

British retail sector continues shedding thousands of jobs

Simon Whelan
2 March 2019

On Wednesday, the Resolution Foundation think tank revealed that UK retail sector workers are more likely to be made redundant and endure a prolonged period of unemployment than workers in any other sector. Its report found that nearly a third (31 percent) leave for this reason. This compares with 26 percent on average for all other sectors of the economy.

At least 70,000 retail jobs were lost in the final months of 2018, according to figures from the British Retail Consortium (BRC), with Christmas shopping failing to amend poor turnovers.

The number of employees working in retail was down 2.2 percent in the final business quarter of 2018, compared to the same period in 2017. The BRC chief executive, Helen Dickinson, said: “The retail industry is undergoing a profound change and the latest employment data underpins those trends.”

Young people will be hard hit by the job cuts, with the Resolution Foundation showing that three in five ex-retail workers are under 30. After losing retail jobs, two in five redundant workers remain unemployed for at least six months.

Marks and Spencer has announced the closure of many department stores, with over a thousand jobs at risk. The retail chain will close more than 100 stores by 2022. For its third business quarter up to December 29, 2018, they reported 4.8 percent decline in UK sales, with like-for-like sales down 2.4 percent.

Changes in the range of services offered, like cutting their in-store bakeries and ending the serving of hot food in staff canteens by Tesco, the UK’s largest supermarket chain, have left 9,000 jobs at risk. Tesco’s workers will no longer be able to buy a cooked meal during their shifts even though it raked in a billion pounds in profit last year.

Other job losses announced this year include:

- Music store HMV closing 27 stores, with the loss of 455 jobs.

- Brighthouse credit appliance to close 30 stores, with 350 job losses.

- House of Fraser distribution centre shed 250 jobs.

- Jeweller Chapelle made 250 redundancies.

- John Lewis department stores released 127 staff.

Some 19,000 high street jobs have been lost or put at risk in the two months since Christmas. Consultancy firm Altus told the Press Association that 18,722 workers were made redundant or threatened since December 25—breaking down as 14,377 lost jobs and with a further 4,345 at risk. That equates to 400 retail job losses per day.

A third of retail businesses plan to shed staff in 2019.

According to research conducted by the Centre for Retail Research, 18,355 stores closed in 2018 in Britain, an all-time high. In the year up to August 2018, 28 retail companies with multiple stores ceased trading, affecting 2,085 stores and 39,000 jobs.

The number of small businesses like shops, pubs and restaurants going out of business outnumber those opening. The deficit is more than double the number ever previously recorded over the first six months of a year since the Local Data Company (LDC) began its research, five years ago. Closures increased by nearly 17 percent to 24,205 across 3,000 towns, cities, retail parks and shopping centres monitored by LDC. The number of new small businesses declined by 2.1 percent to 19,803 over the same six months.

In November last year, a report by the accountants PricewaterhouseCoopers (PwC) estimated that about 14 shops were closing every day, with traders facing their toughest trading climate in five years. PwC suggested more than 1,000 shops disappeared from Britain’s top 500 high streets in the first six months of 2018.

English and Welsh towns and city centres have lost 8 percent of their shops on average in the five years since 2013. The situation of closed shops and businesses in South Yorkshire is among the worst in the country. One

of the UK's largest cities, Sheffield, has lost almost 18 percent of its shops in the city centre. Large and small business closures and chains closing branches have created a city centre pockmarked by boarded-up premises. Next door in Rotherham town centre, the large loss of business is similar in percentage to Sheffield.

The greatly reduced spending power of workers, due to savage government austerity imposed over the last decade, has brought about much of the closures. Other structural issues play a role in the decline of traditional shopping patterns. In November 2018, for the first time in the UK, more than £1 of every £5 of shopping was spent online. To compound the crisis, many reports have noted looming economic uncertainty over Brexit as a reason for a decline in consumer confidence.

Retail, however, remains the largest private sector employer in the UK, with approximately one in 10 workers employed in the sector. Amazon muscled into the top five businesses last year, behind the giant supermarkets, and now accounts for £4 in every £100 spent in the UK. The struggle between businesses—traditional high street and online—to win an increasing share of a dwindling amount of disposable income is creating a cut-throat competitive environment where they seek to trim costs, especially workers' wages, to a minimum.

Employment within all layers of retail, whether in a warehouse or on the shop floor in a store, is increasingly precarious. Many workers are contracted on zero-hours contracts, with irregular and anti-social working hours and poverty wages.

Employment practices that have emerged within retail over the past decade are frequently criminal, as the exploitation of growing part-time workforces is facilitated at every turn by a thoroughly deregulated labour market.

What the WSWs described as the "grossly exploitative, parasitic and downright criminal character of British capitalism" was exposed before a parliamentary select committee in 2015. They held two separate hearings, one into the retail giants Sports Direct and another into the now-collapsed department store chain BHS.

The Sports Direct hearing was prompted by the revelations that the retailer paid its employees below the minimum wage and had created a climate of fear such that employees were so scared to take time off that one female worker even gave birth in the Shirebrook warehouse toilet in 2014. According to a witness, who in January gave details of the horrific incident, the mother cut the umbilical cord herself with a box cutter and repeatedly

said, "I've got to go back to work, I've got to go back to work."

Sports Direct is run by multibillionaire Mike Ashley. Its Shirebrook warehouse is not run by Sports Direct directly but contracts its day-to-day operations out to Transline, which oversees the workforce. Ashley, one of the wealthiest men in Britain, has a fortune estimated at £3.5 billion and owns the top-flight football club Newcastle United.

The *Observer* newspaper recently called Ashley the "the High Street's most voracious shopper," as he is currently engaged in buying up ailing businesses that he believes he can make profitable again once his own brand of super-exploitation is imposed upon the workforce.

Buoyed by strong profits and pliable bank arrangements, he has recently expressed an interest in buying a bigger share in department store chain Debenhams, where he already owns a 30 percent share. Ashley's holdings also include 30 percent of Sofa.com and Evans Cycles and similar percentage shareholdings in French Connection and Game Digital, amongst others he picked up at auction-type prices.

Not a single job loss will be opposed by the trade unions. The Union of Shop, Distributive and Allied Workers (Usdaw) has more than 430,000 members, with many set to lose their livelihoods in the retail jobs cull.

None of these will be mobilized, with Usdaw national officer Pauline Foulkes merely noting the difficulties faced by the retail conglomerates. She stated, "Staff at Tesco are shocked and dismayed by the scale of yet another round of potential job losses, which clearly demonstrates the pressure retailers are under in the current very difficult and uncertain economic climate, as the cost cutting continues."

Foulkes detailed how Usdaw has acceded to every wish of management, with the Tesco workforce having "played a crucial role in Tesco's turnaround project, contributing to 12 successive quarters of growth, solid Christmas trading and over a billion pounds of profit."



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact