke favorably of opportunity in the retail industry. For individuals trying to enter the workforce with little or no education, jobs in retail can lead to a long-term career.

- *A lot of people misconstrue retail as working at ... a cash register and dealing with nasty clients. [Instead] Retail is a career ladder where you can go from the bottom to upper management.*
- *[Retail] it's not just standing behind a cash register making change. It's a chain link kind of thing ... [to] move up!*

- *Retail has tremendous opportunity for growth for people who don't necessarily have a higher education.*
- *[Retail] it can be a career, not just a paycheck!*
- *In six months they can be in management!*
- *Retail industry is a step along the way on a career ladder ... in the field you can move up the retail ladder. Or you meet vendors and buyers and can become a sales rep for a wholesale supplier.*

Some providers share their personal successes in the retail industry with program participants. Others bring in spokespersons from the retail industry to motivate job seekers.

- *I started in retail and tell our students that all the time. Now, I'm president of the company. Retail's a great start!*
- *We call in people from the [retail] industry. Students are fascinated that the person started off at the bottom and now is a regional manager.*
- *Now, a [big box] manager oversees 15 stores! He loves to boast [to our program participants] about how he started off pushing and collecting carts in parking lots.*

Employee Training Opportunities

Most programs available to retail job seekers focus on customer service. Many combine soft skills training (including making favorable first impressions, communicating with customers, and understanding what an employer expects from an employee) with some hard skills (such as computer and cash register training).

Soft skills. Providers recognize the need to ready program participants for a job search. Soft skills training often emphasizes *getting a job versus doing a job*. Many programs teach job seekers to plan their careers and prepare for job interviews.

Career planning. Most providers incorporate some degree of career planning into their programs. This may include:

- Having program participants write career plans;
- Coaching participants through peer counselors;
- Working with high schools to increase math and reading proficiencies, and graduation rates;
- Setting up job-referral networks; and
- Partnering with employers interested in career development opportunities.

Job search techniques. Many retail service providers help participants learn effective ways to search and interview for jobs. They offer training opportunities in:

- Writing resumes;
- Making favorable first impressions (e.g., appropriate appearance, grooming);
- Understanding cultural norms (e.g., expected greetings, handshakes); and
- Preparing for an interview (e.g., how to research employers and *know the corporate culture*).

Customer service. Some training programs offer soft skills training that can be implemented once a job seeker is employed. Training is designed to enhance interpersonal skills including:

- Presentation;
- Attitude; and
- Effective communication skills.

Sales techniques. Some programs add effective sales techniques to their list of soft skills. This includes:

- Confidence development;
- Motivation techniques; and
- Customer retention strategies.

Other providers say they don't need to teach sales. However, these providers may encourage job seekers with natural sales ability to think about commissioned sales careers.

- *I hardly ever see a 'real' salesperson [in my program]. If you're a 'real' salesperson, you won't need help!*
- *I have students I knew were meant for sales!*
- *Some people just have the knack for it [sales]! They should be in outgoing commissioned sales.*
- *Sometimes good salespeople should stay in sales; management is not the best place for them.*

English-language training. A few programs help students increase their command of the English language. Some provide formal English as a Second Language (ESL) opportunities. Others provide Spanish-language training to non-English speakers.

- *We teach them as much English as we can — ‘vocational English.’*
- *We offer ESL for new arrivals.*
- *We go to migrant camps and actually train people in Spanish to do retail!*

Math and reading proficiency. Some providers offer training in simple math concepts and reading. Others test and screen for basic math- and reading-skills proficiencies.

- *We teach them industry-related math skills. For retail, that’s calculating tax and making change.*
- *We’ve integrated math and reading into programs.*
- *Employers we work with welcome our people coming in with the basic skills!*
- *We do assessments before we put them in the training program. It’s not open to everyone. They have those basic math and reading skills. Employers need to know that.*

Hard skills. Some providers train program participants to develop hard skills. These include:

- Computer and keyboarding skills (which can help job applicants navigate kiosks); and
- Cash register abilities.

NRF certification. A few providers have programs that provide NRF certification as a means to meeting retail career goals.

- *We developed our curriculum to cover all the elements of NRF.*
- *NRF certification, it’s a way to get a foot in the door by completing a nationally-recognized retail training program!*
- *Having a person walk in the door with a resume in one hand and NRF certification in the other should get one foot in the door. Whether they [employers] know NRF or not, it’s the name, National Retail Federation!*

Other providers are skeptical of the benefits of NRF certification because many Silicon Valley employers do not understand what it means. (They say that NRF has better recognition in eastern states.) Many see little interest in NRF certifications.

- *It’s just a name in California. Locally, they don’t know what NRF is.*
- *They think of it [NRF] as the National Rifle Association!*

- *Most people we targeted at [a big box employer] have never heard of it! The ironic thing is that their company may even be on the NRF website!*
- *We tried NRF certification, but didn't get enough interest.*
- *Certifying through NRF ... the struggle is getting people and employers interested.*

Some providers say that employers need to understand the benefits of NRF certification before it has value to a job applicant. These providers believe that NRF certification is valuable and will catch on.

- *We need to educate the retailers how NRF benefits them.*
- *A training certificate ... proves the ability and desire to learn.*
- *On the East Coast everyone knows the NRF! It's a matter of time that it shifts across the country to us.*

Employee Retention

Turnover is high in the retail industry. Providers' answer to this dilemma is to encourage program participants to think "career" not "job." They encourage job seekers to look for long-term opportunities in the retail organization where they apply.

- *Most employees come in and they go, come in and they go ... 25 cents more and they're out the door. Ours have made a commitment to customer service and sales before they arrive.*
- *There's high turnover at the entry level. We encourage employees to look ahead for opportunities within the organization.*
- *From the employers' perspective, if you have opportunity to hire someone who made a commitment to go through a customer service and sales program, retention rate is high.*
- *I open their [job applicants'] eyes not only to retail, but to the industries that support retail. The industries that lead to that product getting to that store.*

Others help employers keep employees by developing partnerships or acting as a mediator between employers and new hires.

- *It boils down to relationships with local retailer. You have to get the buy-in up front!*
- *A partnership is always going to be stronger where the employer knows how exactly a person is trained.*
- *We customize our training!*
- *We meet with big retailers. [We help them find] people who will stay and are interested in learning.*
- *We mediate. Our people come with an agent, out of a program as opposed to coming off the street. We focus on developing careers.*

Suggestions for work2future

Suggestions for work2future include:

Awareness. Some providers suggest that work2future use their leadership role to raise awareness of provider programming.

- *Changing the name [from Silicon Valley Workforce Investment Network to work2future] is a start. It's easier to remember than all those words. It's awareness building!*
- *Increase awareness!*
- *Use work2future as banner, a mantra to raise awareness!*

Connection. Many providers want to see work2future better connect industry with services.

- *Be the first organization they call!*
- *Act as the business liaison.*
- *Network!*
- *Connect industry with service; some don't know they [services] exist.*
- *work2future works on an employment connection model. Make it work!*

Coordination. Program providers want better coordination between providers, program participants and employers.

- *There's opportunity to be an upfront sales coordinator.*
- *Help bring it together!*
- *There's a lot of legwork between provider programs, students and employers.*
- *Have the clients ready!*

Support. Many people entering the workforce need access to services beyond job training. Some providers see a growing need to support program participants while they are enrolled in training programs. Migrant workers and other program participants need services to sustain themselves and their families during job training.

- *Support system is a big, big gap!*
- *Our people need to work, they need to sustain themselves during training.*
- *[Migrant workers need] childcare, transportation, housing and sustainability during training.*

Focus. Many providers spoke of a growing need to focus support for the retail industry in California. There is career opportunity in the industry that can be better tapped.

- *The labor market is screaming for help in the retail environment!*
- *We realize that retail is a very, very powerful area that has a very strong lead. We have to customize programs very quickly in that area.*
- *It's one of the largest industries in the state of California! It has to be supported!*

APPENDIX E.
National Interviews
with Retail Training Providers

APPENDIX E.

National Interviews with Retail Training Providers

Florida Customer Service Technical Academy

Miami-Dade County Public Schools
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The Florida Customer Service Technical Academy is a part of the Miami-Dade County Public School System. The Academy provides training in several different areas including licensed training for auto mechanics, dental hygienists, practical nursing, commercial driving and more. The Retail/Customer Service Training Program is a six-week course that trains participants in both “hard” and “soft” skills ranging from how to conduct themselves in an interview to computer basics.

As of June 23 2006, the Academy had completed two five-week training courses. Most program participants have been in their mid-twenties. Participants attend thirty hours of training per week for five weeks to complete the course. The program primarily targets lower-income adults and “non-traditional” adults who have obtained their GED. The viability of a career in retail is stressed throughout the five-week course.

The Academy has tried to work with retailers to incorporate customized training into their program. However, retailers have been reluctant to share training programs specific to their stores. The program has worked with larger firms (e.g. Walgreens) on an individual placement basis. Mr. Ros stated that larger retailers seem to value having a pool of “pre-screened” or “job-ready” applicants. To date, job placement for participants has been 100 percent. The program follows up with participants for twelve months after initial placement in order to increase employee retention.

The Academy does not have a lot of money with which to advertise, as they are not a priority of the public school system. Most participants are referred to the program through One Stops and other training providers.

The Academy’s local Workforce Investment Board (WIB) has donated a member of their staff to help with the program full-time. Mr. Ros feels that this partnership helps to reduce competitiveness with the One-stops. The Academy tracks everyone who comes through the door to ensure that the WIB gets credit towards WIA performance measures. Outside of their staff member, the WIB does not provide funding for the program.

Bay Area Customer Service Skills Center

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Oakland, California 94607
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The Bay Area Customer Service Skills Center has two locations in Oakland. The Center is a state-approved workforce development agency that serves several different industries including biotechnology, energy, and retail. The Center has been in operation for ten years but just initiated its customer service training program in December 2005. The Center is government-funded.

The Center runs a five-week retail-training program based on NRF's Customer Service Skill Standards. At the time of the interview, the Center had completed two five-week courses. They had primarily worked with large retail firms and had achieved a 100 percent placement rate for program participants. The age of participants ranges from 18 to 50 years. There have typically been about 15 people per class.

The Center recruits throughout the Bay Area and reports that some of their clients come from 60 miles away to attend some of their training programs (not necessarily retail). They work with businesses to provide customized training but have not yet done a lot of this training within the retail industry. The Center has strong connections with many of the downtown merchants. The development of their training programs is partly guided by their Business Round Table, a network of companies from different industries that serve somewhat as a consulting board.

The Center works with Community Colleges in the area to develop workforce strategies and share resources. They have tried to work with local WIBs but have not been able to form a strong partnership. WIBs often refer their clientele to the Center.

NY (Spring Valley) Sales & Service Institute at Tomorrow's Workplace

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Tomorrow's Workplace is a One-stop center in Rockland County, New York. The Center's Sales and Services Training Institute was started in 1997. The Institute works with retailers to recruit and hire new employees and to train current employees. Participants range from seniors looking for part-time jobs to younger people looking towards a career in retail.

Ms. Weisberg stated that the Institute does not use NRF curriculum because it is targeted towards entry-level retail workers and is too basic. The Institute developed its training in-house and has worked with area retailers to meet local training needs. Although she does not use the NRF curriculum, Pam believes it can be a valuable tool for training programs because it can be tailored towards local training needs.

The Institute serves as a certification site for the National Retail Certification Program. Because NRF limits the number of certification centers within a given area, the Institute is able to charge a premium for the certification test.

Ms. Weisberg reported that retailers in the area consistently identify a need for employees with basic job skills. The Institute teaches a number of different skills including time management, telephone skills and career planning. They feel that much of the curriculum they use is transferable to industries outside of retail.

The Institute primarily works with retailers in an area mall that is one of the biggest shopping centers in the North East. Over the years they have developed a strong relationship with mall retailers. At the local level, retailers are able to make decisions for recruiting and hiring services (because it is free), but not about customized training, especially for higher-level positions. The inability to make decisions at the local level has made it difficult to get retailers on board with the program.

Center for Professional Development at Westfield Old Orchard, IL

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Skokie, Illinois 60077

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The Center for Professional Development at Westfield Old Orchard Mall is still in the planning stages and is set to open in the fall of 2006. The Workforce Investment Board of Northern Cook County, Illinois will primarily be running the Center. However, they are partnering with local community colleges and their One-stop service provider. A local community college has already begun to provide ESL courses to mall employees and their families, as part of the program. The program will be funded mainly through the workforce investment funds but the WIB has also applied for local grants to assist with course materials. The Center plans to become a National Certification testing site.

The WIB has started to work with mall retailers, who seem to be interested in the program. Because retailers are unable to make financial decisions at the local level, they are not able to pay a higher wage to individuals who have completed the course. However, many retailers have indicated that they will give program graduates first consideration when hiring.

Ms. Terry stated that it can be difficult to work with larger retailers because most already have an established hiring process. To work within these established boundaries, the WIB provides potential employers with a list of individuals who have completed the program. The employers have agreed to cross-reference that list with their database of job candidates and to give individuals with certification and training a higher priority in the selection process.

The Center plans to adapt NRF curriculum. Ms. Terry stated that the NRF requirements are too strict and can be unrealistic. For example, NRF requires 90 “contact hours” as part of their curriculum. The WIB believes this would be too hard for people to commit to and complete. Ms. Terry noted that NRF might start charging Retail Skills Centers \$5,000 a year for the use of their curriculum, with the first year being free. This has not yet been implemented.

Washington Institute for Service Excellence

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Tacoma Community College (TCC) opened the Washington Institute for Service Excellence (WISE) in the fall of 2005. Since that time, the TCC has conducted one pilot training program in customer service. The Institute is located in the Tacoma Mall and operates as a Customer Service Certification site. The Institute is working through a local community college to develop its own short-term training program, based on the national Customer Service Skill Standards. The Institute used NRF curriculum for the pilot training program but will be developing its own curriculum for future use.

The Institute will be offering different components as part of the customer service/retail training. There will be a 12-week program that incorporates basic adult education (including reading, writing and math) with workplace skills and customer service /retail training. Alternatively, a shorter, higher-level program will also be offered. The Institute hopes to eventually offer separate retail and customer service components.

The Institute has started to build relationships with local retailers. They have worked with the manager of the Tacoma mall to introduce the program and have sent mall retailers a questionnaire to help identify skill needs. They plan to conduct focus groups with area retailers and establish an advisory board for the program. Ms. Evenhuis indicated that retailers have identified a need for and interest in the NRF certification program.

The Institute has not yet made any job placements within the retail industry. They have instituted a job-shadowing program that will continue with the development of the training program. Job-shadowing can last anywhere from one-day to one-month to longer. The Institute has also spoken with youth groups and local school districts about different training programs.

The local Workforce Investment Board provided initial funding for the program. The goal of the Institute is to become self-sustaining as they begin to provide more services to businesses (i.e., customized training).

Sales and Service Training Center at Arundel Mills

Integrated Reading and English as a Second Language Programs
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Anne Arundel Community College opened the Sales and Service Training Center at Arundel Mills Mall in 2000. The Center is a bit different than most in that it offers higher-level business-oriented classes developed by the local community college as well customer service training, and job skills and basic education (GED, ESL) classes.

The Center offers customized training to businesses and community organizations, however this type of training has been largely unsuccessful. Ms. Jones believes that because the mall is located within a wealthy area, the clients in need of training are not located nearby. Transportation issues thus become a barrier to training.

The Center does not use NRF curriculum but their training program is designed to meet the Customer Service Skill Standards. Ms. Jones feels that because retailers cannot make decisions at the local level, there has not been a lot of interest in the Customer Service Certification program. The Center has developed career ladders to help educate individuals about opportunities available in retail.

Walk-in traffic at the Center varies from teenagers looking for part time work to people looking towards retail as a more long-term career. Ms. Jones believes that the certification and training programs would be more valuable if the Center had more funding and were able to provide more services for free. The Center has no local grant funding.

The Center does not work to place people in jobs, however it does serve as a job resource center. The local WIB handles job placement and refers clients to the Center.

Rochester Works! Community Learning Center at Greece Ridge

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Rochester Works no longer operates as a Retail Skills Center. The Center was part of an adult education program partly funded through the local public school district. The WIB was involved with the program and originally operated it as a One-stop Career Center. Ms. Carter stated that the WIB decided to pull out of the Center because they were not seeing desired results and were unable to dedicate necessary resources.

The goal of the Center was to try to place people in retail jobs beyond entry-level positions, however, this did not occur. According to Ms. Carter, the WIB originally became involved with the Center because it was in the county and it would allow them to further extend their network. However, they found that due to the Center's location, they were unable to serve their target client base. Most of their walk-in traffic consisted of curious shoppers and housewives looking for temporary work.

The Center also became a resource issue for the WIB. The Center was open from 9 a.m. to 9 p.m. but they did not always have staff available to cover those hours. Ms. Carter stated that many of the clients they did serve were on public assistance, were very hard to work with or had different issues that resulted in poor placement outcomes.

The WIB would of liked the Center to focus on more general customer service training that would lead to more than just entry-level jobs. They believe that many of the clients also needed more soft skills and basic job readiness training.

MontgomeryWorks Sales & Service Learning Center

Montgomery County (Maryland) Workforce Investment Board (WIB)

Contact: Eric Seleznow, Director

The Montgomery County WIB operates the Montgomery Works Sales and Service Learning Center, (SSLC) while their One-stop operator, Career Transition Center, Inc., primarily manages the site. The Learning Center was formed as an initiative between Montgomery County's Department of Economic Development, Division of Workforce Investment Services and the NRF Foundation, with support from Westfield Corporation, Inc. The Center also had support from employers, local, state and federal government agencies, schools and colleges, and community-based organizations.

The SSLC, located at Westfield Wheaton Mall in a suburb of Washington D.C., is fully equipped for training activities. The Center has an 18-person capacity classroom, a 10-person capacity internet-ready computer lab, and a 14-person capacity conference room. The SSLC is located on the campus of the mall and Westfield Corporation (mall manager) leases the space to the Center for free. The Center has its own exterior entrance and is not located directly within the mall. The Center is funded through the County Economic Development Department

In addition to sales and service training, they teach basic adult education, including literacy and language classes. Much of the adult education curriculum is based on Equipped for the Future (EFF) learning, which is geared towards individuals who speak English as a second language. Mr. Seleznow believes that the customer service component of their program applies not only to the retail industry but to service-oriented industries including banking, hospitality, government, UPS, etc.

The Center serves as a Customer Service Certification site and offers a customer service training and certification program for youth 16 to 21 years old. They believe that this type of training offers young people a great life skill that can be applied to many areas.

The center has assisted retailers in major recruitment efforts. They recently assisted Macy's in hiring for a new store by lending them the use of almost half of the Center to interview applicants and conduct limited training.

The Center would like to do more customized training for employers but has had a difficult time connecting with larger retailers locally. Again, they attribute this to the fact that retailers are unable to make decisions at the local level. Mr. Seleznow stated that the management at these stores often do not have the time to meet with the WIB. The Center has had an easier time accessing smaller retail establishments.

Mr. Seleznow does not think that employers necessarily give preference to program graduates when hiring. Employers are also not willing to pay higher wages to people who have completed the program. He believes that this is an industry-wide problem, although he stated that some companies are easier to work with than others.

.Mr. Seleznow stressed the importance of working with retailers to build support before implementing any sort of program. He also suggested working closely with NRF. He stated that the goal of any program should be to get clients into a career not just an entry-level position.

The Center tries to make all of their clients aware of opportunities in retail through the use of career ladders. The Center does not offer a lot of higher-level training but educates job seekers on how they can obtain further training, depending on their specific goals. The Center is interested in implementing NRF's new Retail Management and Sales Certification Programs.

Atlantic Cape Community College: Institute for Service Excellence

Contact: Pat Owens, Dean's Office

The Institute for Service Excellence is a partnership between Atlantic Cape Community College, Atlantic Cape May Workforce Investment Board, Kravco-Simon Company (mall), NRF and the New Jersey Department of Labor and Workforce Development. Atlantic Cape Community College serves as the managing partner of the Institute.

Although the Institute's 4,100 square foot space within an area mall is not yet complete, the program has been operating for about a year and a half. The Institute is a Professional Certification testing site and provides training in retail and customer service, English as a Second Language, healthcare, hospitality, and literacy. The Institute's primary focus is retail training. They partner with their local WIB, who lends two staff members primarily responsible for job placement and the literacy program. The Institute is funded through a variety of grants and partners, including WIB and the New Jersey Department of Labor. Kravco, the mall manager, leases the space for the Institute for a dollar per year. The college provides staffing and equipment.

When the program first started, the Institute hired a part-time staff member to promote and build relationships with retailers. This staff member worked for eight months to educate retailers in the area about the program and to try to gain their support. Ms. Owens believes that this effort has been key to the success of the program.

The Institute tries not to work with retailers that cannot make local decisions; however, they have developed good relationships with WAWA, a large convenience store/gas station chain, a large department store in the area, and Liz Claiborne. Pat believes that the program has been successful because the retail industry in the area is relatively new and expanding quickly. This has created a labor shortage and retailers are more willing to participate. The Institute does not help retailers with mass hiring needs.

The Institute has set up a youth program through the Youth Investment Council to develop internship opportunities. They have also developed a three-month program that helps to train at-risk youth in retail and customer service. The program provides participants with a stipend for each day they attend, training materials and work uniforms. They also offer assistance with transportation and childcare. Although relatively new, they believe that this program has been very successful.

The WIB tries to place participants in full-time jobs with benefits. They have made agreements with several retailers to consider program graduates first when hiring. The WIB follows up with program participants after they have been placed in a job.

The program emphasizes career ladders and career planning. They have conducted customized training for casinos and the healthcare industry but have not yet conducted customized training for retailers.

The Institute modified NRF curriculum to meet area needs and funding requirements. For the most part, they focus on soft skills and sales skills, but their training is always related to the requirements of the funding source.

Durham Sales and Service Training Program

Contact: Karen Mortimer, Executive Director

The Durham Sales and Service Training Center (DSSTC) is located within the Northgate Mall in Durham, North Carolina. The Center offers Customer Service, Sales and Retail Management training programs and is the first Center to provide all three NRF certification programs. The Center, which just marked its two-year anniversary, refers qualified applicants to employers and offers customized training. They have partnered in a few job fairs/recruitment fairs and would like to do more of this work. The Center partners with a local Community College.

The Center provides basic skill and employability training including how to write a resume, how to conduct an interview, how to dress and appropriate behavior at work. The program emphasizes customer service because it is hard to “get people interested in retail.”

Many of the Center’s clients have been unemployed for a long period of time, have low confidence levels and have very limited skills. The Center works with individuals at all skill levels and places them in entry level, mid-management and upper management positions. There is a high demand in the area for retail and service establishments. The Center is located in an easily accessible area that serves somewhat as a transportation hub. The Center has a 73 percent job placement rate. They place people in positions that make an average of at least \$10 per hour.

The program aims to educate jobseekers on the career opportunities available in retail and customer service, from accounting to human resources to purchasing. They focus on career planning and work hard to make people understand what it will take to meet their goals. They focus on retail because people can advance to management pretty quickly within this industry.

DSSTC is one of two pilot sites that have implemented NRF’s online Retail Management Certification Program. In addition to online sessions, the program includes two group discussion classes held at the Center. The class is designed for individuals currently working in retail at the management level. Most class participants had been working in the industry for at least a year. Ms. Mortimer stated that she had the most success in recruiting people for the class on an individual basis, rather than through their employers. Most students took the class because they felt they had not received proper training from their employer or because they want to advance further in the industry. Students have been very enthusiastic about the program and have spurred interest in the class among their peers.

Like most Retail Skill Centers, the Center administers NRF’s Retail Readiness Assessment (RRA). The Center uses the RRA to determine appropriate levels of training for individual jobseekers. Ideally, individuals would take the RRA before and after training, to use as a basis for comparison. However, the Center does not have the funding to administer it to every individual twice.

The Center recently initiated a summer program for at-risk youth. The program consists of 75 hand selected at-risk youth. They complete 55 hours of training (from 9 a.m. to 2 p.m. every day) and learn basic employability skills. The program is very new and its relative success is not yet known.

The Center provides customized training, job placement, employee certification and other services for businesses. They have conducted organizational development/mediation for a bus company, facilitating discussions between management and employees.

The Center has had a hard time gaining support from and working with retailers. Ms. Mortimer stated that once a relationship is established, the larger retailers are easier to work with. Smaller retailers do not have the budgets for training and often do not see the value in investing in their employees. Working with smaller retailers does not yield a lot of revenue for the Center but does take time.

The Center has placed a lot of individuals at jobs within the mall where they are located and have worked hard to form relationships with mall employers. Because turnover in the industry is so high, even at the mid-management level, the Center has to constantly resell itself. The Center has hired staff to help with building and maintaining relationships with employers in the retail and service industries.

The Center no longer receives any money for training through their local WIB, however, some of their grants do flow through the WIB. The WIB does not refer clients to the Center, as they view them as competition. The Center is primarily funded by the North Carolina Department of Commerce and from revenues generated by service provided to businesses and jobseekers. For example, training costs amount to \$395 per client, including job placement.

The program is based on NRF curriculum but has been modified and pared down to 55 hours. The Center believes that the NRF curriculum is too long for most people, especially if they have no income coming in. They conduct classes in the morning so that people can still work part time or look for jobs in the afternoon.

They believe that as employers begin to understand and recognize the certification, it will become more valuable. The Center often gives employers the certification test to help them understand it better. The certification test is not easy. The more employers understand it, the more they realize that if they hire someone who can pass it, they are hiring someone with the skills they need.

Summary of Findings

As detailed above, Retail Skills Centers represent a variety of workforce development models and partnerships and offer a diverse range of programs and services. Many of the RSCs are relatively new and have not yet been able to determine factors of success. The following summarizes the general findings from the interviews conducted with service training providers and Workforce Investment Boards.

- Training programs are primarily focused on customer service, sales, adult education and basic job readiness skills.

- Various sources of funding and partnerships exist across the Retail Skill Centers. Funding comes from local, state, and federal levels. Centers are designed to become self-sustaining but none interviewed have been able to completely achieve this.
- It is still uncertain whether retailers value NRF certification. Many feel that as the program gains more support and recognition, retailers will begin to understand its value.
- Many successful Retail Skills Centers are located within malls, have developed relationships with mall managers and have formed partnerships with mall retailers.
- Partnerships with community colleges have generally been successful.
- Most Centers use the Customer Service Skill Standards to guide the development of their training programs. Every Center interviewed serves as a National Customer Service Certification Site.
- Most Centers have modified the NRF customer service curriculum to better serve their clients. Many of the Centers indicated that the NRF curriculum is too long for unemployed individuals to be able to stick with and complete. Others indicated that although the curriculum is helpful as a starting point, but is very basic and geared towards entry-level positions..
- Workforce Investment Boards have different levels of involvement in the RSCs. Levels of involvement range from full ownership to resource sharing to no involvement.
- Centers work with a variety of clients depending on where they are located. Clientele include seniors, unemployed and those looking for both full-time and part-time work. Some RSCs have had successful youth programs.
- Most centers focus on building career ladders and educating jobseekers on retail as a viable career path.
- Most Centers indicated that it has been difficult to gain support of area retailers:
 - Retail managers cannot make decisions at local level
 - Many firms are reluctant to share training techniques;
 - It is difficult to cut through the red tape when working with large retailers;
 - Small retailers do not recognize the need to invest in their employees; and
 - Employers do not recognize value of certification and reducing turnover.