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America's biggest low-wage industry: Continuity and change in retail jobs

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America's biggest low-wage industry:  
Continuity and change in retail jobs

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## Summary

### *Overview*

For those concerned with job quality in the United States, the retail industry commands attention. Retail is not only the largest low-wage industry in the country's economy; it is the largest industry, period. It generates numerous entry level jobs for those with limited formal training. Hourly wages of nonsupervisory workers in retail languish at about three-quarters the national average. Retail is a very important employer of young workers. Its workforce is also disproportionately female. Women are concentrated in particular retail sub-sectors and some minority groups seem to remain employed in retail over time. At the same time, retail jobs—at least, those involving direct interaction with consumers—are geographically anchored, offering a potential leverage point for policies to improve job quality.

We place retailers' business strategies at the center of our analysis and trace the connections between corporate strategy and job quality. We focus on three main dimensions of job quality: compensation; schedule and its impact on the work-life nexus; and hiring and promotion opportunities. We examine the composition of the workforce in retail jobs and the likely implications of changes in job quality for the workforce. We use descriptive statistics from the Current Population Survey and draw on a unique set of retail case studies of food and consumer electronics retailers we conducted during 2005-07. We focus on frontline jobs: cashiers, clerks, and baggers positions.

### *Demographics*

Young workers—those under 25 and even under 18—are over-represented in retail. Women are over-represented in frontline retail jobs relative to their share of the total employed workforce, but are under-represented in management jobs. Black, Latino, and foreign workers are not particularly over-represented in frontline jobs in the sector, and are under-represented in management, with some exceptions.

### *Company strategies*

Company strategies aimed at addressing competition from big-box retailers in a saturated retail market consist of two concurrent strategies: cutting labor costs and increasing service levels. These responses have had implications for job quality.

### *Schedules and the part-time/full-time distinction*

Work schedules have become the primary managerial lever for cost control. The industry has long made heavy use of part-time work; the rate of part-time is 28% in retail (41% in frontline jobs) as compared to 19 % economy-wide. With long opening hours, pressure has grown on entry-level and other staff to work one weekend day and evening hours. In their drive to control costs, stores use hours as shock absorbers “flexing” relatively short guaranteed hours for full-timers (around 32-35 hours) and part-time schedules up to 40 hours on a week by week basis. The predictability of earnings and control over one's schedule are significantly affected by this practice and have dire implications for workers with care responsibilities.

For most aspects of job quality, the greatest divide in retail is between full-time and part-time; part-time is an employment status as well as a schedule. All entry-level hiring is part-time. There is a wage disparity between part-time and full-time front line jobs as well as exclusion

from employer sponsored benefits for part-time workers in many cases. Women are over-represented in part-time work; so are Black, Latino and foreign-born workers. This is particularly true for blacks in frontline electronics jobs.

### ***Compensation***

Implications of part-time status are clear. Part-timers earn 33 percent less than full-timers (and 68 percent less on a weekly basis)—a disadvantage markedly exceeding that of part-timers economy-wide (23 percent). Remarkably, the gap is widest of all among frontline workers in electronics retail, who earn 55 percent less than their full-time colleagues. Earnings in consumer electronics retail are higher on average than in other parts of retail, but are distributed far more unequally.

Many retail workers stand to benefit from the relatively modest increases in the minimum wage adopted by Congress. Using the nominal value of the federal minimum wage as of July 2008 (\$6.55) as a yardstick, 1-in-12 retail workers are below the benchmark in 2007, as do 1-in-5 part-time, frontline retail workers while only 1-in-19 private sector workers are below this benchmark.

Additionally, our field work indicates that wage progression is less steep than in the past, so that the rewards to seniority and experience have decreased, making the jobs less desirable.

Health insurance coverage is lower in retail jobs than economy-side (44% versus 53%). Furthermore, only 17% of part-timers get health insurance through work but worker experience varies considerably across the sector. Part-timers in consumer electronics are only 10% as likely as full-timers to get insurance, while those in grocery stores are 29% as likely. Importantly, with rising health costs, health benefits have been pared down for all workers in recent years although there is a small counter trend with some retailers that have begun offer bare bone coverage to their many part-timers. The amount of paid time off (sick, vacation, personal time) is also under pressure in many retailers. The reduced compensation and benefits make the jobs less viable for heads of households

### ***Training, turnover, mobility and duties***

We examined the closely linked issues of training, turnover, mobility, and duties. Turnover stemming from employee quits is high in food retail and industry-wide; it ranged from 40 to 86% in all but one company in our study. It is much higher from part-time than full-time workers. Managers quickly identify and groom supervisory/management prospects while managing a high turnover, mostly part-time, workforce. The combined strategies of cutting labor costs and increasing service levels have created added pressures from greater variety of duties and increased need for monitoring, particularly for full-time workers and supervisors who must make up for the turnover, lack of training, and low commitment of many part-timers who do not expect to stay in the industry.

Retail has historically promoted from within and continues to do so for a greater degree than other industries. While we did not use longitudinal data, we examined who *has* gotten promoted by looking at the composition of supervisor and managerial jobs in retail as compared to the economy as a whole. (This comparison takes as a benchmark the odds of promotion of particular groups in the economy as a whole, which of course are skewed as well.) The odds of advancement appear to be tilted against women in retail overall, and more so in consumer

electronics than in grocery stores. Blacks are slightly underrepresented in managerial jobs in retail overall, severely under-represented among consumer electronics managers and slightly over-represented among grocery store managers. Latinos are represented in managerial jobs in retail to the same degree they are economy-wide but under-represented among consumer electronics and grocery store managers. In field work, we observed changes in recruiting and promotion practices that have mixed consequences for workers seeking advancement in retail. In both food and electronics retail, there is a move toward recruiting or promoting college graduates for store managers, a trend which will work against those without degrees. A related pattern is the move toward recruiting from the outside (particularly in electronics.) This latter shift may have beneficial effects for workers who reach assistant manager and store manager ranks. It may increase prospects for career advancement because candidates have opportunities for lateral mobility across parts of retail and from other fields into retail.

### ***Policy and organizing responses, and needed research***

We examine the areas for policy action and organizing that will have greatest impact on job quality for retail workers, particularly given that retail is a locally-bound industry.

- Regarding *compensation*, increases in the minimum wage can affect large numbers of retail front line workers. Changing procedures for unionization and linking development agreements to employer neutrality in union drives will matter. Innovative union organizing and bargaining approaches, region-wide for the sector, hold the potential for effectiveness against large retailers in particular. Mandating pay parity for part-timers will bring the US situation in line with that of the European Union.
- Regarding *schedules*, reducing store opening hours will provide relief to both workers and managers.
- Regarding *promotion* equity, a number of approaches to equalizing screening tests, and a mix of incentives and monitoring approaches will have impact because the supervisory and managerial ranks are still filled from within to a large extent. Improving scheduling options will, by itself, go a long way toward facilitating promotion for women and others with care responsibilities as well as facilitate recruitment.

For many of these approaches, we expect community groups or associations can be a means to trigger public attention and information, to sustain the calls for action, and to monitor implementation. Policy by itself would remain dead letter otherwise.

We identify several areas for *future research* to inform policy action and advocacy:

- 1) Case based research links corporate market strategies, employment practices, labor supply, and job quality; it will help inform options for advocacy and policy action.
- 2) Assessment of the transferability of successful models from other sectors to retail is needed.
- 3) Cross-national comparative research can shed light on new options for job quality improvements.
- 4) Building the knowledge base on channels and barriers to mobility in retail and other low-wage industries will help identify how policy action or advocacy can improve mobility.

The good news is that retail consolidation creates a new set of leverage points on which carefully targeted policy and organizing can potentially exert extremely broad impacts. Continued research and experimentation to locate and act on these leverage points holds out the promise of turning the industry that is America's bad job leader into an example of how to convert bad jobs into good ones.

## I. Introduction

For those concerned with job quality in the United States, the retail industry commands attention. Retail is not only the largest low-wage industry in the country's economy; it is the largest industry, period. The retail workforce includes about one US worker in seven, slightly more than manufacturing; Wal-Mart is the nation's largest private employer. Hourly wages of nonsupervisory workers in retail languish at about three-quarters the national average. Retail is a very important employer of young workers. Its workforce is also disproportionately female; although the over-representation of women in retail overall is slight, women are concentrated in particular retail sub-sectors. At the same time, retail jobs—at least, those involving direct interaction with consumers—are geographically anchored, offering a potential leverage point for policies to improve job quality.

What's more, this is a critical time to understand what's happening with jobs in retail. The last twenty years have seen enormous consolidation of the industry, through mergers and acquisitions as well as the rapid expansion of big-box upstarts such as Wal-Mart, Target, Home Depot, and Best Buy. In terms of technology, the bar-code revolution of the 1980s paved the way for advanced logistical systems that have transformed the sector, not least by constituting a key building block of big-box success.

In this paper, we place retailers' business strategies at the center of the analysis. Retailers choose their competitive strategies, including human resource strategies, in interaction with market dynamics as well as with the characteristics and desires of the available workforce. Wherever possible, we trace the connections between corporate strategy and job quality.

We focus on three main dimensions of job quality:

- Compensation, including benefits, and with attention to both average level and inequality in compensation
- Schedule and its impact on the work-life nexus
- Hiring and promotion opportunities—again, including both typical patterns and the distribution of opportunities.

Our analysis draws on two main data sources. First, we include descriptive statistics from the Current Population Survey. Second, we draw on a unique set of retail case studies of food and consumer electronics retailers we conducted during 2005-07. These two sub-sectors were selected because of their gender and pay contrast: food retail is dominated by women workers and pay is low while consumer electronics retail has a prevalence of male workers and pay is relatively high (see Compensation section). The sample of regional and national chains included ten food retailers, six electronics retailers, and two companies that sell both food and electronic goods. In total, 195 interviews were conducted. They include interviews with headquarter managers for human resources and operations, with regional managers, with store managers and with a sample of frontline workers—part-time and full-time, front end and sales floor workers as well as those in specialized departments (e.g. bakery, deli, copying, and home entertainment). We also interviewed union representatives at one unionized and one partly unionized chain (union officials at a third unionized company declined to be interviewed).<sup>1</sup>

In the rest of the paper, we first describe who holds frontline retail jobs, and then briefly outline the chief competitive strategies in retail. By “frontline” jobs in retail, we mean cashier, clerk, and bagger jobs. In the largest section of the paper, we review our three dimensions of job quality—schedule, compensation, and mobility (incorporating some discussion of duties in this last, since mobility involves shifts in duties)—and describe how the main corporate strategies affect them. We close with discussion of major policy options for improving retail jobs, some of which are also relevant for improving low wage jobs in other sectors.

## **II. Who has the frontline jobs in retail**

The hiring process at the large retail companies we visited is (1) applicants fill out an application, increasingly online with an initial screening test focusing on honesty and work ethic; and (2) managers conduct one or more face-to-face interview. The other implicit element in screening is the very high level of turnover in the first few weeks on the job. Despite very limited skill requirements for entry-level jobs, who ends up in the job is far from a representative sample of workers with limited skills, both because of who applies and presumably because of

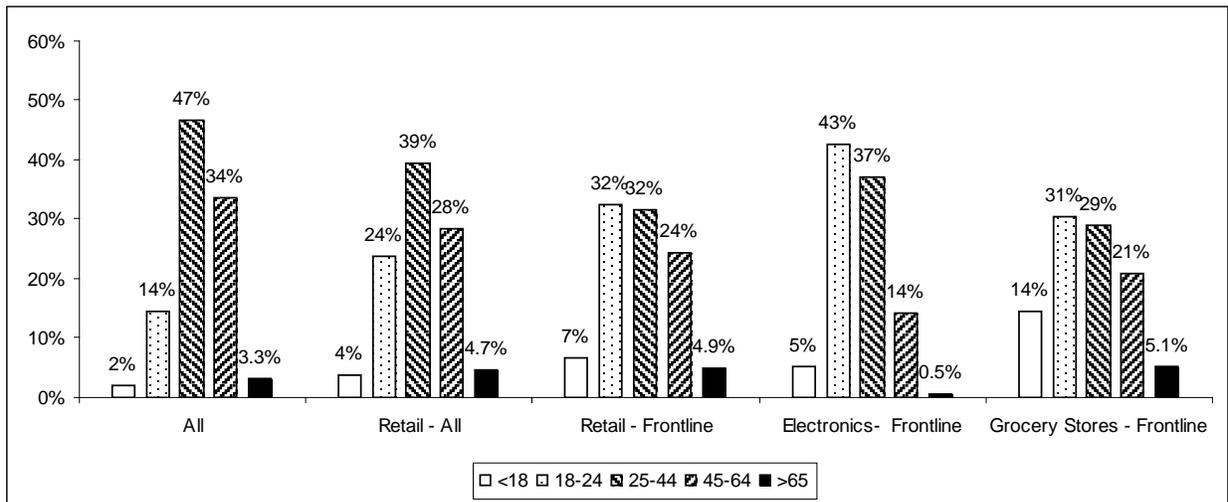
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<sup>1</sup> Carré and Tilly with Holgate 2007.

biases built into the online screening, interviewing, and “survival” through the probationary period (Moss and Tilly 2001).

As Figure 1 shows, young workers—those under 25 and even those under 18—are heavily over-represented in retail jobs, with the youngest workers particularly common in grocery stores, and the 18-24 group most concentrated in consumer electronics. (As noted, we focus on the “frontline” jobs of cashier, clerk, and bagger.) Interestingly, over-65 workers are also over-represented in retail, although they are scarce in electronics stores. Both young workers (especially current students) and older workers represent reliable sources of willing part-time workers, a critical element in retail’s labor strategy.

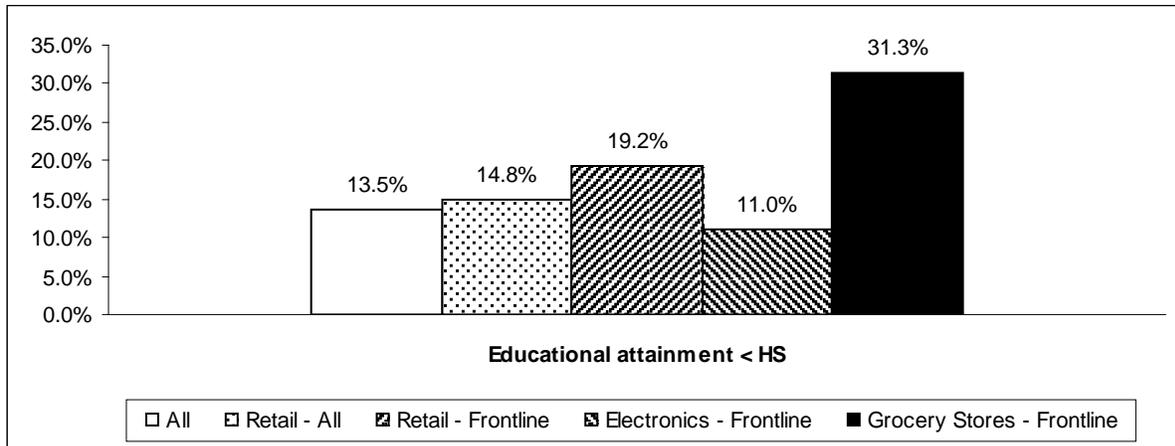
**Figure 1: Age distribution of employees in 2007, by sector**



*Source:* Authors’ calculations from March 2007 Current Population Survey. Universe is all privately employed wage and salary workers. Frontline jobs include cashiers, clerks, and baggers.

Also, retail, particularly grocery stores, disproportionately employs people with less than a high school education (Figure 2). If we net out the percentage under 18, *only* grocery store frontline jobs have higher-than-average proportion of persons without a high school degree (not shown). Consumer electronics frontline jobs, at the other extreme, have a particularly low proportion of less-educated people, particularly after netting out under-18 employees.

**Figure 2: Percentage of employees with less than a high school education by sector, 2007**



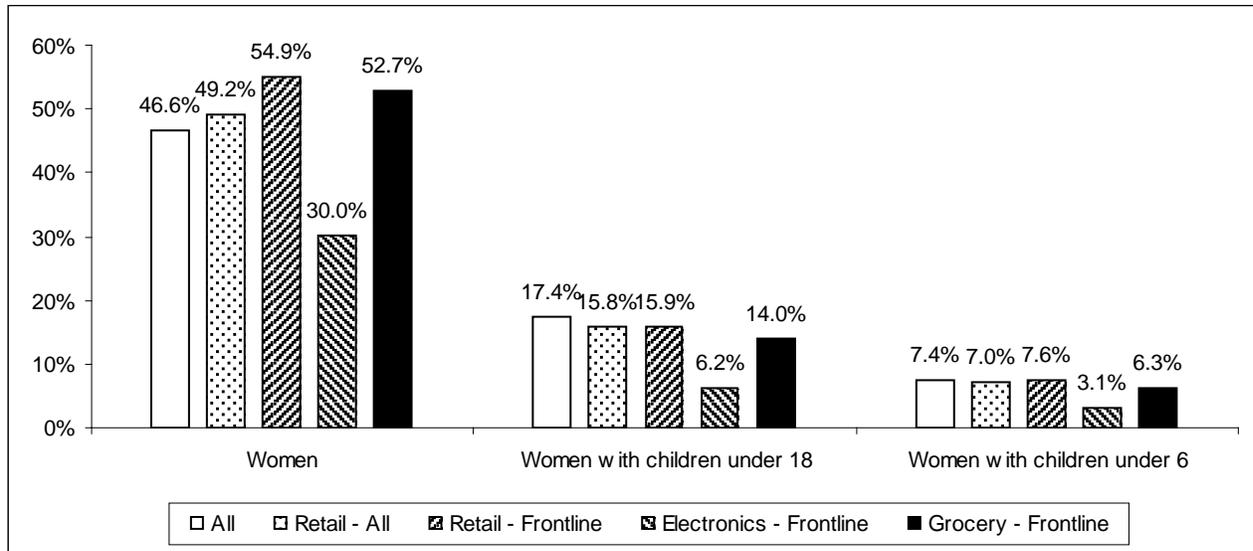
Source: See Figure 1.

As shown in Figure 3, retail is disproportionately female, but only slightly so. The percentage increases as we focus only on frontline employees, signaling that women are over-represented in retail frontline jobs but under-represented in management jobs (Carré, Holgate, and Tilly 2006; see Figure 6 below). In consumer electronics, to the contrary, women are relatively few even in cashier and clerk jobs.

The employment patterns for women with children under 18 and under 6 are quite remarkable. Given retail's reliance on part-time jobs, one might have expected women with young children to be concentrated in retail's front lines. But as Figure 3 shows, they are not. Though, as we will see, women in retail are concentrated in part-time jobs, it is *not* because of over-representation of women caring for children.

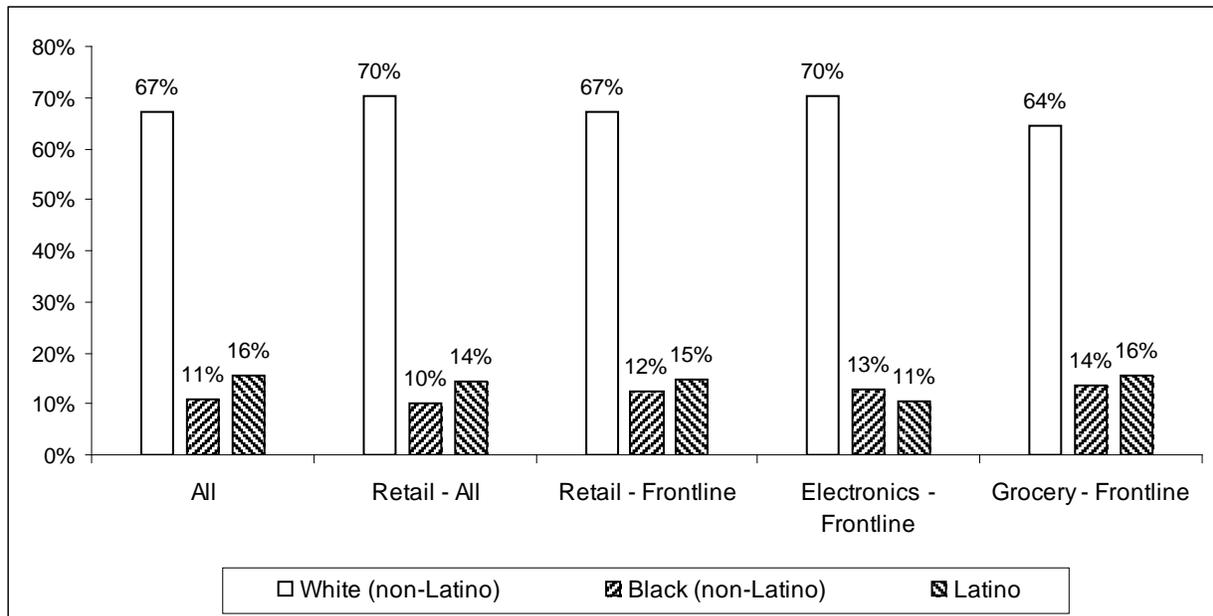
Blacks and Latinos are under-represented in retail jobs (Figure 4). The proportions do rise when we limit our attention to frontline jobs, and again when we focus on grocery frontline jobs (and electronics in the case of blacks, but not Latinos). However, these are not jobs with particularly high proportions of black and Latino workers. For frontline jobs, retailers often draw upon their local labor market, often the vicinity of each store (and recruit a workforce that "mirrors" the customer composition in terms of ethnicity); to some extent the under-representation of Blacks and Latinos may also reflect the location of supermarket and electronics big box stores in suburban malls.

**Figure 3: Gender and parental status of employees by sector, 2007**



Source: See Figure 1.

**Figure 4: Race and ethnicity of employees by sector, 2007**



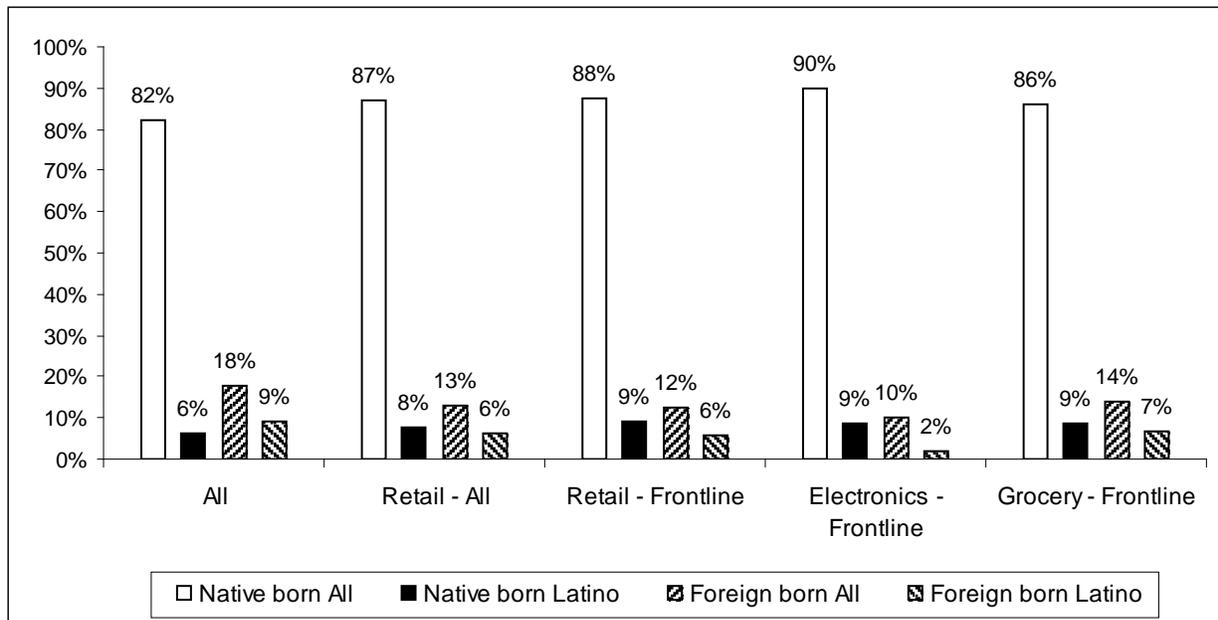
Source: See Figure 1.

Note: Black-white combination and a number of other smaller racial categories are omitted.

Given the under-representation of Latinos and the fact that Latinos represent half of all foreign-born workers, it is not surprising to learn that foreign-born workers are also under-represented in retail jobs, including frontline ones. It is important to note, however, that given retail's huge workforce, even six percent of the March 2007 retail workforce amounted to 918,000 foreign-

born Latinos, that is, nine percent of the total number of Latino immigrants in private nonfarm jobs (calculated by authors from Bureau of Labor Statistics, Current Employment Statistics).

**Figure 5: Ethnicity and place of birth of employees by sector, 2007**



Source: See Figure 1.

Having surveyed *who* occupies retail jobs, we now turn our attention to the companies, their competitive strategies, and these strategies' implication for job quality in the sector.

### III. Company strategies and their impacts on job quality

The story of retail jobs in the US these days is a story of change as companies struggle to survive and grow in an increasingly saturated retail market. For most companies, the challenge is to confront competition from Wal-Mart and other big-box retailers but also competition from e-commerce in the case of consumer electronics. These competitors exploit logistical economies of scale and market power over suppliers to drive down prices. In response, retailers (including the big-box retailers themselves) have pursued two goals *concurrently*: cutting costs, and increasing service.

#### Two strategic directions with implications for job quality

*Cutting or controlling costs:*

Retailers are wringing out cost savings from supply chains and inventory management as well as technology innovations in checking out procedures that are labor saving. However, these innovations have for the most part been implemented and do not achieve the targeted levels of cost cutting. In all stores, the single largest operating cost is the wage bill, hence cost cutting goes primarily through reducing labor costs—and therefore has clear implications for job quality and workers.

For example, one of our field study cases, Marketland, is a regional chain that aims at the middle income customer and has faced significant competition in recent years from other supermarkets but most importantly from Wal-Mart supercenters. It aims at the “middle market”, not as low as Wal-Mart and not as high as high-end chains. It competes through using labor saving technology extensively and differentiates itself from Wal-Mart via convenience and providing a personal touch in customer service. Nevertheless, its response to stiff competition has meant sharp reductions in labor resources (“labor hours”) in stores, limited raises, low entry-level wages and thus difficulty in recruiting. One assistant manager indicated the importance of labor costs in the chain’s strategy: *“Labor has been your number one expense because it’s your number one controllable. You have full control...you have little control of the beef you throw away. You have little control about your produce you throw away. You have control of your labor.”*

*Improving product quality and service (while also engaging in cost containment):*

We noted above that strategies to increase quality and variety of products and services occur in the context of cost containment, and even cost cutting. Retailers have sought to improve service in two complementary ways:

- Increasing the variety and quality of products on offer—this may mean offering more products (e.g. exotic produce or prepared foods) but also services that complement the use of products sold (e.g. computer repair, home/car installation);
- Increasing what we call the “density” of services, meaning increasing interaction with customers and/or increasing the amount of information offered.

For example, a number of consumer electronics retailers have reacted to falling margins on electronics goods (TVs and personal computers) by expanding service offerings: PC repair/upgrade, appliance repair, system design consulting and home/auto installation of complex

entertainment centers. Also, goods are sold along with “attachments” of extended warranties and service contracts on which significant margins can still be charged. Some of the large companies have attempted to create differentiated services within their stores for different customer categories, offering “off the shelf” products as well as elaborate customized system design services. For general sales workers, job requirements have moved to customer relationship building and sales ability. Technical knowledge (about audio systems for example) is less important than customer contact skills. Only workers in specialized installation or repair positions are required to have technical skills and extensive product knowledge.

Expanding product offerings has also taken place in food retail and requires more extensive worker awareness and, occasionally, deeper knowledge. Implementing this “variety” strategy can run counter to cost cutting goals and, therefore, create difficulty for workers and supervisors. A store manager with over two decades at Food Chief described the result of the proliferation of brands:

*We used to be positioned where there might be two kinds of green beans on the shelf. Each kind was three cases wide, three cases deep, four cases high. What’s happened over time is that variety, variety, variety. Now maybe there’s ten kinds of green beans but all of them are three cans wide going to the back, so they’re not case-packed anymore. They’re hand-stacked. So we’ve taken some of our efficiencies out of the system.*

In short, Food and consumer electronics retailers seek to increase service overall, to increase quality and variety of offerings, while they also cut costs—all of this has significant impacts on job quality. However, this may generate increased demands on workers that are combined with speed-up, and a reduction in compensation; sometimes, all these undermine efforts to increase service.

## **IV. Retail job quality and the impact of new strategies**

### ***A. Schedules***

Work schedules are a primary dimension of job quality in retail; the amount and predictability of work hours as well as the extent of worker choice about their hours very much color outcomes

for workers in terms of total earnings and overall experience with employment. In a sector where hourly wages are low on average but labor is the primary cost because retailing is labor intensive, work schedules have become the main lever for cost control. Managers must sparingly manage their use of work hours and many retailers control manager access to overtime for hourly workers (paid time and a half for hours over 40). In this environment, all managers at the store and district level aim to closely match labor deployment to customer ebbs and flows. As a result, the amount of part-time, and full-time hours as well as their predictability vary.

Additionally, work in retail entails nonstandard work hours because shoppers patron stores after conventional work hours. The industry has moved to 7 days operation and, increasingly in food retail, to 24 hour operations. With longer opening hours, the expectation that entry level staff work at least one weekend day and some evening or early morning hours has become widespread, particularly in food retail, where women are over represented. Historically, grocery stores offered pay premia for Sunday work, which operated as a break on weekend scheduling and a bonus to workers, but these are being rolled back.

For over thirty years, retail has had a high share of part-time employment relative to the economy wide average. This pattern has consequences for workers' work-life and total earnings but also for benefit eligibility; for the most part part-time workers are excluded from company-sponsored benefits (see next section). The dramatic shift toward part-time employment occurred in the 70's and 80's. Part-time, consisting of any schedule from 10 to 30 hours, was used initially to hire youths for weekend and evening hours as well as mothers seeking short hours during the week. However, our recent field work indicates that, for part-time (and full-time) workers, schedules now mean a guaranteed minimum of hours with effective hours fluctuating upward on a weekly basis. In other words, in their drive to control costs, stores use hours as shock absorbers, contingent on worker willingness to work hours beyond the minima. As a result, stores use two kinds of part-timers: "gap fillers" and "time adjusters" (Jany-Catrice and Lehdorff 2005). Gap fillers work short but predictable schedules (with low total earnings) and tend to be schooled youths while time adjusters are part-timers willing to have their hours flex upward in search of higher earnings.

In food and consumer electronics retail, *guaranteed* full-time hours hover between 32 and 40 hours. In most consumer electronics big box stores, they are 32 weekly hours. Effective work hours are higher. Guaranteed part-time hours range from 8 to 30 hours. Again, *effective* work hours for part-timers can go as high as 40 weekly hours.

We find that the predictability of earnings and the control over one's schedule are significantly affected by the practice of matching labor volume to customer flow in an environment of strict control over labor costs. This pattern has significant implications for workers with care responsibilities (e.g. children in school), most often women.

Scheduling practices are further affected by renewed attempts at cost cutting through labor cost cuts, particularly in retailers threatened by low price competition from multinational chains. Part-time no longer is growing rapidly but close to half of the typical full sized grocery or electronics store workforce is part-time.<sup>2</sup> (However, retail as a whole still has a majority of full-time workers.) More importantly, all entry-level hiring is part-time; the schedule acts as a way station while workers are evaluated. Also, cuts in staffing hours ratchets up the pressure on full-time workers, especially store managers, who must fill gaps in staffing and pick up the slack. In grocery stores, we heard of managers, and assistant managers, working up to 70 weekly hours without the benefit of overtime pay because these are salaried positions.

In this context of cost control, and even cost cutting, the impacts of strategies that increase service density can be negative for the workforce. Managers make increasing demands on full-timers to be available on short notice for shift changes and hours increases.<sup>3</sup> In environments with lean staff and increased product variety, full-timers are the repositories of department-specific knowledge and take on supervisory responsibility for less experienced part-timers. This renders full-time jobs, most often the only jobs providing sufficient earnings and access to health insurance and other benefits, difficult to reconcile with care responsibilities. For part-time "time adjusters" working extra hours entails schedule unpredictability with consequences for life outside of work. For "gap fillers", schedule predictability is achieved at the cost of low earnings.

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<sup>2</sup> Significant exceptions are some consumer electronics stores whose primary compensation scheme is commission pay. These are an overwhelmingly full time workforce, particularly when commission accounts for the bulk of pay.

<sup>3</sup> In unionized grocers, seniority can provide workers with greater control over the schedules, and the option to turn down specific hours, but this principle is under attack in companies facing significant price competition and seeking cost savings.

In short, the appeal and downfall of retail work, particularly frontline retail work, is the option to work short hours and attempt to reconcile these with responsibilities outside of work.

Because part-time is an employment status as well as a schedule, we look in Table 1 at who gets part-time or full-time jobs. This is particularly important because, as we shall see in the next section, part-time jobs are much more poorly compensated (in terms of hourly wage and availability of benefits such as health insurance). Table 1 reveals several important patterns in who works part-time. Scanning down the table to compare demographic groups, it is not surprising to learn that less-educated workers (which includes youths who are still in high school) are more likely to work part-time than their more educated counterparts, and that more women work part-time than men. Perhaps more surprising is the fact that blacks and Latinos are *less* likely to work part-time than Anglo whites, with foreign-born workers least likely of all.<sup>4</sup> It appears that white young workers and women make up the bulk of the part-time workforce economy-wide as well as in retail.

The situation of women with children merits separate commentary. Contrary to expectations, women with dependent children (under 18) have a *lower* rate of part-time employment than women as a whole. Women with children under 6 are more likely to work part-time than women with older children, as expected, but even this rate exceeds the average for all women only economy-wide, not in any of the retail sectors. Statistically, we are seeing the impact of continuing increases in the labor force participation of women with children, combined with the large group of (childless) student-age women (plus a smaller group of older women) in retail's part-time jobs. Gap-filler jobs for young mothers are the exception rather than the rule in part-time employment in retail.

Scanning across columns to compare sectors confirms that the rate of part-time employment is higher in retail, and higher still in the frontline jobs. Separating sub-sectors shows that frontline grocery workers are twice as likely to work part-time as clerks and cashiers in electronics retail.

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<sup>4</sup> It is possible that black and Latino workers stay in retail, for lack of access to higher paid, more desirable, job opportunities elsewhere in the economy. With seniority, retail workers tend to move to full-time work and thus blacks and Latinos are less likely to be in part-time jobs than others. Data reviewed here do not prove this point but indicate a different pattern for these groups than in the economy overall.

Finally, comparing demographic differences across sectors tells us still more. The education gap in the rate of part-time employment is far wider in retail than economy-wide, reflecting the large share of less-than-high-school employees who are under 18 in retail. Part-time percentages by race within electronics frontline jobs points to the down-side of the slight over-representation of blacks in the consumer electronics rank-and-file: these black workers are disproportionately part-time, reversing the aggregate racial pattern of part-time employment. Perhaps most striking, the percentage of men who are part-time edges above that for women among grocery front-line workers—reflecting the very large cohort of males among young part-time workers in food retail.

**Table 1: Percent of various demographic groups who work part-time, by sector, 2007**

	Total	Retail - All	Retail - Frontline	Electronics - Frontline	Grocery - Frontline
Total	18.6%	27.9%	40.9%	25.3%	50.4%
Less than high school	32.9%	50.3%	64.3%	66.9%	77.7%
High school or more	16.4%	24.0%	35.3%	20.2%	38.0%
Men	11.9%	19.8%	32.2%	17.3%	51.0%
Women	26.4%	36.1%	48.0%	44.1%	49.9%
Women with children under 18	25.4%	28.3%	36.5%	19.4%	34.0%
Women with children under 6	28.7%	31.8%	41.8%	24.0%	36.0%
White	20.0%	28.7%	43.4%	21.4%	54.2%
Black	16.5%	26.2%	35.3%	41.7%	50.4%
Latino	15.3%	24.2%	34.4%	23.7%	40.9%
Native	19.7%	29.1%	42.6%	25.6%	53.5%
Foreign-born	13.7%	19.7%	28.9%	23.1%	31.3%

*Source:* See Figure 1

To keep the aggregate data analysis manageable, we forego tracking compensation differences for all these different demographic groups. Instead, we exploit the disproportionate rate of part-time employment among certain groups (young people, women, black workers in consumer electronics) by using part-time employment as our distinguishing characteristic in compensation levels.

## B) Compensation

We first paint the overall retail compensation landscape with summary statistics, and then turn to our qualitative data to flesh out retailers' concerns, strategies, and policies, and their bearing on compensation and job quality. Table 2 summarizes hourly and weekly wages separately by part-time and full-time workers across the sectors of concern. Retail is indeed a low-wage industry in hourly terms for both part-time and full-time workers, with a particularly large gap for part-timers. Nonetheless, average pay levels diverge significantly across retail sub-sectors. Whereas frontline workers in grocery earn only 57 percent per hour as much as the average across all private industries, their consumer electronics counterparts earn a considerably more respectable 85 percent. This redirects our attention to Figures 1, 2, and 3, which showed that the electronics retail workforce is older, more educated, and more male than that in grocery. Paying more experienced and more educated employees is certainly legitimate, but the towering electronics-grocery difference in gender mix (23 percentage points) suggests that at least some of the wage gap is gender-related and at least partly due to historical gender-based pay differences.

The other striking finding in Table 2 is the size of the part-time/full-time wage gap in retail. On an hourly basis, retail part-timers earn 33 percent less than full-timers (and 68 percent less on a weekly basis)—a disadvantage markedly exceeding that of part-timers economy-wide (23 percent). Remarkably, the gap is widest of all among frontline workers in electronics retail, who earn 55 percent less than their full-time colleagues—earning *less* in hourly terms than grocery part-timers, even though electronics full-timers earn more. This is consistent with the apparent age, education, and gender foundation of the electronics wage advantage, because part-timers in electronics are younger, less educated, and more often female than full-timers. Thus, earnings in consumer electronics retail are higher on average, but are distributed far more unequally.

Table 3 reinforces the importance of the retail wage penalty, and the part-time wage penalty within retail. Using the nominal value of the federal minimum wage as of July 2008 (\$6.55) as a yardstick, it examines the percentage of workers falling below this level in the prior year. While only 1-in-19 private sector workers slip below the benchmark, 1-in-12 retail workers do, as do 1-in-5 part-time, frontline retail workers. Many retail workers stand to benefit from the relatively modest increases in the minimum wage adopted by Congress in 2007.

**Table 2: Average hourly and weekly earnings by sector and part-time/full-time status, 2007**

	Total			Retail - All			Retail - Frontline			Electronics - Frontline			Grocery - Frontline		
	Total	PT	FT	Total	PT	FT	Total	PT	FT	Total	PT	FT	Total	PT	FT
Average hourly \$	18.95	15.22	19.71	14.85	10.88	16.16	11.81	8.68	13.67	16.03	7.79	17.33	10.84	8.60	13.03
Average weekly \$	745.20	304.63	840.45	563.95	216.00	685.59	413.56	180.50	561.90	658.28	120.84	740.44	338.75	173.17	501.38

Source: See Figure 1.

**Table 3: Percent of workers in March 2007 falling below July 2008 minimum wage threshold of \$6.55, by sector and part-time/full-time status**

	Total			Retail			Retail - Frontline		
	Total	PT	FT	Total	PT	FT	Total	PT	FT
Percent with hourly earnings < \$6.55	5.2%	13.8%	3.4%	8.2%	16.5%	5.3%	11.6%	18.3%	7.4%

Source: See Figure 1.

**Table 4: Percentage who got health insurance from own or family member's employer in 2006, by sector and part-time/full-time status**

	Total			Retail			Electronics			Grocery		
	Total	PT	FT	Total	PT	FT	Total	PT	FT	Total	PT	FT
% with health insurance from own employer	53.4%	18.6%	61.4%	44.6%	16.9%	55.3%	51.0%	5.8%	60.4%	42.0%	16.2%	56.6%
% with health insurance from family member's employer	69.9%	53.9%	73.6%	65.8%	56.3%	69.5%	67.0%	56.3%	69.3%	61.6%	51.9%	67.1%

Source: See Figure 1.

Table 4 examines another key dimension of compensation, health insurance. Again, there is a retail disadvantage, and once more the penalty is smaller for consumer electronics employees. A part-time disadvantage in access to health benefits applies economy-wide, and for the most part the part-time/full-time gap in health benefits in retail in particular is unremarkable (save for the fact that the very large proportion of part-time in retail means numerous workers are impacted by the lack of health insurance). The exception is part-timers in electronics retailing: they are a jaw-dropping 10 percent as likely to get health benefits as full-timers, whereas in grocery stores the ratio is 29 percent. Broadening our attention to consider employer-sponsored health benefits from any family member softens the part-time/full-time differences, especially for consumer electronics employees, but does not eliminate them.

Our field work on food and consumer electronics retail subsectors adds important illustrative detail about compensation structures in these sectors and how they are affected by enterprise strategies. As we have noted, consumer electronics jobs pay higher than grocery jobs on average, but there is also a larger part-time/full-time gap in electronics; thus, pay structures differ significantly and we discuss them separately.

### *Food retail*

In food retail, wages start low and progress steadily but not steeply. (The Appendix provides examples of pay structures in sample companies; these sample wages are for jobs, not particular individuals.) Hourly pay difference between full-time and part-time job is partially due to the fact that full-time is only available to workers beyond entry level positions. The divide with the greatest impact on compensation is access to, and employer sponsorship of, group health insurance as was illustrated by aggregate data as well. However, some food retailers have experimented with making available group health (individual) coverage for part-time workers. Also, union representation which only occurs in food retail, yields a higher level of pay as well as benefits access, and includes a role for seniority in pay increases.

Retailers cost cutting strategies have resulted in wage increases that lag behind those in other sectors. This is particularly true in unionized retailers that seek to limit the wage differential

between themselves and non-union companies as collective bargaining becomes less prevalent in the sector. Cost saving also includes paring back benefit packages (as other sectors have done), primarily by shifting from family to individual health coverage, and increasing the share of the premium paid by workers. Partly as a result, retail jobs, even if full-time ones, are less appealing to heads of households as a primary job. In this environment of restrained wage growth, some grocers have experimented with some limited forms of variable pay (department bonuses, manager gifts of cash coupons) across all job levels but they are the exception rather than the rule.

### *Consumer electronics retail*

In consumer electronics, our cases mirror the aggregate patterns: though the average pay is higher than in food retail, there is a greater differential between part-time and full-time hourly pay. Furthermore, in our sample of large companies, as in the aggregate statistics, benefits were rarely accessible to part-timers. Additionally, variable pay options (group/department/store bonuses) play a noticeable role in compensation.

Cost cutting strategies have taken the form of removing commission pay because formulas for it came to be seen as “too generous” at a time when margins are dropping on electronics products, particularly personal computers and televisions. Often, the shift to hourly and salary pay is accompanied by a relative increase in part-time positions and lower base pay in these jobs. Variable pay schemes—incentives to sell particular products, or reward based on department and store performance—play a greater role in this sector. While they represent an option to improve one’s earnings, they are occasionally presented as a reason for not awarding more generous increases in base pay. Overall, electronics retailers in our study also reduced benefit packages and are reducing the employer share of insurance premiums although some are considering pared down versions of individual health coverage for part-timers, given the pre-eminence of this concern in their workforce and nationwide.

In sum, retail is characterized by low average wages for entry-level workers and others relative to the national average. More importantly, it displays significant pay differentiation by

employment status (part-time vs. full-time), demographic category, and subsector. Benefits have been pared down over the past 10 years; these include health insurance, of course, but also the amount of paid time off (sick, vacation, personal time). The reduced compensation and benefits make the jobs less viable for heads of households. Yet, for new entrants, young workers, and parents who cannot work full-time, the experimentation with individual health coverage for part-timers may be beneficial.

### *C) Mobility and duties*

In this section, we bundle together a number of different job characteristics: training, duties, turnover, and upward mobility. Although these job features are conceptually distinct, in practice they are closely linked. Because turnover is very high in retail, retailers seek to limit initial job training. In turn, this means that most knowledge and responsibility is exercised by senior employees who have years of on-the-job learning. Given this division of labor, there are indeed opportunities for promotion—but few employees actually move up. We first look at training, turnover and duties, and examine the connections with promotion opportunities.

#### *C.1. Training and turnover*

##### *C.1.a. Training and turnover in food retail*

Training for baggers and cashiers is short and effective: it entails no more than a handful of days. This is why it is possible for labor force entrants and others to access these jobs without prior training. Turnover is high in retail, particularly food retail—it usually stems from employee quits. In sample companies in our study, turnover rates ranged from 40 to 80 percent with a single exception—a company that consciously pays wages above industry average to reduce turnover. These averages hide significant differences in turnover between part-time and full-time workers; at one company turnover is 12 times higher for part-timers. Managers quickly identify and groom supervisory/management prospects while managing a high turnover, mostly part time, workforce. Grocery chains seem to have high rates of promotion from within. In our study, case companies reported estimates of 60 to 90 percent or more of upper level hourly jobs and store-level management positions are filled from within; among them, discounters claimed

that 98 to 99 percent of jobs are filled from within. For those who do not turn over, there are ways to move up to supervisory positions.

### *C.1.b. Training and turnover in consumer electronics*

In consumer electronics, initial training for sales associates positions is surprisingly short (20 hours). Technical positions (design of systems, computer and entertainment systems repair and installation) require more intensive training. In our field work cases, turnover is higher in electronics than food retailers—sample companies had turnover ranging from 68 to 86 percent—perhaps reflecting the less frequent opportunity to move up, and many opportunities in similarly paid positions in other retailers, as well as the demise of commission pay (and thus of the prospects of high pay).

We do have evidence that sales associates can move up into supervisory and management positions. But electronics chains recruit from a broad range of retail sectors (e.g. house wares) for managerial positions and the internal pipeline plays a less important role. Most (5) companies in our study reported 50 percent or less of store managers were recruited from within. (Outliers had rates of internal hiring on a par with food retailers.) Other factors that affect these patterns are the rapid growth and geographic expansion of these relatively recent retailers and, thus, the limits of internal pools.

## *C.2 Duties*

### *C.2.a. Duties in food*

The appeal of food retail jobs is that they are relatively unskilled. Some say that is a drawback. Yet this relative lack of formal skill requirements makes retail jobs a ready avenue for access to employment for those with little or no work experience. However, requirements for promotion to full-time jobs, with access to benefits, are more stringent. This reflects reliance on internal pipelines for staffing supervisory and even managerial positions.

Multifunctionality is common; workers get pulled into other tasks as needed. On the whole, there is greater autonomy for full-timers than part-timers with the former providing direction and

supervision. Cashiering is standardized, and scan rates are monitored and used in supervision to some degree.

### *C.2.b. Duties in consumer electronics*

There is far more stratification of jobs in consumer electronics. Positions can range from cashiering and general sales floor help to selling (and occasionally designing) large ticket items including home entertainment systems and installation services. The latter encompass technical jobs such as repair technician or home/mobile installers for which the skills required are usually not acquired in the store, within the internal path of promotion. We do not have clear evidence that sales associates can move from nontechnical sales floor positions to technical positions through internal training options.

On the sales floor, multifunctionality occurs. In large enough stores, there is a dedicated cashier position, otherwise sales floor staff ring up sales, another opportunity to offer service contracts, extended warranty products, and other “attachments.”

### *C.3 The impact of new strategies on duties and mobility*

#### *C.3.a The impact of cost-cutting*

Cost cutting approaches have an impact on worker duties because the drive to reduce labor costs leads to an escalation of the pace of work. In food retail, frontline workers and supervisors interviewed for our study reported growing difficulty with getting work done. A produce clerk at a grocery store (Homestyle) described the pressure as follows: *“If they weren't gonna give any more hours, and they're not going to, they'd have to come up with a better system of being able to get it all done without killing people.”* Work overload can be a source of turnover in the industry, given the low pay. This kind of speedup seems to be less visible in consumer electronics, perhaps because the industry is more recent than food retail and started with a leaner staffing model right off the bat.

Cost cutting strategies impact turnover and mobility in complicated ways. In food and consumer electronics retail, turnover is a tool used by managers to “fine tune” their workforce use to meet sometimes competing strategic goals. They must keep it low enough to keep the desired workers to fill the internal promotion pipeline but also have it high enough to hold seniority based pay progression in check as well as having the option to refresh their team with new hires.

Also, in companies that have increased the share of part-time to cut costs, turnover usually increases. From the frontline worker standpoint, turnover presents some advantages. It generates a steadily high volume of job openings and thus multiple options to enter and re-enter the world of retail. It seems that entry level job candidates make use of this “flexibility” in numerous parts of retail. However, the relative ease of access to retail jobs that is generated by turnover has been tempered by the fact that screening and hiring procedures for frontline jobs have been getting slightly more stringent. Candidates are increasingly required to fill out an online application (rather than simply speak to a supervisor) and need to show evidence of some steady work experience.

Unionized retailers have historically provided workforce training and experienced lower turnover than non union retailers. Yet, cost cutting strategies have entailed a drastic decline in compensation for them which in turn has prompted an increase in turnover.

Finally, cost cutting has not affected training very much because retail is a world with little formal training investment. In consumer electronics, retailers have shifted to using e-learning tools as means to save on training cost.

### *C.3.b The impact of service and quality increases*

In food retail, the strategy of offering more variety and quality of products imposes new demands on workers in terms of knowledge base and behavior. For example, frontline worker need to know something about a broader range of products. This is particularly true of those in the produce and deli departments. Frontline workers do receive more training than in the past; training modules on customer service basics and on new products or food preparation tips are offered. Providing convenience (particularly speedy check-out) as well as frequently refreshed

produce displays is staff intensive; other, lesser priority, areas experience staff cuts and work overload.

In consumer electronics, sales workers must become familiar with the growing range of service offerings instead of simply selling products “off the shelf.” The shift toward including services as well as products in the store offerings has introduced greater variety and skill levels for the tasks and duties of frontline workers. Yet, the selling tasks remain similar (qualifying customers with questions). Workers on the floor must master a mix of product knowledge and service skills. Where, in years past, workers selling higher priced products would have needed extensive product knowledge, the mix of skills now includes a greater share of customer service skills.

In both sectors, but more so in consumer electronics, there is a greater propensity than a decade ago to recruit assistant managers and store managers from other parts of retail or other industries. The increased focus on customer service, and the greater standardization of management practice, combined with greater availability of college graduates, make this shift possible.

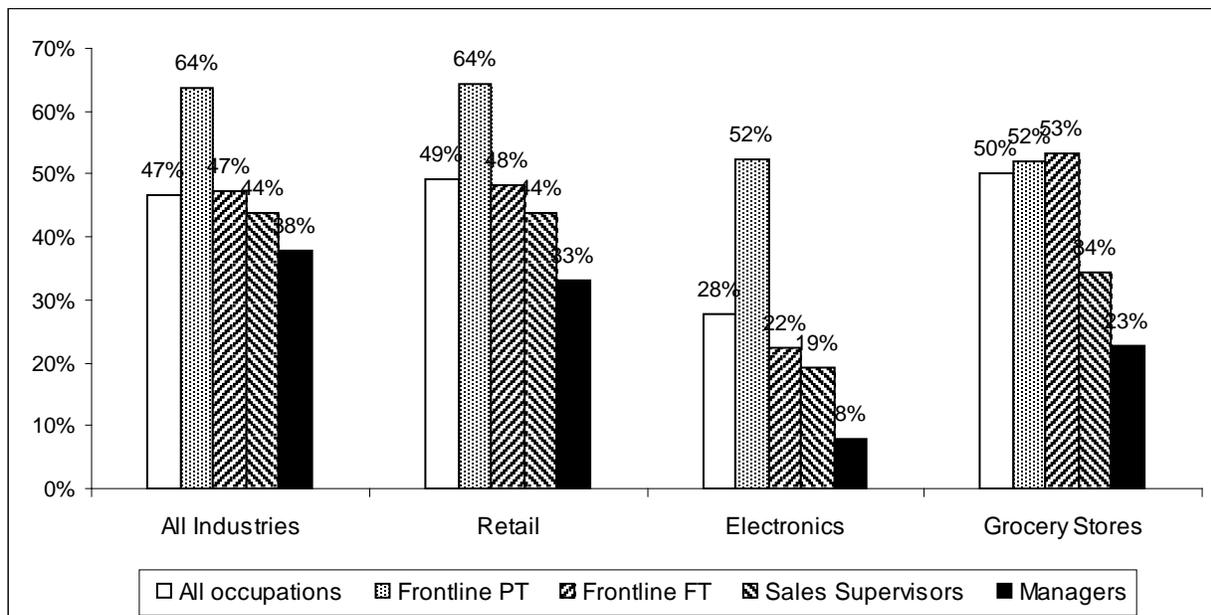
#### *C.4 Who gets the promotions?*

We already asked who has the jobs in retail. On the terrain of mobility, the question is who gets the promotions. We are not analyzing longitudinal data, but given that most retail managers are promoted from within, a snapshot of the representation of a given demographic group at various levels of the occupational hierarchy offers a good first approximation of promotion probabilities. In any case, the demographic composition of supervisory and managerial ranks is interesting in its own right.

Figure 6 shows that when we examine the drop-off in the proportion of women in higher level occupations, retail as a whole has a profile very similar to the average across all industries. But once more, differences within the retail sector loom large. Women face the steepest uphill battle in consumer electronics retail, where their representation among part-timers is 6.5 times as high as among managers, compared to a ratio of 1.7 economy-wide—again, indicating more inequality *within* consumer electronics. Advancement opportunities in grocery stores are also

tilted against women, but with a ratio of 2.2, far less disadvantageous to women than the situation in electronics retailing. (Bringing up women’s retail-wide percentage in supervisory and managerial ranks is their higher representation in clothing and general merchandise stores, not shown.)

**Figure 6: Percent female by occupation and sector, 2007**



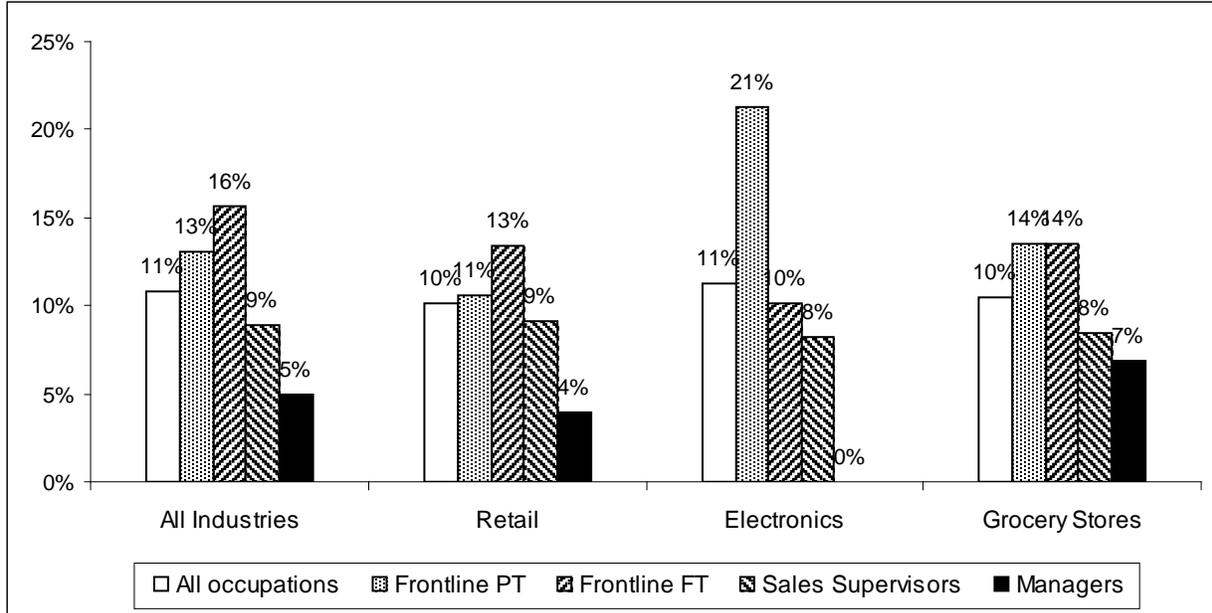
*Source:* See Figure 1. For “all industries,” frontline is defined as including all occupations other than managers and professionals.

Figures 7 and 8 repeat the same exercise for black and Latino workers. Again, the racial and ethnic profiles of the occupational hierarchy for retail as a whole are similar to those for the entire economy, although overall percentages of blacks and Latinos are lower (as we noted in our discussion of Figure 4). The same is true on the whole for grocery stores except blacks are slightly more likely to be in managerial ranks in stores than in the economy overall (while Latinos are not).<sup>5</sup> In consumer electronics, however, blacks face steep disadvantages in advancement akin to those faced by women: although they make up 21 percent of part-time workers, there was not a single black consumer electronics manager in our sample (CPS national sample). Latinos, on the other hand, are much more evenly spread across occupational categories

<sup>5</sup> It is possible that black workers remain in retail jobs longer than other groups, for lack of opportunities in other industrial sectors, and have occasions to move up to manager rank whereas they do so with less frequency in other sectors.

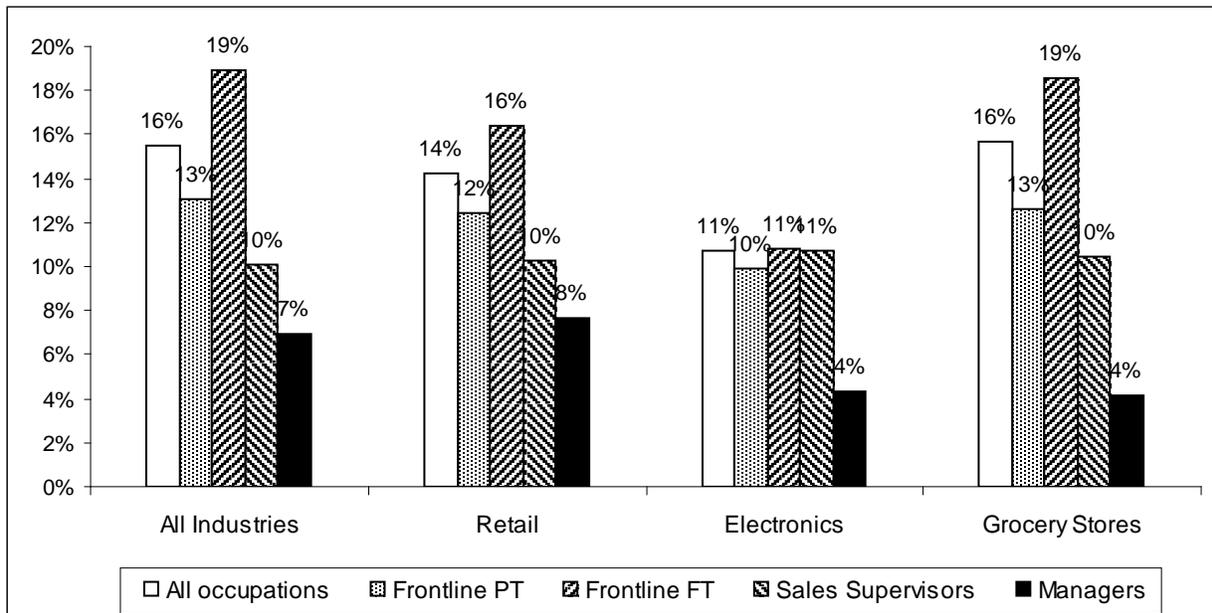
in electronics stores, even though their overall representation in the sub-sector is the same as that of blacks at 11 percent.

**Figure 7: Percent black by occupation and sector**



Source: See Figure 6.

**Figure 8: Percent Latino by occupation and retail sub-sector**



Source: See Figure 6.

#### *C 4. Key mobility and duties findings with policy implications*

##### *General patterns*

In some regards, retail, particularly food retail, has offered opportunities for frontline job candidates. It has generated numerous entry level jobs and taken in those job candidates with limited skills. To a degree it has rewarded those willing to work nonstandard hours, for not very good pay, with opportunities for internal promotion. Food retail, in particular, has drawn in women and could be a sector where women with limited formal training can move up because of the extent of promotion from within. However, we find differential access to promotion opportunities by gender, as well as race, ethnicity, and nativity.

##### *Effects of new competitive strategies*

In sum, the most salient effects of recent competitive strategies we have discussed in this paper result in a “mixed bag” of opportunities and choices for workers considering employment in retail. We observe a clash between the competing goals of cutting costs and improving service and quality: Speed ups and raised expectations about performance lead to increases in turnover/quits, which in turn makes the jobs of those in place more difficult.

Opportunities for promotion are still available, at least in the two sectors we explored in depth (as well as in department stores) with the caveat that, women and in some cases minorities experience relatively greater difficulty than men with accessing promotions. Promotion opportunities are open to those without college degrees, particularly relative to the situation in other sectors but the jobs are less desirable than in the past; nonstandard hours are ubiquitous (7 days store openings and evening hours), job demands have increased for those interested in promotion; and the pay gradient is flatter than historically.

These new pressures to deliver more and higher quality work efforts as well as the shifts in rewards (flatter wage profile) lead to some reluctance to take on supervisory positions among frontline workers. This reluctance is even stronger when workers consider bidding for assistant managers and manager positions. These positions also entail a shift to salary compensation and

the loss of overtime pay. In food retail, these managerial positions are now difficult to manage with family responsibilities, particularly those for very young and school age children, because of the long and nonstandard hours and the responsibility to be “on call” for a good part of the week.

We also observe changes in recruiting and promotion practices that have mixed consequences for workers seeking advancement in retail. In both food and electronics retail, there is a move toward recruiting or promoting college graduates for store managers, a trend which will work against those without degrees. A related pattern is the move toward recruiting from the outside (particularly in electronics), a shift that is particularly feasible because of changes in retail management practice. Management is now more number driven and computer based, and entails skills that are transferrable across retailers so company specific knowledge has become relatively less valuable. This latter shift may have beneficial effects for workers who reach assistant manager and store manager ranks. It may increase prospects for career advancement because candidates may have opportunities for lateral mobility across parts of retail and from other fields into retail. Hence they may have the option to escape relatively low paid managerial positions and seek better options, not being dependent on company-specific knowledge and skills.

## **V. Policy implications**

As the largest industrial sector in the US, and the largest low-wage industry as well, retail compels policy attention. As we have demonstrated, average compensation is low relative to other sectors and, more importantly, relative pay has worsened and shows signs of becoming more unequal. Scheduling issues, both the short weekly hours and the expectation of flexibility and availability for weekend and evening work, pose particular challenges for workers with family responsibilities. Promotion opportunities, particularly those for workers with limited education, are unequally available and appear to be diminishing overall. Because retail is such a large provider of entry-level jobs, improving job quality and reducing inequalities in retail will have impact on the experiences of numerous low-wage workers. In this section, we raise several areas for policy action. We use retail jobs as a window into a broader set of low-quality job characteristics; some of the policy actions we identify would impact job quality in other low-

wage sectors as well. In particular, retail exemplifies a set of direct-service jobs for which employer relocation is not an option, and reputation can directly affect consumer choices. Immobility and the weight of reputation generate a key set of leverage points.

## Compensation

Perhaps first and foremost, steady increases in the minimum wage that ensure that its real value increases over time would have an immediate and direct impact on retail wages. Table 3 above shows that even the modest increases passed in 2007 have had/will have a large effect; as of early 2007, nearly 12% of frontline retail workers were below the mid-2008 mandated minimum wage. Because the wages of entry level jobs are pegged slightly above the minimum wage and will rise with it, minimum wage increases are a first, and potent, tool for improving compensation. Retail's immobility enhances the minimum wage's power to improve jobs in the sector; indeed, this is why retail and restaurant interests have historically led business campaigns against minimum wage increases (Tilly 2005). We also note that, in several European countries (notably France), the share of low-wage employment in retail is significantly lower than in the US in part because the minimum wage is set at a higher level (Carré, Tilly, vonKlaveren, and Voss-Dahm forthcoming).

Secondly, the way retail (and other) jobs have improved historically has been through gaining union representation and collective bargaining. Wages are indeed higher in unionized retailers than in other companies. Increasing union density would contribute to increase compensation. However, as we know, the tide has run very much the other way. As of 2006, union density was 5.4% in retail overall, down from 7.8 percent twenty years earlier. By sub-sector, union density was 19% in food retail and near zero on consumer electronics (authors' calculations from CPS data, Hirsch and McPherson 2006). What role can national policy play in this regard? Labor law reform aimed at removing institutional and managerial hurdles to organizing, representation, and securing a bargaining contract can only be implemented at the national level. The possible confluence of a Democratic presidency with Democratic majorities in Congress may offer possibilities unparalleled since 1994. However, knowledgeable observers have pointed out the

formidable obstacles such legislation faces even in the most favorable of circumstances (Weil forthcoming).

Absent national, comprehensive, reform of the rules for gaining access to union representation, other options include local and regional approaches such as corporate accountability schemes linked to local development activities. For example, company “neutrality” in unionization drives—i.e. not conducting an anti-union campaign— might be mandated as a condition for receiving tax abatements and public subsidies for the development of a mall. Local coalitions have begun winning such mandates in a number of jurisdictions (Good Jobs First 2008, Tilly 2005).

Recently, unions’ principal strategy directed toward retail jobs has consisted of corporate campaigns aimed at limiting the growth of Wal-Mart on the premise that its market, supplier, and labor strategies set the pace for other retailers. Their approach has mainly taken the form of publicity campaigns (the SEIU’s Wal-Mart Watch, the United Food and Commercial Workers’ Wake Up Wal-Mart) aimed at keeping the retailer on the defensive.

Unions may be able to tap other strategies. For example, union organizing strategies that are region-wide or sector-wide may be a viable option. Examples of such practices can be drawn from successful union drives such as that among service industries connected to, and located in the vicinity of the Los Angeles and San Francisco’s airports (a regional approach) or the successful Justice for Janitors campaigns in Los Angeles (and nationwide) and organizing of LA drywall workers (sectoral approaches) (Milkman 2006, Wial 1993). Naturally, a retail industry dominated by a few industry leaders in each region requires a somewhat different approach than highly fragmented, subcontracted industries such as building cleaning and construction. Nonetheless, the particular features of modern retail potentially render it vulnerable to related new strategies. Just-in-time inventory systems, a core element of the big-box model perfected by Wal-Mart and its peers, is hypersensitive to choke points in transportation and warehousing (Piven 2008). Retailers battling for dominance in a saturated market can readily close a store to block unionization, but can ill afford to surrender an entire region, presenting an opening for regional strategies.

Perhaps the most interesting current application of such strategies is the Wal-Mart Alliance for Reform Now (WARN) launched by the community organization ACORN<sup>6</sup> in Central Florida. WARN seeks to use resistance to Wal-Mart store openings in the highly attractive Central Florida market as a bargaining chip to demand better jobs and more community accountability from Wal-Mart (Wal-Mart Alliance for Reform Now 2008). In parallel, the WARN-affiliated Wal-Mart Workers' Association (WWA), a membership organization that is not a union, has mobilized employee direct action (petitions, marches, even walkouts) to win shop-floor demands. WWA has also used mass filings for unemployment insurance by fired and laid-off Wal-Mart employees to press the company, in some cases successfully, for more employee-friendly scheduling policies (Nesius 2005, Robinson 2006).

Thirdly, advocates for working women have long called for mandating pay parity between part-time and full-time workers (Carré, duRivage, and Tilly 1998). The US is an exception among developed countries in legally tolerating a pay differential based on a schedule-related employment status. (In fact, the European Union has passed a directive for member states to mandate such pay parity [Carré, van Klaveren, Tilly, and Voss-Dahm forthcoming].) The proposal repeatedly advanced by former Congresswoman Patricia Schroeder and others since the mid-1980s (and also proposed in a number of state legislatures) also calls for prorated benefit access in those workplaces where there are employer-sponsored benefits. This mandate would affect all part-time workers but have particular impact on retail workers because of the high incidence of part-time work. The crisis over health insurance access may propel this proposal farther along in the legislative process during the coming years.

### **Schedule and work life**

The week-to-week variability, unpredictability, and lack of choice regarding work hours significantly impact work and life decisions for retail workers in the United States. This need not be so. Retailers in Western Europe have learned to operate in environments where they must

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<sup>6</sup> ACORN is the Association of Community Organizations for Reform Now, the largest community organization of low and moderate income families in the country.

provide significantly more advance notice of scheduling to their employees. Perhaps most striking, Danish retail bargaining agreements mandate 16 week advance notice of schedules while German collective bargaining agreements mandate 26 weeks advance notice. While these mandates are not strictly adhered to, and amended through consultation with works' councils in Germany for example, they give rise to a situation far different from the US worker experience of receiving their schedule anywhere from three days to two weeks in advance.

So-called “blue” laws could be passed to limit store opening hours, for stores of large size in particular. While seven day opening is likely to remain the norm, a mandated restriction on 24, or even 18 hour, operation would reduce some of the scheduling pressures on workers and management. Retailers might even welcome an end to what one manager called the “arms race” of store opening hours which has compelled stores to remain open for many unprofitable hours simply to match the competition. Though opening hours restrictions have generally been set by local ordinance, the rapid concentration of US retailing in the hands of a small number of corporations offers a compelling rationale for state or even (following an “interstate commerce” logic) federal regulation.

As the European examples hint, union representation might enable workers to achieve more predictable hours through collectively bargained arrangements for advance notice, and more scheduling choice for workers. The record of US unionized workplaces does not indicate a great deal of flexibility on scheduling so we expect that scheduling options that are available in some European countries are a function of a combination of institutional parameters—store hour restrictions as well as collective bargaining.

### **Access to hiring and promotion—particularly targeting access to better jobs (e.g. in electronics)**

Both the aggregate statistics and the flurry of lawsuits claiming gender- and race-based discrimination in pay and promotion point to the need for more promotion opportunities to be more equitably distributed across the workforce. As of now, the primary “regulatory” mechanism has consisted of private class-action lawsuits and individual claims; most major

national chains have experienced these (Carré, Holgate, and Tilly 2006). Other policy options need to be explored as alternatives to piecemeal lawsuits. Perhaps a low hanging fruit is for regulatory agencies and/or equity advocates to review in an on-going way the increasingly ubiquitous online screening tests and applications on which retailers rely. Establishing standards for all vendors of such software to meet, as well as for individual retailers to follow, could help to eliminate discriminatory barriers in hiring.

Regarding equity in promotion, a combination of “carrots and sticks” approaches would achieve progress (see Moss and Tilly 2001). A possible “carrot” approach is the creation of a federal or state Diversity Extension Service providing technical assistance to employers who want to do the right thing in hiring and promotion, an approach that has been used in other settings. For example, government assistance has been provided (e.g. through community colleges) for giving managers Spanish classes to aid in supervision. This approach would follow those considered and recommended by federal glass ceiling commissions in the past. A “sticks” disciplinary approach would be to institute a monitoring and early warning system that would record and communicate problems that show up on EEO-1 (Equal Employment Opportunity) forms before a situation gets to the point of litigation. The impact of such a monitoring system would be strengthened if it is complemented with some exemplary litigation undertaken by the Equal Employment Opportunity Commission and state-level EEO agencies to put companies on notice and to raise public awareness of the issues.

A further consideration is that women’s access to, and ability to avail themselves of, promotion opportunities are often hindered by the stringent demands of retail schedules and their incompatibility with family responsibilities, both the care of the young and the support of elder family members. Progress on scheduling practices and strides in considering explicitly ways to achieve more schedule predictability could have significant effects on the gender pattern of promotions as well and complement formal equal employment opportunity approaches.

### **Forms of organization: Beyond unions**

For many of the policy areas and approaches considered, we expect community groups or associations can be a means to trigger public attention and information, to sustain the calls for action, and to monitor implementation. Policy by itself would remain dead letter otherwise. We are mindful that retail, in spite of concentrated ownership, consists of a multitude of scattered workplaces that have historically proved difficult ground for government traditional means of enforcement which are inspections. Empowered groups of workers and community residents can do more to monitor and report violations to a statute or agreement than inspectors can (Carré and Joshi 2000; Fine 2007; Hecksher and Carré 2006). The role of such labor-community-advocacy hybrid organizations is an important one to consider, particularly if unionization continues to lag.

Wal-Mart Watch and Wake Up Wal-Mart represent one approach combining sophisticated communications campaigns with some degree of coalition-building on the ground. WARN's grassroots campaign in Florida takes a different tack. Organizations in other, related sectors have adopted still others mixes of strategies. The example of the Restaurant Opportunities Center of New York (ROC-NY) is a suggestive one. ROC-NY combines research, litigation, organizing, advocacy, workforce development, and a roundtable of "high-road" restaurateurs to improve restaurant jobs in New York City (Restaurant Opportunities Center-New York 2005, 2008). ROC has honed a model that systematically uses class-action suit settlements as a substitute for collective bargaining, sidestepping many of the limitations the National Labor Relations Act imposes on unions (Saru Jayaraman, personal communication, 6/18/08). ROC is now in the process of extending the model to six other regions. The restaurant industry's immobility and the importance of reputation suggest possible parallels in the retail arena.

## **VI. Research for Policy Analysis and Advocacy**

Targeted research is needed to fuel and guide this policy and strategy agenda. Four research directions are particularly useful in this regard:

- *Building up the body of retail case-based research.* Case studies make it possible to link corporate market strategies, employment practices, labor supply, and job quality outcomes. As we have argued explicitly and implicitly throughout this paper, those linkages can open a much deeper understanding of what generates variation in job quality, what could lead to better jobs, and the likely impact of various policy options and

advocacy strategies in this complex system.

- *Reviewing and assessing the transferability of models that have achieved success in other sectors.* To what extent can sectoral models such as ROC—union and non-union—be implemented in retail? What lessons can be learned from efforts to purge discrimination in testing and screening elsewhere? What are the options for adapting “family-friendly” schedule policies to the retail setting?
- *Using cross-national comparative research to understand the likely impact of various policy options, and assist in policy design.* We have referred repeatedly to our own US-European comparative work in this paper and the role that varied institutions play in job quality. Different comparisons yield different lessons. At least in some cases, policies from France, with weak unions but a strong regulatory approach, may be easier to implement than policies from Northern European countries with high levels of union density and relatively centralized bargaining. On the other hand, Denmark’s “flex-security” system that combines a strong safety net with a high level of flexibility and job mobility, can offer important insights for what will work in high-flexibility, high-mobility US workplaces. Also, European retail industries remind us of the role of product market regulations in impacting job quality and these warrant further exploration in the US context.
- *Strengthening our understanding of mobility to, from, and through retail jobs.* While we have a good snapshot of retail job quality and strategies that shape it, we know less about typical mobility patterns. Mobility opportunities are critical to the long-range prospects of workers in retail and other predominantly low-wage industries. Longitudinal research can help to build up our knowledge of channels and barriers to mobility in these sectors—and how collective action and policy changes could widen channels and lift barriers. Such research could build on quantitative data, qualitative data such as in-depth interviews, or combine the strength of both.

In closing, the rising dominance of retail by a handful of giant corporations presents a bad news/good news situation in terms of retail jobs. The bad news is that industry-wide low-price competition predicted on paring back compensation and squeezing more effort and “flexibility” from the workforce unambiguously undermines job quality. The good news is that industry

consolidation creates a new set of leverage points on which carefully targeted policy and organizing can potentially exert extremely broad impacts. Continued research and experimentation to locate and act on these leverage points holds out the promise of turning the industry that is America's bad job leader into an example of how to convert bad jobs into good ones.

## Appendix

**Table 1: Pay tables for four representative grocery chains**

	Mid-market-Southeast	High end-Southeast	Union-Midwest	Warehouse (urban)
<i>Part-time</i>				
Part-time bagger	\$5.75 (starting)	\$6.40-9.40*	\$6.20-6.70	\$7.10-7.90
Part-time cashier	\$6.00-7.25	\$6.60-10.70*	\$7.30-12.90	\$8.70-15.90
Part-time grocery/dairy	~\$7.00 (starting)	\$6.90-11.00*	\$7.30-14.00	\$8.70-15.90
Part-time produce		\$6.90-11.00*	\$7.30-14.00	\$8.70-15.90
<i>Full-time</i>				
Cashier		\$6.60-10.70*	\$12.70-20.80	\$8.70-18.90
Grocery/dairy	\$8.00-12.00	\$7.90-12.70*	\$12.70	\$8.70-18.90
Produce		\$7.90-12.70*	\$12.70	\$8.70-18.90
Deli/bakery	\$10.00	\$7.90-12.70*	\$15.10-20.80	
Meat cutter (journeyman)	\$15 + overtime	\$10.10-16.80*	\$22.30	
<i>Supervisor</i>				
Part-time supervisor				\$9.50-16.70
Grocery/dairy supervisor		\$11.40-19.30 + bonus	\$21.90	\$9.60-19.80
Grocery manager		\$12.20-20.10 + bonus (0-50%)	\$21.90	\$10.00-\$20.20
Produce department manager	\$17.50	\$12.20-20.10 + bonus	\$21.90	\$10.00
Meat department manager		\$12.80-21.30 + bonus	\$23.00	\$10.00
<i>Manager</i>				
Assistant manager	\$18.50 + bonus (8%) (intermediate position betw. Asst. mger and mger.)		\$22.30	\$22.70-30.50
Manager		\$47 + bonus (0-50%)	\$49.50 + bonus (0-37.5%)	\$28.40-40.00
		*All hourly workers received 6.7% bonus.		

*Note:* Annual salaries for managers, including some department managers, were converted to hourly wages by dividing by 2000. This overestimates their hourly rate, since managers typically work considerably more than 40 hours per week. Information for first chain is from one store only; the others are from standard wage and salary scales, with the exception of a few positions. For each chain, wage ranges are bottom and top for a single region.

**Table 2: Pay tables at two representative consumer electronics chains**

	Electronics chain	Office supply
<i>Part-time</i>		
Part-time cashier	\$5.15-10.00 (start)*	\$6.50-9.60 + bonus
Part-time sales	Up to \$9-11*	\$7.00-10.50 + bonus (2%)
Part-time high-end sales	Up to \$16*	
<i>Full-time</i>		
Cashier	\$10*	
Regular sales	Up to \$16-18*	\$15.28 (top) + bonus (5%)
Repair technician	\$18*	
High-end sales	\$19*	
<i>Supervisors</i>		
Front end supervisor	\$15 (start) + bonus	\$12.40 + bonus (6%)
Office equipment supervisor		\$13.63 + bonus (17%)
Copy center supervisor		15.75 + bonus (25%)
Supervisor, sales	\$17, up to \$26 + bonus	
Repair tech supervisor	\$18.50 + bonus	
<i>Managers</i>		
Assistant manager	\$17.50-31.50 + bonus (10-50%)	\$17.50 (starting)
Manager	\$30.00-48.00 + bonus (10-50%)	\$32.50 average, \$44.50 top + bonus (0-40%)

\*All hourly employees at the electronics chain get a bonus of 1-3%.

*Note:* Annual salaries were converted to hourly rates by dividing by 2000, which overestimates the hourly rate because managers work more than 40 hours. Some wages and bonuses were reported by individuals; others are company-level estimates.

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