



National
Retail
Association

Workplace English, Language & Literacy:
Research and analysis of issues within
the Australian Retail Industry

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1. Introduction

The Australian retail industry employs more than 1.2 million people nationally, across a broad range of business and job types, making it one of the largest and most diverse workforces in the country¹. The diversity and size of the industry is reflected in the people that work within the retail sector, with each team member bringing a unique skill set and prior experience to their role. At various points in their working lives, some team members may require additional assistance and support to refresh a certain skill which has been unused for some time, or needs to be enhanced to keep pace with technological change. Significantly, much of this skill development is underpinned, and dependent on, the use and application of language, literacy and numeracy (LLN).

This research paper investigates current issues surrounding Workplace English Language and Literacy (WELL) in the Australian retail context. In particular, it extends what is currently known about LLN within this sector of the economy and the challenges it is currently presenting to retail businesses across the country.

A study on the impact of LLN in Australian retail businesses is important and timely because the expectation on team members within this industry, driven predominantly by technological advances, has shifted dramatically in recent years. Specifically, the expectation that store managers will do more and be more involved in retail analytics, and operational activities, makes the challenges of this team member group distinct from previous generations. This shift has placed an exceptional amount of pressure on a workforce, which has a lower skills base, compared to other industries.

By extending our understanding of LLN issues within the Australian retail industry, it will be possible to understand how the industry is adjusting to technological shifts and how its workforce is coping with the increased demands and expectations of the contemporary retail environment. Further, it will also enable the industry to identify key areas where resources and tools are required, to assist and support retail team members manage the requirements of their roles.

Key Message: At various points in their working lives, some retail workers may require additional assistance and support to refresh a certain skill which has been unused for some time, or needs to be enhanced to keep pace with technological change.

2. Background

The full extent of adult literacy and numeracy is currently under-researched in Australia and as a result, it is largely unknown what social and economic costs this particular issue is having on employees and businesses in this country. The available literature and research highlights a

¹ 6291.0.55.003 - Labour Force, Australia, Detailed, Quarterly, May 2015.



number of areas as being important factors for determining literacy and numeracy skill levels, and these are as follows:

- age and gender;
- labour force status; and
- industry of employment.

Despite this knowledge, a greater understanding of adult learning, and its impact on specific occupational roles, and industries, is still needed.

The significance of research in this area is emphasised by the Australian Government, Department of Education and Training, suggesting that a minimum standard of Level Three (3), on the Australian Core Skills Framework (ACSF), will be needed for individuals to operate effectively in, and enjoy all the advantages of, a modern, knowledge economy². With this in mind, the Council of Australian Governments (COAG) has set the target of having at least two thirds of the Australian workforce at Level Three (3) by 2022³. However, the challenge of this commitment is highlighted by data from the *Programme for the International Assessment of Adult Competencies (PIAAC)*, which indicates that 44.4 per cent and 54.6 per cent of Australians were below the minimum standard for literacy and numeracy respectively, when the population was surveyed in 2012⁴. Given the recent COAG commitment to improve the language, literacy and numeracy skills of working Australians across the next decade, the importance of initiatives, which develop and enhance the foundation skills of the working population, should be emphasised and reinforced.

The statistics that follow highlight the extent of the adult literacy and numeracy problem in Australia and suggest a need for continued investment in programs that will assist in the development of foundation skills for adults of working age in this country, and retail trade in particular.

Key Message: Given the recent COAG commitment to improve the language, literacy and numeracy skills of working Australians across the next decade, the importance of foundation skills initiatives that help achieve these targets, should be highlighted and reinforced.

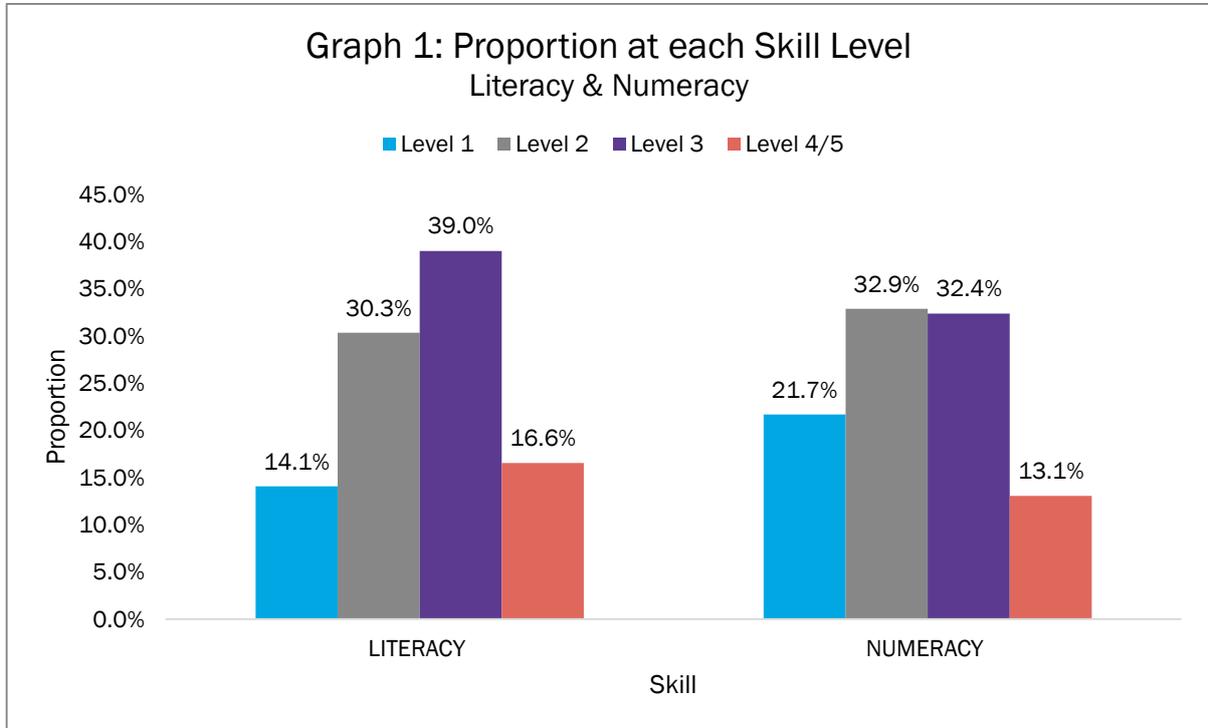
3. Literacy & Numeracy in Australia

As indicated in the graph below, it is estimated that approximately 7.3 million (44.4 per cent) Australians, aged between 15 and 74 years, had a literacy skill level of Level Two (2) or lower in 2012, while 8.9 million (54.6 per cent) Australians had a numeracy skill level of Level Two (2) or lower.

² The ACSF is used to identify and describe individual performance across the core skills of learning, reading, writing, oral communication, and numeracy. Performance ranges across five levels, from 1 (low level), to 5 (high level).

³ SCOTESE. (2013). National Foundation Skills Strategy for Adults. Retrieved from <http://www.industry.gov.au/AboutUs/Documents/COAG-Industry-and-Skills-Council/Former-SCOTESE/National-Foundation-Skills-Strategy-for-Adults.pdf>

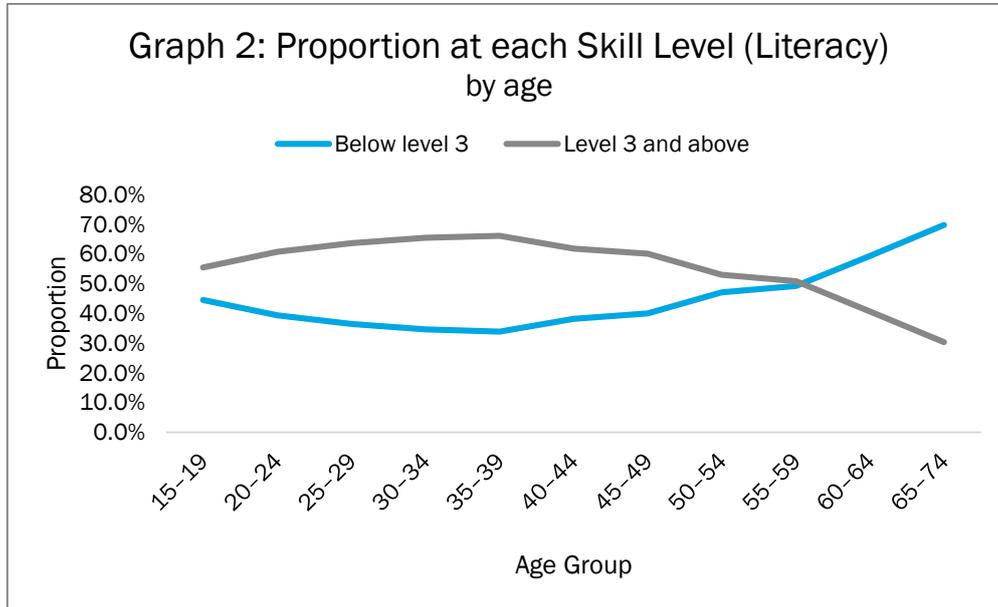
⁴ 4228.0 - Programme for the International Assessment of Adult Competencies, Australia, 2011-12



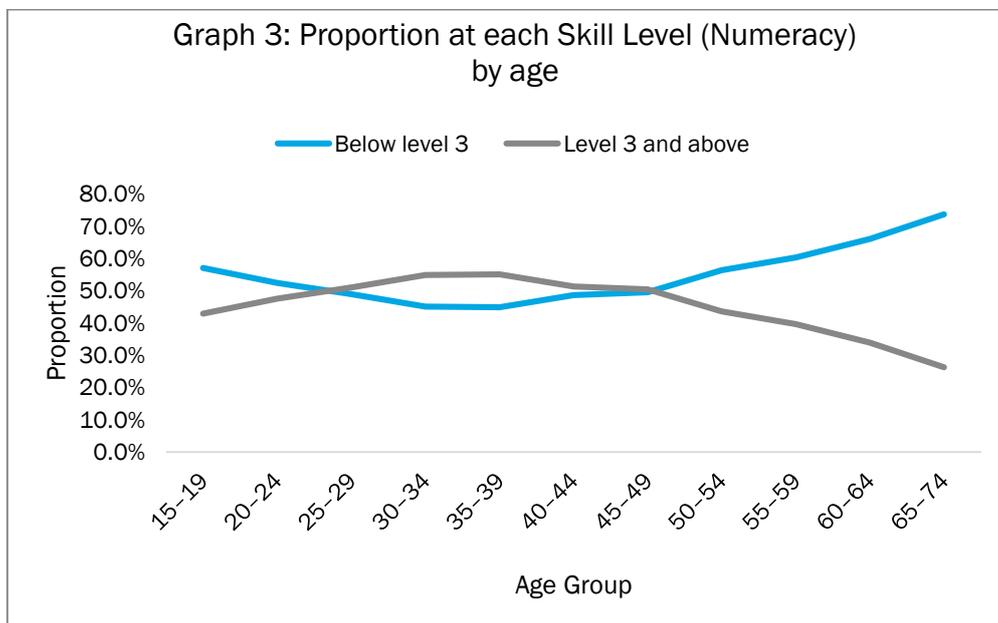
Source: ABS, Cat. No. 4228.0 - Programme for the International Assessment of Adult Competencies

3.1. Skill Level & Age

The PIAAC data suggests that the Australian workforce has some challenges associated with literacy especially among older employees, with the proportion of people at Level Two (2) or below increasing substantially from age sixty (60). As indicated in Graph 2, for adults of working age (15-64 years), those aged 35-44 years have the highest, average, literacy skill level (2.89), while those aged 55-64 years have the lowest (2.64). A similar trend, as shown in Graph 3, is reflected in the data for numeracy skills, with the proportion of people at Level Two (2) or below beginning to increase at age fifty-five (55). Further, there appears to be a considerable amount of people (57.1 per cent), in the 15-19 years cohort that were also assessed at being below Level Three (3) for numeracy skills. Essentially, this means that almost 3 in 5 Australians aged 15-19, were below the minimum standard (Level 3) to operate in a modern, knowledge economy. This finding is particularly relevant to the retail industry, as businesses in this sector of the economy are most likely to employ a young person, and provide them with their first employment opportunity. As this data highlights, the retail industry may have specific challenges with the current cohort of young people, seeking employment in this sector of economy. Specifically, some young people, aged fifteen (15) to twenty-four (24) may require additional direction and support to develop, and enhance their workplace skills, as they transition from school to the labour market.



Source: ABS, Cat. No. 4228.0 - Programme for the International Assessment of Adult Competencies



Source: ABS, Cat. No. 4228.0 - Programme for the International Assessment of Adult Competencies

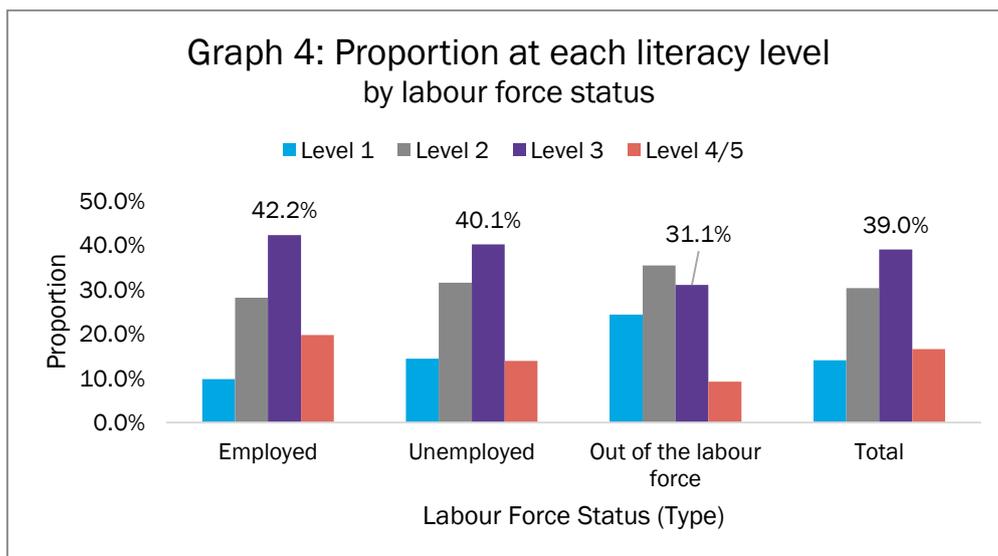
3.2. Skill Level & Labour Force Status

In terms of labour force status, data highlights that 38.0 per cent of Australians, who were employed in 2012, have a literacy skill level of Level Two (2) or below. This proportion increases to 46.0 per cent for those people that are currently unemployed, and 59.7 per cent for those that are not in the labour force (e.g. home duties, retired, permanently unable to work). A similar trend is apparent for numeracy, with 48.0 per cent of Australians that were employed in 2012 having a

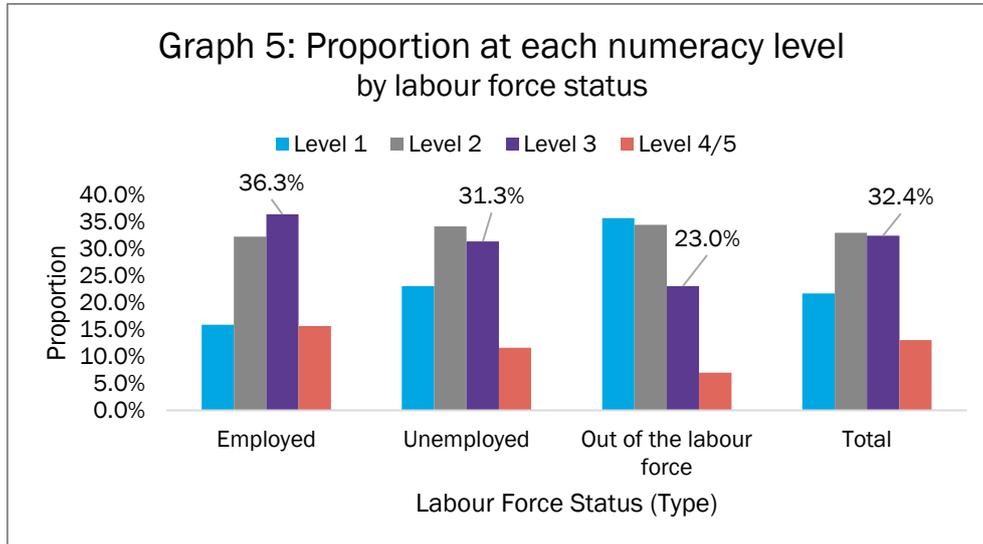


numeracy skill level of Level Two (2) or below. This proportion increases to 57.1 per cent for the unemployed and 70.0 per cent for those not in the labour force.

As this data suggests, while there are opportunities to assist and enhance the skills of those already in the labour market, additional challenges are present for those people that are unemployed, or not currently working. Similar to commentary provided around skill level and age, the connection between skill level and labour status is also relevant to the retail industry. Specifically, retail is the sector of the economy which is often used as a bridge between jobs, or used as a re-entry point, when someone has been away from the workforce for an extended period of time. As a result, this particular segment of the population who are seeking work in the retail industry, may require specific training and support to refresh workplace skills which may not have been utilised for a period of time, or alternatively, to enhance existing skills to accommodate changes in the work environment, such as advancements in technology.



Source: ABS, Cat. No. 4228.0 - Programme for the International Assessment of Adult Competencies



Source: ABS, Cat. No. 4228.0 - Programme for the International Assessment of Adult Competencies

Key Message: Retail is the sector of the economy which is often used as a bridge between jobs, or used as a re-entry point, when someone has been away from the workforce for an extended period of time. As a result, new entrants who are seeking work in the retail industry may require specific training and support to refresh workplace skills which may not have been utilised for a period of time, or alternatively, to enhance existing skills to accommodate changes in the work environment, such as advancements in technology.

4. The Current Project

The previous sections of this report have identified a range of factors that have the potential to influence individual performance across the core skills of language, literacy and numeracy. It has highlighted the size, and diversity of the retail industry, as well as the areas of the Australian population, from which it draws its workforce. By providing a detailed examination of the skills needs of the Australian workforce, it has identified two elements that are most significant to the retail industry, which are as follows:

- Young people using the retail industry to transition from school to the workforce.
- Adults using the retail industry to re-enter the workforce.

It has suggested that the language, literacy and numeracy skills of these particular groups may require additional support and assistance to raise individual performance to the levels needed for the modern, retail environment. However, it is also important to acknowledge that foundation skill issues are also present within the existing retail work force, and it is necessary to further understand the language, literacy and numeracy challenges that are apparent within some people already employed in this sector of the economy.



The following section of this report will outline an independent investigation into language, literacy and numeracy skills within the retail industry, conducted by the National Retail Association (NRA), including the methodology, analytic sample, and analytic approach.

4.1. Sampling Process & Data Collection

The sampling process for this study included targeting current members of the NRA, which includes more than 19,000 retail, personal and food service businesses across Australia. The sampling unit for the data collection phase of research was the retail outlet (i.e. individual shop fronts, as opposed to a single retail chain responding on behalf of all their individual businesses). The distribution database was created using a multi-staged approach as follows:

- Businesses were categorised into their states and territories of operation.
- Within each of these areas, a sample of businesses were drawn from the NRA membership database, databases of industry associations affiliated with the NRA, and other contact databases. The final dataset was adequately sampled for regional location, business size and industry subdivision.
- Respondents were required to complete a fourteen (14) question survey that included a range of questions associated with general skills, effective workplace practices, customer engagement and sales strategies, as well as specific questions related to literacy and numeracy⁵.
- The survey was distributed electronically, while representatives from the NRA also contacted participants directly by phone and email.
- In addition to this, the intelligence gathering process also involved in-depth interviews with affiliated industry associations, as well as key representatives from retail businesses across Australia. This enabled the collection of important, qualitative information, which has been essential to the completion of this report.
- The final sample included 101 respondents, from retail businesses across Australia.

5. Language and Literacy Skills in Retail Trade

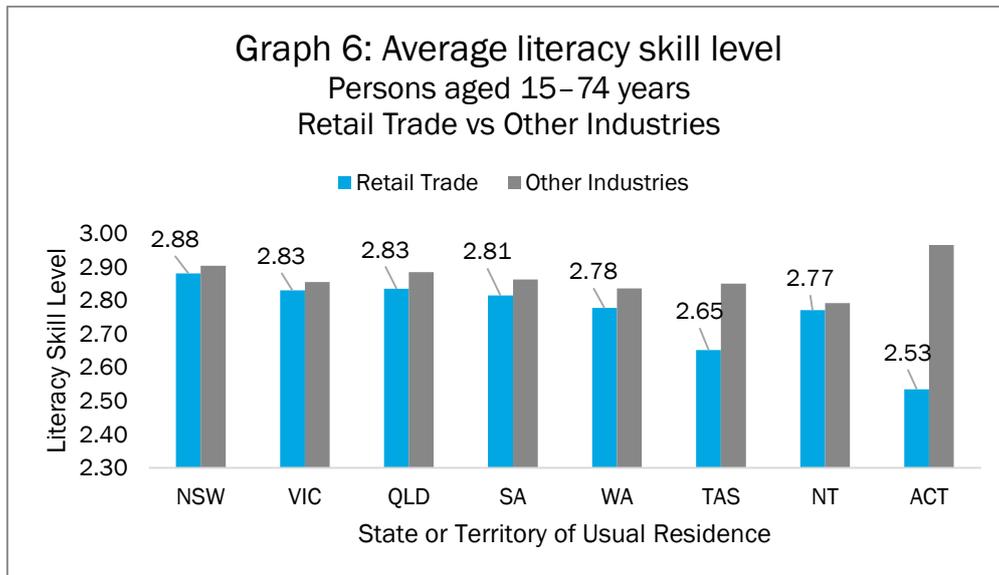
Data from the PIAAC research, suggests that Australians employed in retail trade, on average, have lower literacy and numeracy skills, when compared to those working in other industries. Specifically, national figures from this study highlight that the average literacy skill level for a retail team member is 2.84, compared with 2.87 in all other industries. Similarly, the average numeracy skill level is 2.69 for retail trade, and 2.77 for all other industries⁶. However, as has already been highlighted in this report, current performance level does not mean that remedial assistance is required for an individual team member. Rather, some people employed in the retail industry may require additional time and support, to refresh or enhance existing workplace skills, so that they can undertake the requirements of their job role. This notion is supported in the Industry Skills Council report, *No More Excuses*, which indicates that an adult who has difficulty with literacy and numeracy does not mean that they are unable to read, or use maths in

⁵ For a copy of the survey instrument, please see Appendix One (1).

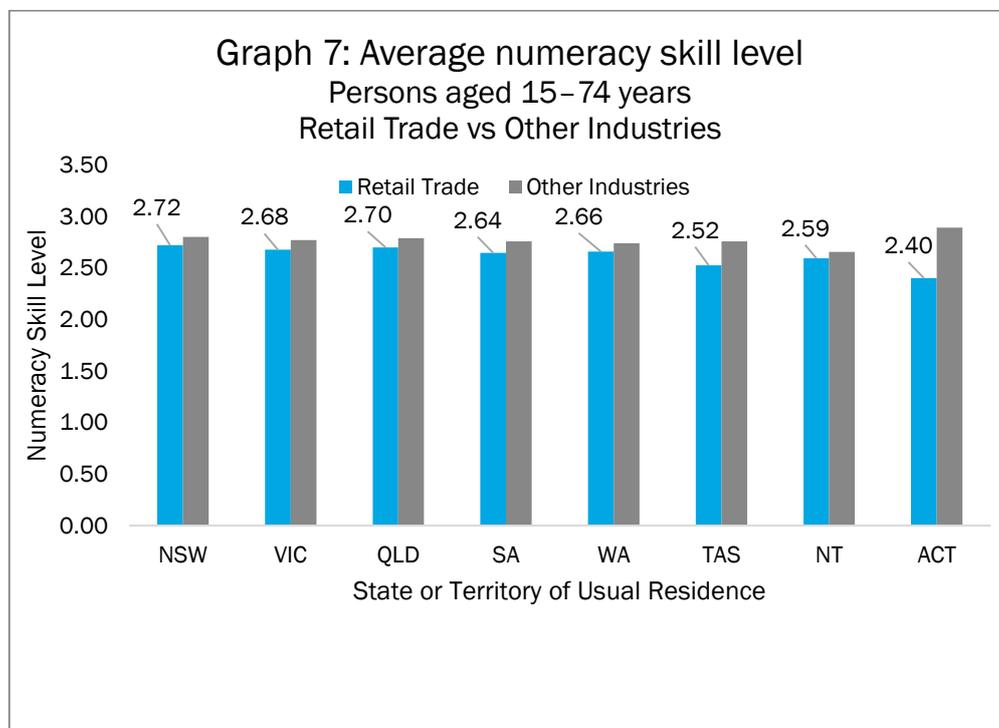
⁶ 4228.0 - Programme for the International Assessment of Adult Competencies, Australia, 2011-12



their work lives⁷. Instead, it means that on occasion, the reading and numeracy tasks of their job role, may be beyond their existing skill level.



Source: ABS, Cat. No. 4228.0 - Programme for the International Assessment of Adult Competencies



Source: ABS, Cat. No. 4228.0 - Programme for the International Assessment of Adult Competencies

⁷ Industry Skills Council. (2011). *No More Excuses: An industry response to the language, literacy and numeracy challenge*. Retrieved from http://www.isc.org.au/resources/uploads/pdf/NoMoreExcuses_FINAL%20FINAL%20single%20page.pdf



What this suggests is that some team members within the retail industry, may require additional assistance, coaching and support to raise their LLN skills to a level that enables them to undertake certain tasks associated with their job role.

Key Message: Low levels of literacy and numeracy does not mean that an individual is not capable of reading, or completing workplace maths tasks. Rather it means the reading and numeracy tasks of their job role may, on occasion, be beyond their existing skill level and they may need some additional time and assistance.

5.1. Entry Level Skills

Findings produced by this report indicate that only 3.4 per cent of retail businesses believe that the skill level of their entry level team members are poor, or insufficient for the role requirements. Indeed, 64.0 per cent reported that the current skill level of entry level team members was either good, or very good. Therefore, it is unsurprising that of all businesses surveyed, more than three-quarters (83.9 per cent) indicated that their business was not currently impacted by literacy or numeracy issues.

However, as will be discussed in the following sections, it is believed that this finding is associated with a lack of understanding as to what constitutes a language, literacy or numeracy skill, in the retail industry. Based on the research conducted for this report, it is argued that the retail industry does not presently recognise foundation skills as an explicit challenge to workplace productivity, rather they only identify specific work tasks, which are difficult for team members to complete. Essentially, many of the workplace skills issues identified by this report, are at their core, foundation skill issues, which require specific training and support. However, they are not presently recognised in this way by the retail industry. This is significant, because the mix of core skills needed to perform within this sector of the economy are diverse, and on occasion, require complex application, as will be discussed below.

5.2. Observed Skill Issues

Research conducted by the NRA indicates that the retail industry currently has a range of challenges, which are connected to the foundation skills of learning, reading, writing, oral communication and numeracy. In particular, businesses indicate current challenges in developing the specific job skills of customer interaction, self-evaluation, and task organisation. While these are, in broad terms, employability skills, it is the argument of this report that at their core they are fundamentally foundation skills issues. Therefore, the discussion surrounding workforce training and development within the retail industry must acknowledge that many work tasks are inextricably linked to foundation skills, especially for those team members in entry level positions. In some instances, it is suggested that improvements in workplace performance will not be achieved, unless the underpinning foundation skill is addressed, and enhanced, simultaneously with the job task.



5.2.1. Workplace Practices

Research conducted by the NRA indicates two distinct areas, which are relevant for workplace language and literacy, in relation to workplace tasks. Feedback received from research participants has highlighted that a significant proportion of entry-level employees (40.0 per cent) have difficulty organising, managing, or prioritising their work tasks. In addition to this, almost one-third (32.2 per cent) of all respondents indicated that entry-level team members have difficulty problem solving and evaluating their work. This is highlighted in the comment, as follows:

We definitely have a sub-group that has difficulty completing everyday tasks. You know, the basics. All of those operational jobs that need to be done in a retail business.

- *Human Resource Manager, Clothing, Footwear and Personal Accessories, Victoria*

We just have some team members that aren't any good with problem solving. They can't seem to understand when it's the right time to unload deliveries, or shift items from the backroom onto the floor. They can't seem to get it right in terms of completing an operational task, and helping a customer with a request. Some people just struggle to make those basic judgement calls. They don't seem to get what should be a priority.

- *Operations Director, Clothing, Footwear and Personal Accessories, Queensland*

It seems as though the greatest barrier we have here is staff not being able to effectively organise their day. They just don't seem to be capable of identifying what they need to be doing on a daily basis. They can't set work related goals and follow through.

- *Regional Manager, Clothing, Footwear and Personal Accessories, Victoria*

These insights are particularly relevant, as the ability for staff to think critically about their tasks, problem solve, and self-evaluate, are all highly valued by business owners and employers in the retail industry. Indeed, this finding is supported by other studies, which find that frontline team members require adequate problem solving skills in the retail industry, and need additional support to develop in this area⁸. In depth interviews conducted by the NRA highlight the significance of this skill, and its particular relevance to the sales process. Store managers, in particular, have indicated that staff, who are unable to self-evaluate, problem solve, and exercise judgement, significantly impact store productivity, as follows:

Staff that can think for themselves, you know, who can make good judgements about what needs to be done around the store without asking me, are really important. I can let them work without supervision. It means that I can do the stuff that I need to be doing, and not worry if they are doing their job.

- *Store Manager, Hardware, Building & Garden Supplies, Queensland*

⁸ Service Skills Australia. (2015). *Environmental Scan 2015: Wholesale, Retail and Personal Services*. Retrieved from <https://www.serviceskills.com.au/sites/default/files/files/Environmental%20Scans/2015-SSA-Escan-WRAPS.pdf>



As this suggests, some people that are currently seeking employment in the retail sector, or are already employed, have specific challenges associated with problem solving, self-evaluation and prioritising tasks. These work related skills, are central to employability in the retail industry, elements of employability impacting business productivity, it is also important to acknowledge, that at its core, these issues are foundation skills issues.

5.2.2. Customer Interactions & Sales Strategies

Employers and business owners consistently state that the ability to interact with customers effectively, and apply appropriate sales skills, are the most important attributes for working in the retail industry. Given that the vast majority of roles that require this level of interaction and engagement are entry level positions, it should be of direct relevance to the WELL Strategic Project. Indeed, employers in this research project, and other industry environmental scans⁹, have indicated that individuals with inadequate customer service, sales, and communication skills, are likely to underperform in the retail industry.

Essentially, it is incredibly difficult for individuals who are unable to apply language and literacy skills appropriately, to become capable and productive members of a retail team. This is evident in the comment, as follows:

If people aren't cut out for this type of work, if they don't have the communication skills or enthusiasm for working in this type of business, I won't employ them.

- Owner, Furniture, Floor Coverings and Homewares Business, Queensland

Research conducted by the NRA indicates that a significant proportion of entry level team members are expected to complete workplace tasks, which are beyond their current oral communication level. Specifically, 39.8 per cent of survey respondents indicated that their team members are unable to identify how much a customer is wanting to spend, while a quarter (25.9 per cent) suggested that team members are unable to address customer questions effectively, or inject product knowledge into the sales process (24.7 per cent). This is indicated by the following:

I have definitely noticed that there are problems with product knowledge in my store...there is a great deal of strain on my team members, and I don't think they can read and retain all of the product information needed to assist customers effectively.

- Regional Manager, Clothing, Footwear and Personal Accessories, Queensland

A recent environmental scan, conducted by Service Skills Australia supports this claim, and suggests that certain skill areas need to be improved within the Australian retail industry, with “far deeper levels of product knowledge” needed by those operating in frontline positions¹⁰. This

⁹ Service Skills Australia. (2015). *Environmental Scan 2015: Wholesale, Retail and Personal Services*. Retrieved from <https://www.servicesskills.com.au/sites/default/files/files/Environmental%20Scans/2015-SSA-Escan-WRAPS.pdf>

¹⁰ Service Skills Australia. (2015). *Environmental Scan 2015: Wholesale, Retail and Personal Services*. Retrieved from <https://www.servicesskills.com.au/sites/default/files/files/Environmental%20Scans/2015-SSA-Escan-WRAPS.pdf>



is a good example of how foundation skills are largely ignored by the retail industry, with the primary focus being on job tasks. Essentially, although product knowledge is a clear workplace requirement, it is underpinned by a number of foundation skills, including the following:

- independent learning;
- reading (often from multiple sources);
- research; and
- information retention

As this indicates, a variety of foundation skills could be presenting a challenge to a team member completing a product knowledge task at the expected level of performance. Significantly, if these challenges are not considered and addressed simultaneously with the workplace skill, task success will be difficult for the team member to achieve.

While the research conducted for this report has revealed that some entry level team members find it difficult to engage with customers, retain product information, and deploy other language skills in the workplace, additional findings suggest that these skills are not limited to customer interaction.

In depth interviews, with retail industry representatives, have revealed that customer interaction, sales skills and communication is not simply about engaging with consumers on the shop floor. Indeed, it is also about engaging with internal customers, and other team members in particular, which is reflected as follows:

In terms of customer service and sales skills, we have issues because my employees aren't very good at knowledge sharing, especially when new team members start at our stores.

- Regional Manager, Clothing, Footwear and Personal Accessories, New South Wales

This sentiment is emphasised in other sectors of the retail industry, as indicated by the following:

The main improvement I want to see in my staff is a better standard of communication with other employees, and better customer service. That is my main priority right now.

- Business Owner, Specialised Food Retail, Queensland

As these comments suggest, there is a current need within the retail industry to enhance the communication and service skills of employees, as they relate to external, and internal, interactions. Given that the development of customer service skills has the greatest capacity to drive sales, and improve profitability in the short term, developing and enhancing the language and literacy skills of team members, which underpin customer service, should be viewed as a critical priority for the industry. Indeed, the confidence to engage with customers has been revealed as a central issue in terms of team member performance, as follows:



One of the barriers we have in the stores that I am responsible for is confidence. Many of the team members just don't have any confidence in their own ability, which impacts on their ability to engage customers, and apply sales techniques.

- *Regional Manager, Clothing, Footwear and Personal Accessories, Western Australia*

However, it is interesting to note that many respondents also suggested that team member confidence was not always associated with specific workplace challenges of frontline staff. Instead, some research participants indicated that some of these issues were caused by store managers who lacked the skills, time and resources to effectively train, coach and mentor frontline team members. This is something that has been supported in other, recent studies of the Australian retail industry, which have suggested that coaching and leadership skills are essential for store managers, and can impact organisation performance, but are currently lacking in some candidates¹¹.

5.3. Workplace Literacy and Numeracy

Key Message: Given that the development of customer service skills has the greatest capacity to drive sales, and improve profitability in the short term, developing and enhancing the language and literacy skills of team members, which underpin customer service, should be viewed as a critical priority for the industry.

Although findings suggest that workplace practices and customer interactions are poorly executed by some entry level team members, it is interesting that few business owners and employers indicate that literacy and numeracy is a problem, when asked directly. Indeed 83.9 per cent of respondents indicate that low literacy and numeracy levels have no impact on their business, either in terms of workplace productivity, or training staff. This is interesting, as the preceding section of this report would indicate that workplace language and literacy challenges are present within the retail industry. A possible explanation for this discrepancy is suggested by the following:

One of the problems that we find is that store managers are unequipped to pick-up on workplace behaviour, which may be the result of some underlying learning issue...It is extremely rare that a store manager, or direct supervisor, will pick up on a behavioural issue as being a problem with language or literacy.

- *Human Resource Manager, Clothing, Footwear and Personal Accessories, Victoria*

Essentially, many of the workplace issues witnessed by store managers are not recognised as a foundation skill issue. Rather, many managers only observe that a task has not been performed

¹¹ Service Skills Australia. (2015). *Environmental Scan 2015: Wholesale, Retail and Personal Services*. Retrieved from <https://www.servicesskills.com.au/sites/default/files/files/Environmental%20Scans/2015-SSA-Escan-WRAPS.pdf>



to a desired standard, and are not adequately trained to identify how this behaviour may be linked to an underlying foundation skill. In other instances, it possible that some employers do not perceive that language, literacy and numeracy are a problem for their business, because they are accepting of the position that retail inhabits within the broader labour market. This is highlighted by the following:

We're realistic, you know, about the type of people we can get in our stores, because of the position that retail has in the labour market. As an industry, we don't maintain that qualifications are necessary for employment, so that attracts a certain type of person, you know, with lower levels of language and communication. But that's okay. Providing that entry level staff have the right attitude to work in retail, we find that they are more than capable of doing an entry level role.

- *Human Resource Manager, Clothing, Footwear and Personal Accessories, Victoria*

As this comment suggests, some retailers are almost resigned to the fact that the talent pool available to this particular industry will have broader literacy and numeracy challenges, compared with other sectors of the workforce. Indeed, data produced by the PIAAC study does indicate that compared to all other industries, retail does have lower literacy and numeracy skills. However, there is some indication that in entry level positions at least, learning difficulties can be overcome, if appropriate recruiting practices are implanted, and well trained managers are paired with team members with the right attitude, as indicated by the following:

It is really about employing the right people in the first place. In terms of entry level positions, we're more interested in attitudinal factors like work ethic and honesty anyway. We feel that if team members have the right approach to their job, and are reliable, we'll be able to teach them the skills they need.

- *Human Resource Manager, Takeaway Food Services, New South Wales*

However, while literacy and numeracy has its challenges for frontline team members, numerous participants suggested that other issues exist with store managers, and succession planning. This is explained as follows:

The greatest problem we face, from having entry level staff with lower levels of language and communication, is that it reduces the talent pool available for internal promotion. To be honest, most of the learning issues we have aren't associated with our entry level team members. It's all about our store managers. We expect so much more from our store managers, in terms of administrative tasks, than ever before. You know, submitting written reports on store performance, analysing and interpreting sales and transaction data, coordinating rosters. It's not unusual to promote someone into a management roll, and all of a sudden, there are all these literacy and numeracy issues that need to be addressed.

- *Human Resource Manager, Clothing, Footwear and Personal Accessories, Victoria*



The latest intelligence from Service Skills Australia, supports this finding, and highlights the significant difficulties experienced by retail businesses in finding high level staff, with appropriate skills. Indeed, in *Environmental Scan 2015: Wholesale, Retail and Personal Services*, it is reported that store managers “frequently lack the skills to perform ‘retail maths’ like calculating turnover, developing inventory plans, determining mark-ups, and calculating budgets and forecasts”¹². Similar to the example of product knowledge, provided in Section 5.2.2, these workplace skills, are fundamentally linked to foundation skills, and numeracy skills in particular. Without adequately addressing the core skill that underpins these job related tasks, it will be difficult to assist the store manager to elevate their understanding to the level need to undertake their role. As this suggests, challenges associated with foundation skills extend beyond entry level positions, and into those inhabiting store manager roles, as indicated by the following:

In terms of our entry level staff, we are really happy with that segment of our workforce. Where we find the biggest issue is with our store managers. Some of them just have difficulty prioritising their time and making good judgements. In particular, some managers can find it difficult to place their decision making in a larger context, and see the bigger picture. As a result, they can sometimes fail to “push the button” at the right time.

- *Human Resource Manager, Takeaway Food Services, New South Wales*

Indeed, research has revealed that learning and operational difficulties, associated with team members at the store manager level, presents the greatest challenge for retail businesses across Australia. Specifically, the lack of qualified and experienced talent, in front line positions, often means that individuals are promoted into more senior positions, without the necessary skills to perform in their new role. Therefore, it is the belief of many retailers that the challenges experienced by frontline staff, are often the result of store managers that lack the skills to effectively manage, support and educate team members, as indicated by the following:

The issue lies with managers, and not any specific learning issues that may, or may not exist, with frontline staff. When team members take on store manager positions, we find that they just don’t understand the business well enough, and the associated administrative tasks required of a person at this level. This is extremely problematic, especially when they need to effectively communicate expectations to their team members, but may not fully understand the processes and procedures themselves.

- *Regional Manager, Clothing, Footwear and Personal Accessories, Northern Territory*

While it is undeniable that issues associated with frontline staff performance, in terms of understanding their job role, problem solving, and self-evaluation, are associated with foundation skills, research produced by the NRA also suggests that ineffective management at the store level may also be a contributing factor. This is highlighted by the following:

¹² Service Skills Australia. (2015). *Environmental Scan 2015: Wholesale, Retail and Personal Services*. Retrieved from <https://www.serviceskills.com.au/sites/default/files/files/Environmental%20Scans/2015-SSA-Escan-WRAPs.pdf>



We have significant issues training our staff, but I'm not convinced that it is a matter of learning difficulties with frontline line team members. More than anything, the issue resides with our store managers, who are not consistently following up on training after it is delivered. As a result, everything that our frontline staff learn, during induction, or through online training, is not retained. The store managers just aren't doing a particularly good job at ensuring what new staff learn, is embedded on-the-job, through their daily tasks.

- *Regional Manager, Clothing, Footwear and Personal Accessories, Western Australia*

As this suggests, language, literacy and numeracy difficulties within the retail industry, extend beyond entry level team members, and are also present within store manager positions.

Key Message: The retail industry needs assistance and support to prepare frontline team members for the transition into the store manager role. Part of this assistance should include enhancing their foundation skills in preparation for the increased demands of the manager role.

6. Next Steps

The NRA has been successful in implementing, and analysing data generated by the online survey, and has also engaged with industry stakeholders to validate these results. The NRA, and its research team, is now focused on how it can best utilise this information to produce meaningful content for the Language, Literacy and Numeracy web portal.

Specifically, this particular research project has revealed that many employers and business owners within the retail industry do not recognise foundation skills as an issue for their business. As a result, the industry does not acknowledge the clear and inextricable link between a workplace function, such as customer service, and the multitude of foundation skills that are essential to the successful completion of this task. This is an important finding of this report, as it provides guidance for the development of case studies, as well as other content, to promote the benefits of LLN training for retail businesses. In particular, it highlights the need to frame all learning materials in a manner that addresses a specific work task, as opposed to a specific foundation skill.

In addition to this, the report has also highlighted that challenges associated with foundation skills are not restricted to entry level team members. Specifically, it has been identified that store managers also have a unique set of circumstances and skill development needs, which must also be addressed. Indeed, these issues are in two distinct areas, as follows:

- Training to identify, support and mentor entry level team members with foundation skill challenges.
- Assistance to enhance numeracy skills to ensure improved capabilities in their area of retail maths and analytics.



To ensure an ongoing dialogue between the NRA and the retail industry, key findings from this research project will be distributed to survey participants, as well as other businesses and affiliated associations. It is anticipated that this will encourage additional feedback from the industry on research findings, as well as providing the NRA with an opportunity to encourage ongoing participation in future activities, associated with the WELL Strategic Project. As this suggests, the coming months will present an opportunity for ongoing communication between the NRA and the retail industry, to ensure that the project is completed to a high standard.



Appendix One

WELL Program Online Survey

This first set of questions seeks general information about your business. When completing this survey, if you are unsure about how to answer a question, please give the best answer you can.

General Questions

1. How many people are employed in your business?
2. How many people do you employ in each of the following regions?
3. Which sector of the retail or personal services industry does your business primarily operate in?
4. Overall, how would you rate the current skills of your team members?
Excellent
Very Good
Good
Fair
Poor
5. Do you think that your business is currently affected by low levels of literacy and numeracy?
Yes
No

We would now like to ask you some questions about working effectively in your business.

Working Effectively

6. The following statements are about your current, entry level, team members, and effective work practices in your business. How much do you agree or disagree with each statement?
 - My team members have difficulty understanding workplace procedure manuals
 - My team members are unable to complete and process workplace documents such as their time cards, or order forms
 - My team members have difficulty problem solving and evaluating their work
 - Generally speaking, my team members are able to understand and follow everyday instructions at work
 - My team members are unable to organise, manage or prioritise their work tasks
 - Most of the time, my team members are unable to maintain personal standards of presentation that I expect in my business



We would now like to ask you some questions about how your team members interact with customers.

Customer Relationships

7. The following statements are about your current, entry level, team members interact with customers. How much do you agree or disagree with each statement?

- My team members have difficulty accessing, reading and remembering information about products we sell
- My team members find it difficult to identify and understand the needs of customers
- Most of the time, my team members accurately enter customer details at the point-of-sale
- I trust that my team members are good representatives for my business, and can build trust in the products we sell
- Generally speaking, my team members can do basic 'retail maths,' such as calculating discounts, and determining mark-ups

We would now like to ask you some questions about the sales process in your business.

Making Sales

8. The following statements are about the sales strategies and techniques used by your entry level team. How much do you agree or disagree with each statement?

- Team members apply their product knowledge effectively during the sales process
- Team members are good at initiating contact when customers enter the store
- Customer questions are addressed effectively and quickly by my team members
- Team members can identify how much a customer is wanting to spend, and can give them price appropriate options

We would now like to ask you some questions about literacy and numeracy in your business.

Literacy and Numeracy

9. How strongly do you agree with the following statements about literacy and numeracy in your business? How much do you agree or disagree with each statement?

- Low levels of literacy and numeracy impact the productivity of my business
- Team members in my business are unable to communicate effectively (e.g. with customers, other team members)
- In my business, low levels of literacy and numeracy impact workplace health and safety



- Literacy and numeracy problems in my business makes it difficult to train staff
- We would now like to ask you questions about the general behaviour of staff members in your business.

We would now like to ask you questions about the general behaviour of staff members in your business.

Identifying Workplace Problems

10. The following statements are about the general behaviours of your team members. How strongly do you agree with the following statements?

- My team members find it difficult to tell a clear story
- My team members have a tendency to talk in circles, or repeat themselves
- Sometimes team members make excuses to avoid reading and writing tasks
- Most of the time, team members are able to understand what they have read in a document, form or manual

Improving Australian Workplaces

11. The following statements are about improving workplace literacy and numeracy. How strongly do you agree with the following statements?

- It is the responsibility of Government to ensure people have the literacy and numeracy skills needed to gain employment
- Employers should support and assist team members that have literacy and numeracy difficulties
- Educators and schools should ensure that people have the necessary literacy and numeracy skills for gaining employment
- If an employee has low levels of literacy and numeracy, the employee should be responsible for improving their own skills

We would now like to ask some questions about foundation skills training in your business.

Foundation Skills Training

12. Does your business have the capacity to assist a team member with literacy and numeracy needs?

13. Does your business currently use any measures to improve workplace literacy and numeracy?

14. Would your business be improved if the Government assisted with your current literacy and numeracy concerns?



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