

Wholesale & Retail

LEADERSHIP CHAIR

Collaboration opens the window to a world of opportunities



The retail industry in
South Africa as career of
first choice for young talent
A SUMMARY

The retailing industry finds it hard to compete with other industries in the often-cited “war for talent”.

Retailing myth – working in retailing is associated with store-based activities, requiring minimal training, poor working hours, low compensation, dull and boring work content, and limited advancement.

INTRODUCTION

The wholesale and retail industry worldwide, and particularly in South Africa, faces a major challenge in attracting and retaining highly skilled and motivated workers. This has led to a shortage of knowledge workers, who are considered a leading source of competitive advantage in this industry.

The wholesale and retail industry is the fourth largest contributor to South Africa’s Gross Domestic Product (GDP), while employing approximately 21% of the total workforce. South African retailers are also attempting to expand to the rest of Africa, which indicates that there will likely be a high demand for management candidates in the future.

Surprisingly, while some South African universities offer special programmes in retail management, attracting young talent to a career in retailing remains a challenge. This can be attributed to a number of factors, one of which is that research has found that students and graduates appear to hold negative perceptions of careers in retailing. The so called “retail myth” holds that working in retailing is associated with store-based activities, requiring minimal training, poor working hours, low compensation, dull and boring work content, and limited advancement. It seems that most of these associations arise from a stereotypical image of the industry that is hard to change. As a result the retailing industry finds it hard to compete with other industries in the often-cited “war for talent”.

The situation might be reinforced by Generation Y’s (Gen Y) attitude towards work content and career, with graduates being more focused on enjoyable work and a sense of accomplishment, good pay and skills development.

The findings provide a contemporary overview of the attractiveness of retailing careers, and will help retailers to strengthen their employer branding efforts, and thus enhance the sector’s potential as career of first choice for high-quality candidates.

Drawing on previous findings regarding graduate decision-making and industry image, and with Gen Y the focus for the research, the study set out to:

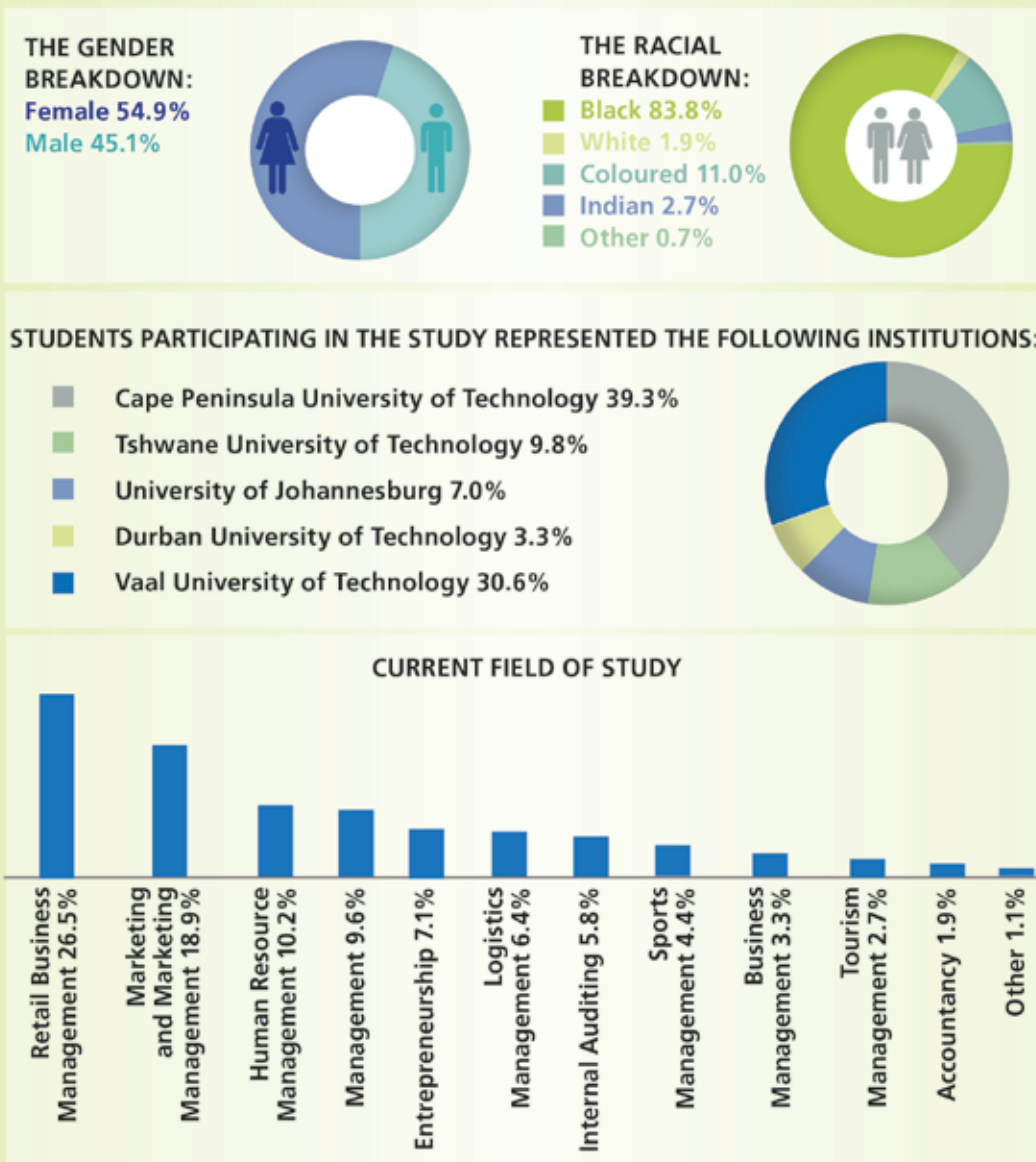
- 1 explore the image newly enrolled business students have of the wholesale and retail industry in South Africa;
- 2 outline the key factors that are important to Gen Y in choosing their field of study and prospective career; and
- 3 identify student segments that are more or less likely to strive for a career in retailing.

METHODOLOGY

A two-step approach was applied to the research questions. First, a qualitative pre-study was conducted to provide a more comprehensive picture of students' choices and industry intentions, because prior research had primarily concentrated on the British and American markets. Narrative telephone interviews were conducted with twelve first-year retail students to identify their decision processes in selecting a field of study, the factors that drove their decision and their key associations with the retail sector. Then six retail HR managers were interviewed on applicants' motivations and relevant information sources. The results of these interviews were used to develop a quantitative study, consisting of anonymous, voluntary questionnaires.

The self-administered questionnaires resulted in 1363 useable responses from first year management students at five universities offering a three-year course in retail, collected during the first week of the study year to ensure the attitudes measured were unaffected by attending retail lectures. 99.6% of responses were from Generation Y.

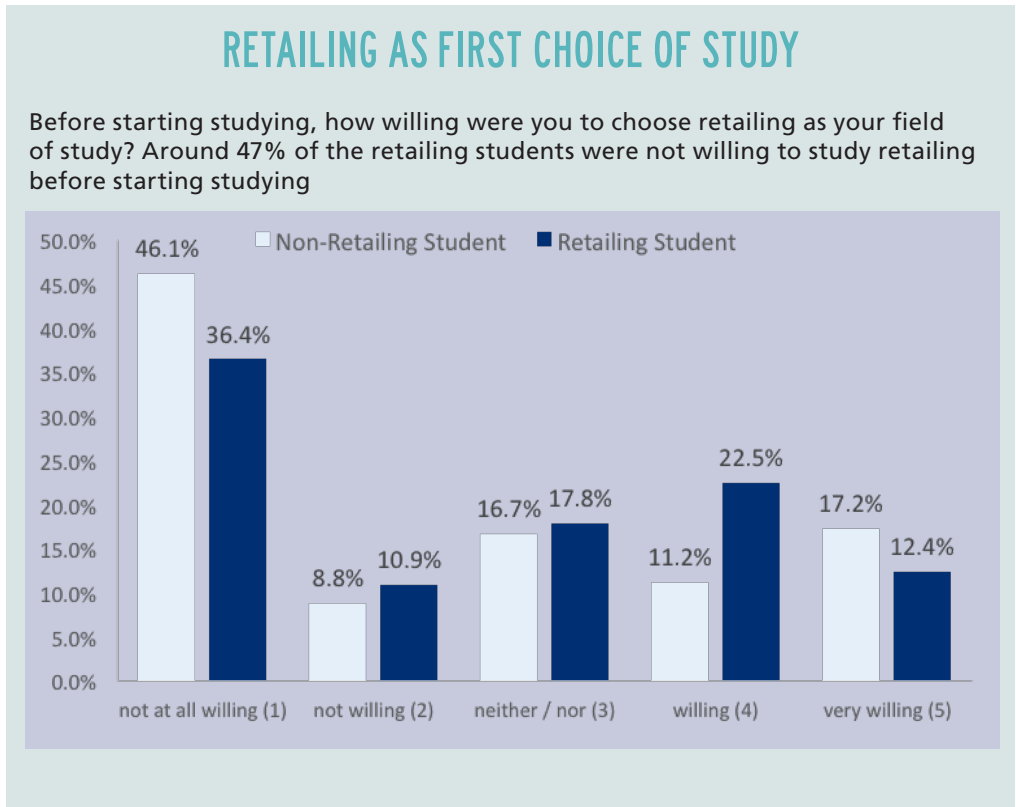
SUMMARY OF RESPONDENTS



The finding that company websites offering information on careers in a specific industry represents the most important factor in the decision-making process offers a great opportunity for retailers.

FINDINGS

Participants were asked to indicate their level of agreement with the statement “The chosen field of study was my first and preferred choice”. Compared to students of other subjects, retail students were less likely to label their current study as their preferred choice.



In order to better understand students’ attitudes to the retail industry, participants were asked to rate the importance of various career factors in choosing an industry in which to work, and then to indicate the extent that these attributes apply to the retail industry. For the most important career attributes, students were more likely to rate their importance more highly than they would rate retailing on these attributes. This shows that careers in the South African retail industry lag behind what students consider important, especially when it comes to payment, work-life balance and advancement issues.

ATTRIBUTE IMPORTANCE WHEN CHOOSING AN INDUSTRY FOR A CAREER

Especially for some very important characteristics, the retail industry is rated poorly

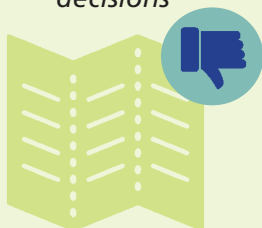
Attributes	Average importance rating*	Average rating of retail career*	Mean difference
Good career opportunities	4.74	4.03	-0.71
Good prospects in job market	4.55	4.00	-0.55
Good opportunities for further training	4.52	4.12	-0.40
Opens opportunities to work in other industries	4.46	3.92	-0.54
Chances for personal growth	4.46	4.03	-0.43
Good work-life balance	4.41	3.72	-0.69
Rapid growth and guaranteed future	4.40	3.88	-0.52
Working with different types of people	4.40	4.35	-0.05
Possibility to improve service in the industry	4.36	4.08	-0.28
Good cooperation with colleagues and superiors	4.32	4.02	-0.30
Diversity of job content	4.17	3.79	-0.38
Many big companies	4.16	4.06	-0.10
High degree of job security	4.14	3.64	-0.50
Social responsibility	4.14	3.83	-0.31
Many innovative companies	4.12	3.79	-0.33
Challenging task	4.01	3.99	-0.02
Close contact with customers	3.99	4.13	+0.14
Attractive working hours	3.97	3.46	-0.51
Dynamic industry	3.95	3.80	-0.15
High wage increases	3.92	3.31	-0.61
Work that is fun	3.87	3.59	-0.28
Many international companies	3.85	3.89	+0.04
High starting salary	3.80	3.17	-0.63
Chances to go overseas	3.76	3.42	-0.34
Quick transfer of responsibility	3.62	3.69	+0.07
Possibility to work for family-owned business	3.00	3.25	+0.25

* Rating: 1= poor or unimportant to 5= excellent or very important

Company websites offering information on careers in a specific industry, represent the most important factor in the decision-making process



Traditional information material (e.g. print media) played the least important role in decisions



Factors affecting career choices

Students were asked about various factors that influenced their decision to choose a specific field of study. The results showed that company websites played the biggest role in the decision on what to study, followed by career guidance at school and consulting family and friends. The finding that company websites offering information on careers in a specific industry represents the most important factor in the decision-making process offers a great opportunity for retailers to provide their industry with a positive image through their marketing efforts. By contrast, traditional information material (e.g. print media) provided by companies and career guidance material offered by Sector Education and Training Authorities (SETAs) played the least important role in decisions.

An overall conclusion from the study is that choosing a field of study is not a very active process for most retail students. This has implications for the student employment marketing of the retail companies – they need to do more pro-active and aggressive marketing. Do not wait for students to find your homepage to see what you offer – take active steps to pull them to your website!

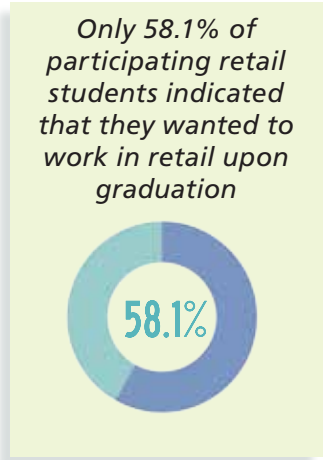
SOURCES OF INFORMATION AFFECTING CAREER CHOICE

People/factor	Mean*
Websites of companies on career in industry	3.41
Consulting friends, family or acquaintances	3.26
Career guidance at school	3.25
Traditional media (eg TV, magazines, radio)	3.14
Social media (eg Facebook)	3.11
University open days	3.10
Companies visiting schools/TVET colleges to explain their industry	2.94
Life orientation and Vocational Guidance Counsellor	2.94
Job shadowing (eg internship, own work experience)	2.92
Information material of the companies (eg brochures)	2.84
Career guidance of the SETA	2.84

* 1 = No role; 3 = Middling role; 5 = Critical role


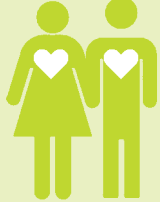




Participants were asked to indicate the industry/career area they would most like to work in upon graduation, from a given list of 11 areas especially relevant to business graduates in South Africa. The analysis shows that on average, careers in marketing and advertising are most prominent, followed by retailing and government/public services. At first glance, this finding seems encouraging compared to prior research that found retailing careers to be less appealing. However, splitting the sample into retail and non-

retail students provided a more conservative picture. In fact, retailing is the number one industry for only 58.1% of all participating students enrolled in retail management studies. It is surprising that 41.9% of the retail students would prefer a career in other areas, such as marketing or financial services. Even more astonishing is that retailing is only appealing to 3.2% of all non-retail students, even though in many cases their study disciplines are also critical to the retail industry, eg accounting, marketing, logistics, etc. This confirms that also in South Africa the retail industry struggles to be appealing to young university learners.











A STUDY CHOICE DECISION MODEL

By cross tabulating the current field of study with the preferred industry of the participants, a classification of four student types is proposed. These categories are based on the reasons that drove the decision towards or against retailing as a field of study.

		Retail Students	Non-retail Students
Prefer to work in retail industry		GROUP 1: "Love marriage" 	GROUP 2: "Love at second sight" 
Do not prefer to work in retail industry		GROUP 3: "Arranged marriage" 	GROUP 4: "Not interested" 

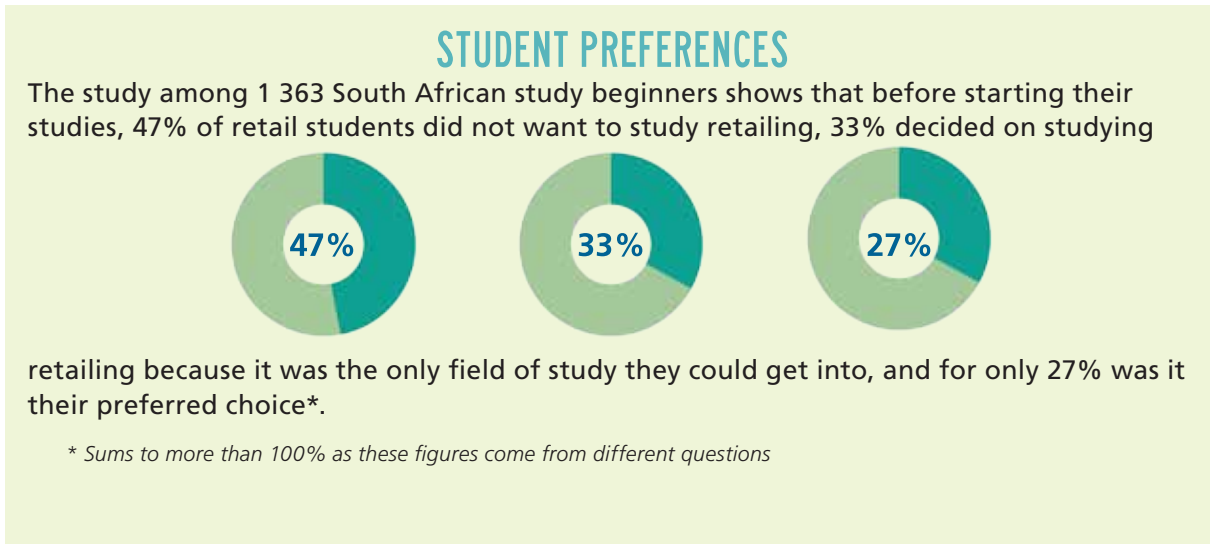
A more detailed explanation and discussion of each of the four relationships is given in the 'Student type details' table on the next page.

STUDENT TYPE DETAILS

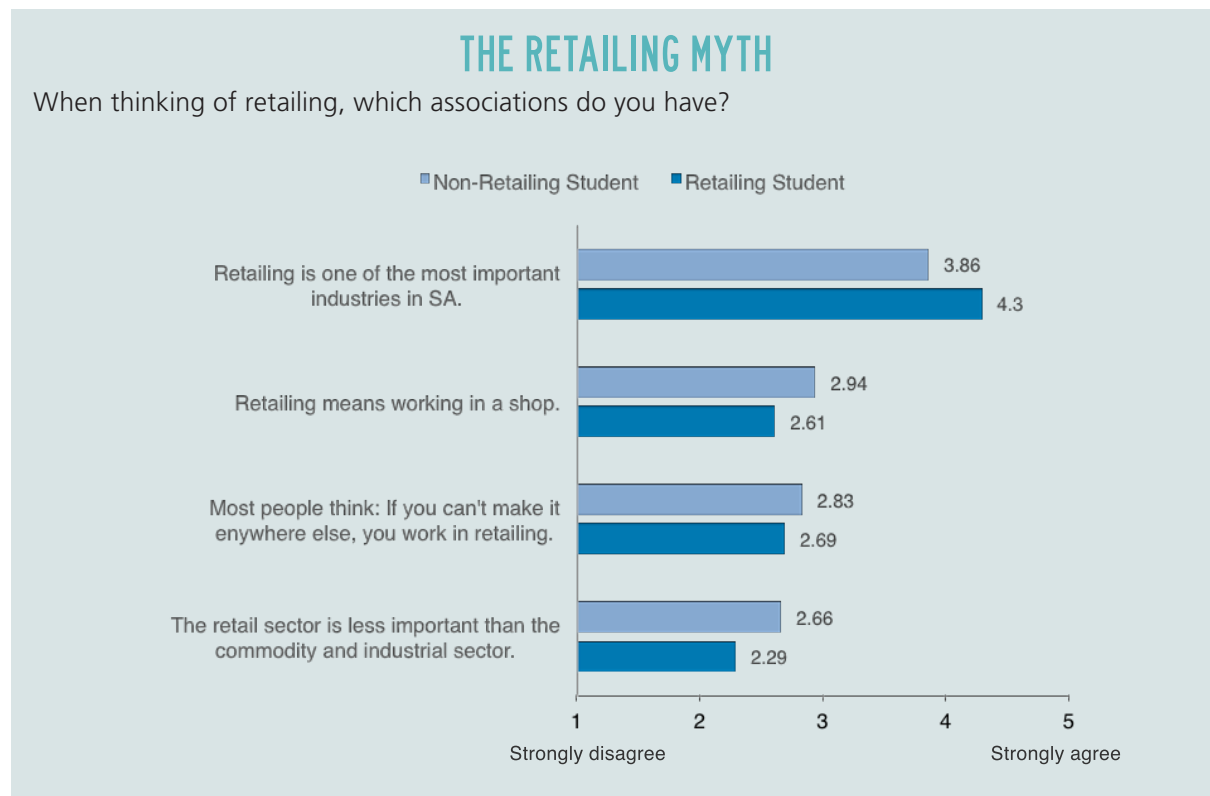
<p>GROUP ONE</p> 	<p>Retail students who prefer to work in the retail industry form the first group. Compared to students who are oriented towards other industries, these students are more willing to open their own businesses. Love and passion towards the retail business were the most frequently mentioned reasons, followed by an inspirational mentor from the retail area. Because the decision towards retailing in this student group is based upon long-term commitment and affection towards the retail business, the student-retail relation is described as a “love marriage”.</p>	<p>PREFER TO WORK IN RETAIL SECTOR </p> <hr/> <p>RETAIL STUDENT</p>
<p>GROUP TWO</p> 	<p>In the second group, non-retail students would prefer to work in the retail industry. Although this group is quite small (3.2% of all non-retail students), it should be of great interest to universities and the retail sector. The analysis shows that similar to the first group, these students are also keen to open their own businesses. It seems that a bursary for a different subject drove their study decision. Their relationship to retailing is described as “love at second sight”.</p>	<p>PREFER TO WORK IN RETAIL SECTOR </p> <hr/> <p>NON-RETAIL STUDENT</p>
<p>GROUP THREE</p> 	<p>The third group is the most critical one, not least because 41.9% of all retail students belong to it. They study retail management but desire a career in another industry. The analysis shows that students from this group are significantly more likely than the other groups to state that retailing was the only field of study they could get into (33%), often because their preferred major was already full. Because these students show low levels of affective attachment to retailing and hold preferences for other industries, their relationship to retailing is described as an “arranged marriage”.</p>	<p>PREFER NOT TO WORK IN RETAIL SECTOR </p> <hr/> <p>RETAIL STUDENT</p>
<p>GROUP FOUR</p> 	<p>Finally, the fourth group comprises non-retail students with no preference for a retail career. The given reasons for the chosen field of study were manifold. Most often, the students cited their love for a specific major and the perceived fit to their personality. This group is of minor interest to the retail business. They are simply “not interested” in a relationship with the retail business.</p>	<p>PREFER NOT TO WORK IN RETAIL SECTOR </p> <hr/> <p>NON-RETAIL STUDENT</p>

CONCLUSIONS

The study investigated first-year university learners' attitudes, in their first week at university, towards retailing as a field of study and as a prospective career option.



The study also shows that a career in retailing appeals to only a few Gen Y learners. They believe a career in retailing does not offer them those attributes they consider important. The “retail myth” thus also exists in South Africa, namely that retailing is often associated with unattractive working hours, boring jobs, low wage increases and low starting salaries.



As a consequence, a career in retailing ranks eighth among the given list of industries for non-retail students. Most surprisingly, only 58.1% of participating retail students indicated that they wanted to work in retail upon graduation. There are very strong indicators that the image of an industry influences the choice of study major – students who want to work in retail have a much better image of the industry than those who do not. Good career opportunities, good prospects in the job market, opportunities for further training and to work in other industries, chances for personal growth and a good work-life balance are the most important criteria to select which field or industry to study, as they have a high impact on the overall image of the industry. In terms of these characteristics, the retail industry is evaluated very poorly. To attract young talent these criteria need massive improvement to make the retail industry more attractive.

The above highlights the need for the industry, retail companies and educators to implement strategies to attract and inform highly motivated university students prior to and during their studies. For each of the four identified student groups, different implications should be addressed. Suggestions for each of these groups are provided in the table “Implications for retail industry” on the next page.

LIMITATIONS OF THE STUDY

Although the sample comprised business students from five South African universities, generalisability of the results is limited. Considering that South Africa has 26 public universities, many private universities and colleges, and more than one million students in higher education with a myriad of majors, the results of the study are only applicable to those students majoring in business.

RECOMMENDATIONS

The study only assessed retail-specific opinions from first-year students in their first week of studies. Future research should follow up on these results or employ longitudinal research designs in order to show how the retail image evolves over time (eg between first year and third year), and to assess the efficiency of image-building actions.

In addition, it would be interesting to include non-business students in the sample, as the retail sector also holds potential for students studying law, engineering, food science, fashion design, etc. Such inclusion might result in the identification of even sharper differences between groups of students.

IMPLICATIONS FOR RETAIL INDUSTRY

Implications for the “love marriage” group



Students from this group are passionate about their field of study and look forward to working in the retail industry. All communication efforts should focus on this emotionally charged relationship and should combine information on functional attributes with storytelling and experience-based recruitment. Universities and employers should address these students' expectations with regard to the most important career attributes, such as advancement opportunities, further training and future prospects. Selection processes for retail students should also focus on applicants' personal commitment to the industry.

Implications for the “love at second sight” group



Although this group of students was numerically small, they are of great importance for the retail industry. These students strive for a retail career although they are currently enrolled in other majors. Remarkably, these students could not give any reasons for their study direction. It might be that their current field of study might be a fall-back option rather than a first choice, because of entry requirements or course capacity restrictions. Consequently, universities should review their selection processes with regard to selection criteria and capacity restraints.

Implications for the “arranged love” group



Because of its size and contradictory behaviour, this group of students is critical for retail's future recruitment success. Although these students are enrolled in retail management, they prefer a different industry for their future careers. The major reason for this disjunction can be seen in the fact that retail management was the only field of study the students could get into. This group offers the possibility to universities and the industry to prove that the retailing myth is incorrect. Universities should encourage students to take advantage of internships right from the beginning of their studies. Retail companies should offer classroom presentations, case-study sessions and mentoring programmes to accompany retail students through their studies, in order to enthuse them about the industry and reflect the passion most retailers have for their industry. As the major source of information, career websites should connect to the experience realm of prospective students to encourage them right from the early decision stages.

Implications for the “not interested” group



As with any field of study, there are also students who are not interested in studying retailing or working in this industry. They hold a “love marriage” with other majors. Although they are not the target audience for future recruitment activities, they are important as customers and advice givers to their peer group. Furthermore, although they may be studying another discipline (eg accounting, HR, logistics, etc.) they could also be made aware of the need and opportunities for these disciplines by the large retail chains. Because the industry image strongly influences the corporate image of individual retailers, all market players should entrust a retail association with image building actions. Countries such as Germany have already launched joint communication campaigns in order to counter the “retail myth”.

THE W&R SECTOR

W&R is the fourth largest contributor to GDP and the 30 000 tax-registered retail enterprises employ about 20% of the total economically active workforce according to Stats SA.

About 86% of registered enterprises in this sector are small and micro enterprises, 9.5% medium size and 4.5% large companies. Only 66% of operational retail traders are formally registered and contributing to the fiscus, suggesting there are over 100 000 informal (unregistered) traders in the sector accounting for 10% of national retail turnover.

The main employment increase has been in the informal /SMME sub-sector. This project is the twentieth research study conducted by the WRLC.

Wholesale&Retail **LEADERSHIP CHAIR**

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THE WRLC

The Wholesale and Retail Leadership Chair (WRLC) at the Cape Peninsula University of Technology (CPUT) was established in 2013, based on an initiative by the Wholesale & Retail Sector Education and Training Authority (W&RSETA) to contribute towards sector research and professional qualifications development at Higher Education levels.

A national survey report entitled Priority Research Needs of the South African Wholesale and Retail Sector marked the first step taken by the WRLC towards the creation of a basis for relevant research in this dynamic business sector.



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<http://wrlc.org.za/research-2-2/completed-research/>

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