Retail Jobs in Comparative Perspective

Contribution by the cross-national retail team
To the Russell Sage Foundation
Low-wage Work Project

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REVISED
1. Introduction

Retail businesses and retail jobs have much in common in the United States and Western Europe in terms of core tasks, workforce, and competitive trends. Yet despite all these common features, which we elaborate in the next section, we see significant variation in job quality as we look across the United States and the five European countries studied here. Retail workers toil at varied levels of pay, and with varying employment status and conditions. Table 1 charts three of these variations. Retail’s relative wage—the percentage of retail workers falling below the low-wage threshold of two-thirds of the national median—ranges widely, from less than one-in-five in France to nearly one-half in the United Kingdom. Average retail labor turnover in the United States is more than double that in France and Germany. The share of part-time workers differs considerably, from less than one-third in France to more than two-thirds in the Netherlands.

| Table 1: Cross-national variation in selected retail job characteristics |
|---|---|---|
| Denmark | 23 | 36 | 50 |
| France | 18 | 20 | 28 |
| Germany | 42 | 20 | 47 |
| Netherlands | 46 | 27 | 70 |
| United Kingdom | 49 | 26 | 51 |
| United States | 42 | 50 | 28 |


A variety of factors might explain cross-national differences in wages, job quality and employment status. They could result from compositional differences (for example, the mix of small, large, and super-sized stores). Alternatively or in addition, differences in market structure (degree of

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1 In this chapter, we draw extensively on research summarized in the retail chapters of the “Low-Wage Work in Europe” volumes (Askenazy, Berry, and Prunier-Poulmaire 2008, Eshjerg et al. 2008, Mason and Osborne 2008, van Klaveren 2008a, and Voss-Dahm 2008). See also Carré and Tilly with Holgate (2007) for US research.
oligopoly power, exposed versus sheltered markets, etc.) could be important. Indeed, zoning limits on store size—still very important in France but weakened in other countries—play a role, and so do store hours regulations. Nonetheless, a particularly compelling possible explanation may be found in differences in labor market institutions. And indeed, despite increasing neoliberal tendencies, the five European countries jointly still diverge substantially from the United States in their portfolio of institutions (see Chapters 1, 3, and 4 in this volume).

In particular, the European countries generally have more inclusive institutions, protecting those at the low end of the workforce. Except for the UK, all countries have multi-employer bargaining in place covering most or all workers in retail, regionally or nationally, and in France and the Netherlands supported by the mandatory extension of agreements through the state. France, Netherlands and the United Kingdom are known for their statutory minimum wages. In Germany, over 80% of all retail employees have two to three years of vocational training; Denmark and the Netherlands also provide vocational training for substantial numbers of retail workers.

While institutions are central to job quality, firm strategies, as they are embedded in national institutional contexts, also contribute to differences across and within countries. At the national level, much literature stresses the “high road” versus “low road” distinction in firm product market strategies. High-road firms emphasize higher quality and more rapid innovation, whereas their low-road counterparts aim at price competition. Many analysts have argued that better jobs will go hand in hand with such high performance (Huselid 1995, Osterman 1994). However, in a seminal 1997 article, Thomas Bailey and Annette Bernhardt found a contrary pattern in U.S. retail: “high road” productivity in service was not linked to greater job quality. The retailers they studied upgraded productivity with information technology-based automation (see also Bernhardt 1999 and Abernathy et al. 2000), and in some cases also provided better, more customized service. However, these changes had little effect on wages (which remained low), work organization, or opportunities for upward mobility. Importantly, they also noted

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2 The “high road”/“low road” terminology is often applied to other dimensions of firm behavior as well, but here we focus on the product market.
that, in US retail, “high road” approaches co-exist with numerous examples of “low road” options combined with low-quality jobs—a more predictable scenario.

There has also been important international comparative work on retail jobs, but to date, such research has not emphasized the distinction between inclusive and exclusive labor market institutions that is central to this volume (see Chapters 1 and 3). Jean Gadrey and Florence Jany-Catrice (2000) compared US and French retail. They found that U.S. retail offers “higher quality and more services for the same average basket of goods sold” (p.26), “financing” the additional value added by providing lower compensation to workers. In other words, they concluded that the US high-road service advantage depends on low compensation, going even farther than Bailey and Bernhardt to challenge the predicted relationship between high performance and job quality. More recently, Jany-Catrice and Lehndorff (2005) offered an ambitious six country (Denmark, Finland, France, Germany, Portugal, and Sweden) comparison focusing on how institution shape nationally specific patterns of fragmentation of work and working time in retail, suggesting some institutional effects that we explore further in this chapter.

Figure 1: Analytical map of determinants of job quality

Our analysis posits a set of relationships between markets, institutions, and firm strategies, which we think play a determining role in job quality, without presuming the specific nature of these relationships. (Figure 1 above). Though this general model places both the management’s market strategy
and the human resources/labor deployment strategy of the firm at the center, in practice most variation in market strategy takes place within countries, so our comparative lens leads us to focus more on HR strategy. We pay particular attention to the effects of national institutions, including both direct constraints on human resource strategy and indirect effects through adjustment of labor or product markets. We scrutinize the use of “exit options” that consist of gaps or weaknesses in institutions bolstering job quality or result from deliberate “top down” changes in regulation. The retail sector has frequently taken the lead in demanding, creating, or exploiting such exit options.

Based on this scheme, we trace the conditions that give rise to the variation in job quality and employment patterns for the six countries under study, focusing on (and contrasting) food and consumer electronics retail. We examine whether or not high-road competitive strategy is bundled with good jobs, and whether in fact job qualities are bundled into uniformly good and bad jobs. We highlight outcomes in two target occupations: cashiers and stock clerks/salespeople. Because the food retail subsector is much larger than consumer electronics, much of our explanatory discussion will focus on food stores though we highlight salient contrasts with consumer electronics stores as appropriate. In the remainder of the paper, we start by noting shared industry characteristics and trends. We then briefly lay out the field work methodology. The bulk of the paper consists of findings about variation in job quality and characteristics. In closing, we comment on trends and variation in job outcomes as well as prospects for change in retail job quality.

2. Industry overview and shared trends

The core tasks performed by shop-floor workers in retailing are quite similar in all developed countries: Workers must take goods from the stockroom to the shop floor, replenish shelves, answer customer questions, ring up purchases, and receive payment. Another commonality is that retail hours invariably extend beyond standard daytime shifts, including evening hours, weekends, and in some cases nights. The intensity of retail sales also varies by season, shaped by school and vacation schedules, holiday gift-giving, seasonal food demands (summer picnics, holiday dinners), and so on. Retailers in the
United States and Western Europe have responded to non-standard operating hours and seasonal swings by making substantial use of part-time labor (Tilly 1996; Jany-Catrice and Lehndorff 2005). In the European countries, as in the United States, stores rely heavily on women and young people to fill part-time slots.

Retail sectors in the United States and Western Europe are similar in other ways as well. All have recently been rocked by three new forces that cut across national borders. The first is the diffusion of intricate information technology for supply-chain management and optimal staff scheduling. The second is the spread of aggressive discount chains that take advantage of the logistical technologies to mount a formidable competitive challenge to mainstream retailers. Big-box chain Wal-Mart is the example best known to U.S. consumers, but Germany’s Aldi and Lidl, among others, have also grown rapidly by implementing variants of this model. Moreover, all of these countries are experiencing a set of institutional changes in the labor market that we can characterize as neoliberal, weakening workers’ representation and increasing flexibility in labor regulations—in many cases including the relaxation of labor regulations for particular subsets of workers (Streeck and Thelen 2005). In the United States, such shifts have included a sharp decline in union density and significant erosion of the real value of the minimum wage, which have reduced job quality for low-wage workers in general and retail workers in particular (Carré, Holgate, and Tilly 2006). Indeed, in all countries under study, retail seems a laboratory for changes in labor market institutions; the sector often leads with experimentation in this regard. Everywhere it currently seems to stand out as a sector where the relaxation of regulation, combined with a vulnerable workforce, enhance retailers’ ability to bypass features of national institutions that protect low-wage workers. Numerous worksites also render regulatory monitoring and enforcement difficult.

Overall industry structure is relatively similar across the six countries (Table 2). Productivity levels are comparable. In terms of establishment sizes, the UK shows a very high upper quartile (indicating more large establishments), but it bears mentioning that all of these countries have roughly the same set of store formats: hypermarkets (typically called superstores or supercenters in the US) at the large end, convenience stores and mom-and-pop shops at the low end. In general, the concentration ratios
indicate that smaller countries have more concentrated retail sectors. The US’s low level of concentration in food retail stands out, as does Denmark’s particularly high level in consumer electronics.

Table 2: Various industry characteristics by country

<table>
<thead>
<tr>
<th>Variable</th>
<th>Yardstick</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value added per hour worked</td>
<td>€, 2005 (PPP conversion)</td>
</tr>
<tr>
<td>Establishment size</td>
<td></td>
</tr>
<tr>
<td>(freq.distr. by number of</td>
<td></td>
</tr>
<tr>
<td>employees)</td>
<td></td>
</tr>
<tr>
<td>Lower quartile, 2002</td>
<td>3</td>
</tr>
<tr>
<td>Median, 2002</td>
<td>5</td>
</tr>
<tr>
<td>Upper quartile, 2002</td>
<td>10</td>
</tr>
<tr>
<td>Food: Share of top-5 firms in</td>
<td></td>
</tr>
<tr>
<td>sales</td>
<td></td>
</tr>
<tr>
<td>% of sales, 2005/2006</td>
<td>95</td>
</tr>
<tr>
<td>Electronics: Share of top-5</td>
<td></td>
</tr>
<tr>
<td>firms in sales</td>
<td></td>
</tr>
<tr>
<td>% of sales, 2005/2006</td>
<td>71</td>
</tr>
</tbody>
</table>


3. Methodology

In each of the six countries, a research team conducted case studies of large retail companies in food and consumer electronics retail. These two sub-sectors were chosen to provide contrasts in gender and in knowledge content required for selling. European case studies were conducted between March 2005 and September 2006, and US ones, between May 2005 and April 2007. In principle a case consisted of interviews of company-level executives plus a store visit, with interviews of store managers, front-line workers, and (where relevant) union or works council representatives. In practice, the degree of access varied by company, although the large majority of cases conformed with this ideal profile. Worker interviews and focus groups zeroed in on our two target jobs of cashiers and stock clerks/salespeople, although in some cases teams interviewed other employees (such as supervisors) as well.

The number and composition of cases is detailed in Table 3. The U.S. sample was designed to be twice as large as the others because it represents in some sense the “baseline” for international comparisons and the industry is larger. Researchers’ initial goal was to conduct equal numbers of case

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3 Superunie buying group counted as one; if Superunie is broken up, top-5 share is 71
studies of food and electronics retailers in each country. The teams had difficulty gaining access to consumer electronics chains. However, in the countries that came up short on electronics companies, a number of the food retailers also sell electronics. In these cases, researchers attempted to learn about and interview sales positions in the electronics departments of the stores as well as retail food workers. There was some unplanned heterogeneity across country samples. For example, the German researchers were not able to gain access to discounters, whereas the other country teams were able to include them; the U.S. sample, unlike the European ones, included two chains in the electronics category that principally sell office equipment and supplies. Nonetheless, the samples are quite strongly comparable across countries. In addition to these case studies, each team reviewed descriptive data from standard national data sources about the quality and characteristics of retail jobs.

Table 3: Sample structure of retail case studies in the six countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Food cases</th>
<th>Consumer electronics cases</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>5</td>
<td>3</td>
<td>Three “food” cases also sell electronics.</td>
</tr>
<tr>
<td>France</td>
<td>6</td>
<td>2</td>
<td>Two “food” cases also sell electronics</td>
</tr>
<tr>
<td>Germany</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>10</td>
<td>6</td>
<td>Two “food” cases also sell electronics</td>
</tr>
</tbody>
</table>

4. Variation in job quality outcomes

Despite broad similarities in tasks, in technological and market changes, and in the proclivity to experiment with exit options, retail industries across the countries display striking and important differences in major indicators in job quality. Relying on national patterns and case study findings, we review each dimension of job quality in turn: work schedules; work organizations and tasks; turnover and vertical mobility; and compensation.

4.1. Work schedules

In retail, work schedules are a primary dimension of job outcomes. The volume of hours (relative to desired hours), schedule predictability, and degree of worker control over schedules are significant
differentiators of job quality in every country in the study. In the Dutch case-studies, for instance, many workers complain of unilateral employer decisions concerning working times and days off; while British employees lament insufficient hours of work, little schedule flexibility to meet employee needs, and the requirement to work evenings and weekends. Schedule patterns are also closely linked to workforce demography: part-time jobs have particular concentrations of women and young workers—in some cases because they choose these hours, in other cases because they are trapped in them. In this section, we first summarize common features of work schedules across the six countries. We then explore the US-Europe differences, above all in workers’ degree of control over scheduling, followed by a brief discussion of differences among the five European countries.

Common features of retail work schedules

As in the United States, the retail workforce in Europe is disproportionately (and increasingly) part-time (Table 4). The proportions of part-time workers are even higher in case study stores, which are generally larger than the typical retail establishment. For example, in the US case studies, part-timers made up 50 to 80% of the store workforce (with the exception of one chain with smaller stores and one electronics chain relying on a commission workforce), well above the 28% industry average.

Although part-time employment is widespread for retail as a whole, the rate of part-time employment differs markedly across the two retail sub-sectors, as the last two lines of Table 3 indicate. Whereas the food retail workforce uniformly shows a higher rate of part-time employment than the already high retail average, consumer electronics equally uniformly has a lower proportion of part-time workers—in some countries, even lower than the economy-wide proportion. As we will see when we examine other job characteristics, this heralds a general pattern: within retail, consumer electronics retailing offers more “standard” and, by a number of criteria, better jobs than the food retail sub-sector. Since case studies in a number of countries revealed continued pay and working conditions disparities coupled with declining emphasis on electronics knowledge for jobs in electronics retailing, this differential seems unlikely to result from skill differences. Instead, the most likely explanation is the
much higher concentration of women in food retail than in consumer electronics stores (not shown).

Indeed, as Florence Jany-Catrice and co-authors (2005) argued in the case of France, managers discount the soft skills required in front-line retail work in part precisely because they are skills tied to standard female socialization.

Table 4: Part-time employment in retail trade by country (headcount) (2006, except Germany, UK, US: 2007)

<table>
<thead>
<tr>
<th></th>
<th>DK</th>
<th>FR</th>
<th>GE</th>
<th>NL</th>
<th>UK</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part-time in retail</td>
<td>49.7</td>
<td>27.7</td>
<td>52.0</td>
<td>69.8</td>
<td>50.2</td>
<td>27.9</td>
</tr>
<tr>
<td>Part-time in total</td>
<td>23.6</td>
<td>17.2</td>
<td>25.8</td>
<td>46.2</td>
<td>25.5</td>
<td>18.6</td>
</tr>
<tr>
<td>Ratio, retail PT % / total PT %</td>
<td>2.1</td>
<td>1.6</td>
<td>1.8</td>
<td>1.5</td>
<td>2.0</td>
<td>1.5</td>
</tr>
<tr>
<td>Ratio, food PT % / retail PT %*</td>
<td>NA</td>
<td>1.8</td>
<td>1.3</td>
<td>1.1</td>
<td>1.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Ratio, electronics PT % / retail PT %*</td>
<td>NA</td>
<td>0.6</td>
<td>0.4</td>
<td>0.5</td>
<td>0.6</td>
<td>0.8</td>
</tr>
</tbody>
</table>

* Ratios of food and consumer electronics retail part-time percentages from 2004 data (except FR 2003, NL and UK 2005).


Table 5 demonstrates that associated with the high proportion of jobs that are part-time, are high concentrations of women and younger workers in the retail workforce.

Table 5: Women and younger workers employed in retail by country, 2006 (headcount)

<table>
<thead>
<tr>
<th></th>
<th>DK</th>
<th>FR</th>
<th>GE</th>
<th>NL</th>
<th>UK</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of female in retail</td>
<td>57.0</td>
<td>63.3</td>
<td>70.6</td>
<td>60.9</td>
<td>61.5</td>
<td>49.4</td>
</tr>
<tr>
<td>Share of female in total</td>
<td>46.4</td>
<td>46.3</td>
<td>45.4</td>
<td>44.9</td>
<td>46.7</td>
<td>48.1</td>
</tr>
<tr>
<td>Ratio, retail % female / total % female</td>
<td>1.2</td>
<td>1.4</td>
<td>1.6</td>
<td>1.4</td>
<td>1.3</td>
<td>1.0</td>
</tr>
<tr>
<td>Share &lt; age 25 in retail</td>
<td>48.5</td>
<td>19.3</td>
<td>15.6</td>
<td>44.7</td>
<td>34.0</td>
<td>28.6</td>
</tr>
<tr>
<td>Share &lt; age 25 in total</td>
<td>13.6</td>
<td>8.9</td>
<td>10.7</td>
<td>15.3</td>
<td>14.0</td>
<td>13.6</td>
</tr>
<tr>
<td>Ratio, retail % &lt;25 / total % &lt;25</td>
<td>3.6</td>
<td>2.2</td>
<td>1.5</td>
<td>2.9</td>
<td>2.4</td>
<td>2.1</td>
</tr>
</tbody>
</table>


In each of the six countries the retail workforce is disproportionately female (though in the US the overrepresentation is small). Workers under 25 are likewise universally overrepresented in retail. When we compare the representation of women and young workers between food retail, with its higher rate of
part-time employment (and lower-paid jobs), and consumer electronics, with the opposite characteristics, we generally find larger female and young worker percentages in the former (not shown).

The heavy reliance on part-time work offers three main advantages for retailers. First, part-time work allows businesses to match staffing to peak days and hours, reducing “excess” labor. This matching is particularly valuable in the context of new “just-in-time” inventory management systems. Adopting the terminology of Jany-Catrice and Lehndorff (2005), part-timers in all six countries include both “gap fillers” and “time adjusters”. “Gap fillers” are those employees working on short hour contracts, deployed on regular schemes and working predictable time slots accordingly. “Time adjusters”, on the contrary, are deployed at variable times and have variable working hours. Although in general both groups are disproportionately young and female, the gap fillers are particularly likely to be active students or women with young children, with schedule constraints in other parts of their lives. It is the time adjusters who bear the main burden of long opening hours and demand fluctuations, and feel the pressure to work overtime. In all six countries, the use of time adjusters acts as a functional equivalent for the use of temporary workers that is more prevalent in other industries. The research teams found small, or non-existent, amounts of temp workers in retailing, though seasonal workers (for example, to cover the Christmas rush) are common.

Second, the classical argument for high productivity of workers with short hours in repetitive work holds sway with retailers. As a manager in German food retailing noted: “The productivity of people with short working hours is simply higher. After five or six hours, an individual worker starts to run out of energy and to slow down, while two workers can complete a lot of work in four hours each.”

The third advantage to retailers of widespread part-time employment is that it opens up exit options that allow them to evade normative, legal, or collective bargaining standards for compensation, fringe benefits, and social insurance. The specifics vary. In the United States, part-time employment itself represents an exit option, because in much of retail part-timers are paid lower wages and fewer or no benefits. A US supermarket cashier noted: “Some people, they work over 32 hours but they’re just not considered full time. And that makes them so mad.” A HR officer at the same chain concurred:
“…there’s probably plenty of 30 plus hours part-time employees that just are not full-time because the stores are not able to make anybody wholesale full-time if they want to, because of the expense of the benefit packages.” In Germany a key exit option is “mini-jobs,” short hour part-time jobs often paid below the collectively bargained scale, in violation of the law (see Compensation). In Denmark, the Netherlands, and the UK, a lower statutory or collectively bargained wage scale for younger workers has opened up an important exit option. In France’s highly inclusive labor relations system there are few formally specified exit options, though as a practical matter legal and collectively bargained requirements are less rigorously enforced in small retail enterprises.

While we will discuss the impact of these varied exit options further below, it is important to point out here that the high concentration of women and young people has helped to make exit options a viable option for firms. Generally these groups are weakly organized and poorly represented via unions and works councils, allowing employers to execute exit options with little public fuss. We note that, unlike in another low-wage industry, hospitality, immigrant labor is not commonly used to facilitate exit options in retail. Immigrant labor (by which we mean foreign-born or non-citizen workers) is not widespread, ranging from 4 to 13% of the retail workforce in the six countries. There is some immigrant over-representation in UK retail compared to the workforce at large, but under-representation in the Denmark, Germany, and the US.4

US-Europe differences in work schedules

Despite these common features of retail jobs in the United States and the five European countries, the United States also stands apart in a number of ways. Given schedules’ importance as a job quality

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4 In the US, the immigrant share in retail (13%) and in cashier/stocker jobs in particular (12%) is lower than for the private sector as a whole (18%) (own calculation from March 2007 Current Population Survey). The Danish figure of 4% (Esbjerg et al. 2008) compares to 5.8% of foreign born workers for total employment (Chapter 4, this volume). Germany’s 5.5% share relates to 7% non-German citizens in the German workforce. In the UK, figures of 8% immigrants among cashiers and 9% among sales assistants compare to 6% in the UK labor force (Mason & Osborne, 2008, compared to Mason et al, 2008). Exact figures are missing for France and the Netherlands, but case-study data suggest for both countries an over-representation of immigrant workers in low-end food retailing, notably in the large cities.
parameter, these US-Europe contrasts are quite noteworthy. In US case studies, full-time workers increasingly are not guaranteed full-time hours; in a number of the food and electronics chains full-timers are only guaranteed 32 or 35 weekly hours out of 40 that traditionally have constituted a full-time schedule. This system turns full-time workers into another group of “time adjusters” while minimizing the risk of incurring the overtime pay premium. This practice was not encountered in European cases. Some European retail full-timers do flex their hours upward from a full-time base, particularly consumer electronics employees motivated by commissions, as well as, more generally, German full-timers socialized by that country’s strong vocational education system. Indeed, even in the relatively liberalized UK labor market, seven out of eight case study firms use overtime rather than temporary workers to handle demand variations.

US workers have less individual and collective choice, control, and advance notice of work schedules than their European counterparts. A single US schedule regulation affects decision terms for management: virtually all retail front line and first level supervisory workers are hourly workers subject to the federal overtime pay provision of time and a half over 40 weekly hours. This cost differential further contributes to the use of “time adjuster” part-timers and affects managerial scheduling decisions in other ways (e.g., overtime hours are rarely authorized). But as regards notification of work schedules, US retailers typically inform workers of their work schedules three days to two weeks in advance, with shorter notice and more schedule variation in food retail than in consumer electronics.

In contrast, the most extreme European cases are Germany and Denmark, where retail collective agreements require retailers to post schedules 26 and 16 weeks in advance (though case studies revealed that breaches of these mandates are common, especially in smaller retailers). German, Danish, and Dutch codetermination laws also require retail employers to negotiate scheduling with their works councils (Tijdens 1998, Voss-Dahm 2003). German and Dutch works councils have used their legal rights to negotiate over scheduling options in grocery stores to achieve compromises over flexibility for management and workers. In this context, German and Dutch retailers use sophisticated software to work out schedules that will conform to worker preferences (Voss-Dahm 2000), whereas US retailers press new
employees to list the maximum possible hours “availability,” and penalize employees who do not agree to cover varied hours and shifts with fewer hours and promotion opportunities. Recounting how one part-timer quit, a US electronics department manager noted, “[another part timer’s] availability opened up so I started giving him more of the hours because he was a better associate for that, and the other gentleman, his hours dropped… He ended up probably catching on and he just quit, just stopped showing up.” Workers’ main recourse is to swap shifts with co-workers subject to management approval (also a common strategy in European stores).

In the United States, store managers (and to a lesser extent supervisors and full-time workers) are acutely aware of the difficulty of scheduling, and often must solve scheduling problems by working extremely long hours themselves, ranging up to 60 or 70 hours. (In the European countries, store managers also report long hours, but not to the same degree; compare Denmark, where even in food retail with its longer hours, managers “only” report working 45 to 50 hours.) Above the store level, however, US higher level managers and executives expressed little concern about scheduling. In contrast, in many European companies, especially in Germany and the Netherlands, the difficulty of organizing satisfactory employee work schedules is a topic of discussion up to the executive level, and even on corporate boards.

In the countries with more corporatist labor relations and robust unions in the workplace, Denmark, Germany, and Netherlands, work hours are further shaped by both store hour regulations and collectively bargained shift premia. Danish, Dutch and German stores are barred from opening most Sundays (though the number of exceptions to the no-Sundays rule is growing). Interestingly, even in France, with fewer restrictions on store hours, hypermarkets typically are open 9am-10pm Monday through Saturday, with only a few Sundays a year (except in tourist areas), and super-discounters and consumer electronics stores operate even fewer hours. Danish, German, and Dutch retail collective bargaining agreements stipulate premium payments for overtime hours, night work, and work on Saturday, Sunday, and public holidays. Moreover, such premium payments are also prevalent in France and the UK, in both union and non-union settings. In contrast, in the US restrictions on store hours were
state and local; most were already gone by the late 1980s. The US cases show companies (including unionized ones) decreasing or eliminating pay differentials for off-shifts and Sundays.

However, even in the countries with strong unions, the bite of working time regulation seems to be weakening. Some regulations, like shift differentials, already exempt some vulnerable groups and are coming under further attack. With the liberalization of opening hours in the Netherlands in 1996 and Germany in 2006, employers have begun to press for reduced premia for non-standard work times. In the Netherlands, retailers have negotiated the elimination of premia for Saturdays and work between 6 and 8pm. In Germany, unions successfully resisted employer efforts to reduce shift differentials in 1999 but, with opening hours now less regulated, employers have made the abolition of premia their main demand, triggering a series of hard-fought strikes. Note also that the Dutch differential for work after 8pm is only available to those working more than 12 hours/week, excluding most younger workers, and though German mini-jobbers are entitled to shift premia, firms tend to withhold these premia from them.

Despite these recent shifts, US retail workers continue to have fewer tools to exert control over their schedules than do their European counterparts. The long reach of collective agreements and the presence and legally specified role of works councils, as well as differing norms, are the main factors explaining these US-European differences. The continuing (though diminishing) relevance of opening hours restrictions in some European countries also limits schedule variability.

*Differences in work schedules within Europe*

The five European countries themselves differ in work schedule patterns, as our discussion of work schedules has already revealed. These differences result from a combination of differences in labor supply (themselves provoked in part by differences in family and welfare state policies; see Chapter 4 in this volume) with divergences in employment-related institutions. As Table 5 shows, Danish and Dutch retailers—motivated in part by lower bargained or legislated rates of pay for young workers—have extraordinarily high levels of youth employment. In France and Germany, in contrast, there is more reliance on women workers, whereas UK retailers lean heavily on both workforces. In each country, a
specific history underlies the demographic pattern. For example, in Denmark, working women have shifted from part-time to full-time since the 1970s, supported by government-sponsored child care and a tax system that assesses each spouse separately. In response, retailers have turned to youths for part-time staffing. In the Netherlands, on the other hand, the influx of women that took off in the 1980s reversed when the price war that began in 2003 put pressure on wage costs. Retailers responded by availing themselves of the statutory youth subminimum wage enacted in the 1970s. Adult women complained that they were “bullied away” and replaced by cheaper young workers, many of whom (60%) are students whose income is made viable by a generous state student grant system. In France, for decades, large majorities of women have preferred full-time work, bolstered by a universal child care system. Thus, French retailers’ reliance on women to cover part-time jobs traps many women in unwanted part-time schedules (though notably the overall rate of part-time employment, in retail and economy-wide, is considerably lower in France than in the other European countries).

In fact, France is something of a special case—with the state playing a particularly prominent role in typical French fashion. On the one hand, French law has set the full-time workweek at 35 hours. On the other hand, pressed by unhappy women workers, French retail food unions have won a minimum part-time hour threshold of 26 hours (but with exceptions for students and those who “voluntarily” choose to work less). In combination, these provisions reduce the part-time/full-time hours gap to its lowest level across the six countries. With this minimum hour requirement, combined with a mostly adult workforce, only 16% of French part-timers work fewer than 20 hours per week; the other European countries range from 53% (Germany) to a staggering 77% (Denmark). The United States falls between France and the rest of Europe, with 34% of part-timers clocking fewer than 20 hours.5

In summary, work schedules are a critically important element of job quality in retail. Above all, the degree of predictability and worker leverage over schedules affects the job experience. In most of the European countries, unlike the United States, collective bargaining

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and legislation do reinforce workers’ influence over their schedules. However, retailers in Europe too are leading in experimenting with institutional loopholes. Combined with their pervasive use of part-time labor, this pushes them to recruit particularly vulnerable populations (women, young people) which, as a consequence, results in the activation of exit options from regulating institutions. These options range from German mini-jobs to UK, Danish and Dutch youth sub-minimum wages. The overrepresentation of women and younger workers, in turn, implies that other institutions—notably government support for child care, the tax treatment of married couples’ earnings, and student grants—modulate the industry’s labor supply.

4.2. Work organization and tasks

Though sales activities in all countries under study have much in common, these tasks require varying numbers of workers depending on the business strategy adopted. If retailers adopt a self-service strategy, customer advice and service are reduced to a minimum. If retailers follow a service strategy including lots of personal assistance to customers, demands on availability and competencies of staff are much higher. If convenience and speed are touted, then the volume of staffing at check out, and its close match with customer flow, are quite important.

Retailers have long found ways to speed up and automate goods handling by using information and communication technologies (Moss and Tilly 2001). In the near future, RFID (radio frequency identification) technology promises to trigger a surge in rationalization, leading to the elimination of active goods scanning by employees, both in the receiving department and at checkout. Work intensity at the checkouts can already be considerably reduced by automated “self-checkout” counters at retailers who use them. The use of advanced technology in goods handling and customer self-service, described as “lean retailing” (Abernathy et al. 2001), offers retailers ways to achieve high productivity with low labor

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6 RFID technology can be used to track and monitor individual products by means of radio signals, thereby accelerating distribution processes. Thus, with RFID technology there is no need to search for product codes and then scan these codes at close range by means of scanners.
costs. In such a system, knowledge demands on employees are low. In extreme cases, the only work left for sales staff is simple, routine activities such as shelf stocking. This scenario can clearly be linked with the high performance business – low wage system, as Bailey and Bernhardt (1997) have described it.

With regard to the distribution of highly automated high performance business systems we found substantial within-country differences rather than clear differences between countries. Germany stands as an example for within-country differences in Europe. One company investigated in Germany stands out as a world leader in the use of labor-saving RFID technology. In another German company, conversely, automatic goods ordering had been rejected for strategic reasons, so that maintaining the product range is a standard task for sales staff.

Different notions of customer service result in varying task profiles within countries, but also some between-country differences. Virtually across the board in US food retailing, quick checkout is part of the service pledge, affecting how often employees shift between departments. Likewise, in most US food stores simple service tasks like bagging are a central point in customer service, boosting the share of workers with narrow task profiles. Some service-oriented US food retailers offer a wide selection of fresh and ready-to-eat products, which are actively sold by sales staff and, thus, broaden the task profile.

Adding Europe to the picture reveals added within and between country differences in food retailing. In France, small-scale discounters follow a pure self-service concept fundamentally different from that of French hypermarkets, which traditionally offer specialty cheeses or fresh fish at full-service counters. Overall, the notion of service seems to be different in the UK; service-oriented British supermarkets tend to focus on labor-intensive customer service features like the availability of sales staff to answer customer questions or short wait times at checkout. In the EU case studies, bagging activities were found in the UK but not in Denmark, France, Germany, or the Netherlands.

Adding in consumer electronics points to an even greater diversity of job requirement profiles. Some stores concentrate on selling mass-market products “off the shelf” (TVs, small electronics); others

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7 These within-country differences are partly due to a research design that split the company samples between “high end” and “low end” service levels, although there is no perfect match between service level and degree of use of highly automated high performance business systems.
focus on specialized items such as high-price, technically sophisticated home entertainment systems, which entail a high level of customer service. Many products in electrical/electronics retailing are not self-explanatory, as they are in food retailing, and require more intensive interaction with customers.

In sum, the market segment in which companies position themselves is a crucial factor in determining the nature of tasks in retail (cf. Batt 2000 for strategic customer segmentation in the call center sector). The actual composition of individual segments varies from country to country, a pattern which can be attributed to differences in national consumption patterns, different notions of what constitutes service, and different paths taken in the adoption of advanced technology. Against this background, it could be argued that sales workers’ task structure depends on companies’ choice of product range, service strategy and technology. From this standpoint, institutional factors would have, at most, an indirect influence on the mix of tasks in sales work, an influence mediated through product market rules, such as zoning or price regulations. A comparison of France and Germany can serve as an example. In France, barriers to entry for large stores that include zoning regulations (1973 and later), periodic freezes on authorization of large stores (1993-96), and store size limits (1996) set obstacles for an expansion of sales space. Accordingly existing French hypermarkets, facing limited competition, have adopted a high service, high product variety approach resulting in broadly varied employee tasks. In contrast, Germany, where such regulations are absent, has one of the highest selling-space-per-inhabitant ratios in Europe, and even hypermarkets engage in sharp price competition (EHI 2006: 91,92).

Task versus function centered work organization

Beside the nexus between product market and task profile there is another influential factor on task composition: how single tasks are bundled into jobs by management decisions (Autor et al. 2003: 132). As will be clear from what follows, there is some evidence that these management decisions are influenced by labor market institutions and in particular training institutions.

In general, there are two polar ways to bundle tasks into jobs. On one hand, sales jobs can be organized on the basis of a strict division of labor. Then sales staffs perform individual, easily delimited, tasks that are generally assigned to them by supervisors. On the other hand, jobs can be organized so that
sales staffs perform many distinct tasks with a high degree of self direction. Their job is to fulfill a *function* within the work process. According to Marsden (1999: 37), function-oriented work organization systems are characterized by the fact that they are based on “the employee’s output or contribution to the collective effort of production or service provision”.

**Figure 2: Pattern of Work Organization**

<table>
<thead>
<tr>
<th>Type of work organization</th>
<th>Task centered work organization</th>
<th>Function centered work organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position of country</td>
<td>US, UK</td>
<td>F, NL, DK</td>
</tr>
<tr>
<td>Type of training system</td>
<td>No retail specific training institutions</td>
<td>Retail-specific training institutions</td>
</tr>
</tbody>
</table>

In the countries under study we found nationally specific patterns of work organization (Figure 2). In the US and UK, particularly in the big-box formats in food retailing, the dominant form of work organization is based on rather narrowly defined tasks. Employees work either on the checkouts, on stocking, as baggers, or in more demanding jobs in fresh merchandise departments. High employee turnover can be regarded as fundamental reason for this choice of work organization. Individual tasks are isolated from each other and can therefore be quickly learnt and easily monitored. However, the easy substitutability of workers is not the only important argument in favor of a task-centered work organization system, with a correspondingly low level of individual freedom of action. Employees’ skill and qualification levels also play a crucial role in the choice of work organization (see the discussion of training institutions below). Entry skill requirements in US supermarkets are minimal: A US grocery manager stated laughingly that the qualification for getting hired is “having a pulse” while others spoke of “paying attention.” Nevertheless, US and UK case studies show that task-centered work organization can be accompanied by some degree of horizontal task variability. In British supermarkets, when lines form at the checkouts, employees from the sales departments are instructed by their supervisors to go to the checkouts. Sales assistants in a UK discount retailer commented: “*We go where we are needed; it could be on provisions (for example, dairy or produce), or it could be queue-busting on the checkout, or we could be doing replenishment…. The guidelines are all laid out so we follow them.*” Similarly, sales

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8 Specialized meat, fish, and bakery counters may require staff with craft-like skills, particularly in meat preparation, although even there off-site meat cutting has limited these skill needs.
workers in the US are deployed to different departments when the workload requires such a move, particularly in consumer electronics where it is the norm. The reason for this ad-hoc adjustment to staffing requirements lies both in the cost-cutting strategies adopted by retail companies, which have reduced staffing levels to a minimum, and in temporary losses of employees due to high labor turnover.

The counterexample to the US and the UK is Germany. There, most employees have completed vocational training, even in large food stores and in consumer electronics retailing in general. Ordinary sales assistants take responsibility for the whole distributive process, i.e. for ordering goods, taking goods from stocks into the shop floor, stocking shelves, merchandising products, and giving advice to customers. Hence, tasks are vertically integrated and sales people have reasonable ranges of discretion; they do not receive daily instructions from supervisors. At the same time, tasks are narrower from a horizontal perspective. Sales assistants take care only of a particular part of the assortment; they do not change between departments and never work at checkouts. They are expected to optimize the assortment of products in order to improve sales and profits. If this requires changing assortments, adding new products, or revised merchandising, they must co-ordinate these changes with team leaders. Though the potential of vertically integrated tasks for job quality is obvious, there are special constraints too, such as the delegation of responsibilities for tight cost control downward from managers. A comment by a German supermarket manager illustrates the reliance on trained workers: “I can put pressure on the permanent workers. They have the basic knowledge for me to be able to discuss particular developments, objectives and plans with them. They have a background in retailing and know what it’s all about.” Thus, vertical integration of tasks within a cost cutting environment constitutes an attempt to “exploit awareness”, that is, to make use of, but not necessarily reward, worker attention and skill (Lehndorff and Voss-Dahm 2005). Due to these specialized skills, German retail workers are more likely than in other countries to have internalized the belief that what they do at work contributes to firm performance.

In the US, we found other means of stimulating worker engagement. US consumer electronics stores in particular orchestrate a process including “fun” experiences linked to achieving sales.
Managerial prompts are key. In some big box stores, the duty manager holds regular, sometimes daily, motivational meetings around team coordination and store performance results.

Comparison with Dutch and Danish supermarkets shows that store size also influences the strictness of the division of labor in day-to-day operations. Typically, Dutch and Danish supermarkets are small in terms of sales space and, to a considerable extent, positioned as discount stores offering mass-consumption goods at permanently low prices and on a self-service basis. Most supermarkets employ many young people in marginal-part time jobs; measured in full-time equivalents, however, the number of employees per store is rather small. Although formally these young people perform narrow tasks, in practice, “everyone is trained to do everything” to maintain the efficiency of the work processes. In some stores managers assign tasks, in others peer groups of workers organize flexibility themselves. A Dutch supermarket manager explained: “We maintain clear policies to keep lines short through the flexible opening of new checkouts. If necessary, we ask staff from counters and from the ranks of experienced stockers to join. Yet, we don’t feel the need to formalize or reward these practices.”

In all countries, the degree of division of labor is less marked in consumer electronics retailing. In particular, in smaller stores, sales assistants usually take care of the whole sales process, giving advice to the customer, operating the cash register and then taking “ownership” of the customer’s after-sales service arrangements. However, larger stores show more specialization, with cashiers running cash registers without engaging in the sales process. Also, in the US, some large stores have developed “within store” units that offer customization of home entertainment or office systems, where specialized staff provides intensive consultation and installation services.

The task profile at checkouts in large stores is a special case. Cashiers’ tasks are in some countries monitored for speed, pushing the worker to perform. In the US, managers periodically post individual scanning results on a public wall in the work area for all staff to see and, in at least one discounter, on public display within the store. This places lateral pressure on workers who, most often, prefer to quit the job if their scan rate falls below standards, rather than be fired or be passed over for raises. At first glance, the case of French supermarkets seems similar because supervisors provide weekly
individual scanning results to cashiers. But there are substantial differences in the speeds cashiers must attain; in US case studies, we found cashier items-scanned-per-minute targets of 20-25 even in a discount chain, but in France target scan rates were up to 40-45 in hard discounters. In France such rates, combined with poor checkout counter design clearly contributed to high rates of stress and work-related injuries. As a cashier in a classic hypermarket noted, “It’s really tiring. The job is repetitive and insignificant. I no longer look at what I do. I can escape or daydream at times. I’m used to the motions and think of nothing.” French cashiers do not bag, and rarely weigh and price bulk fresh fruits and vegetables—customers do it and affix a machine generated tag— whereas US cashiers typically bag or assist with bagging, and invariably identify and weigh produce. In contrast with both the US and France, German and Dutch laws ban individual reporting of scan rates due to privacy considerations. In the Netherlands, before individual scan rate reporting was prohibited, it was attempted as part of a drive for faster performance. Food retailers found it led to increased error rates because the checkout speed was already quite high, and thus had no problems accepting the legal limitations.

Training institutions and their impact on the qualification level

We have argued that skill formation affects how tasks emerging from company business strategies are bundled into jobs. Therefore, sector-specific training institutions should matter. The basic principles of skill formation differ widely in the six countries. Low-skilled and semi-skilled employees dominate retail employment in the UK and the US and there is no notable vocational training system for retail frontline jobs. In France, as well, no country-wide vocational training system exists in retailing that “produces” skills tailored for retail trade but, in the country as a whole a consistently strong emphasis is put on general education. Almost half of retail employees have a French Baccalauréat degree.9

9 The high scan speed may be partly driven by the small number of checkout counters derived from store size constraints. Short queues may be difficult to deliver in spite of the high speed of individual cashiers. Also, the French retail study finds significant differences in aggregate retail productivity between France and the US (Askenazy et al. 2008).

10 The Baccalauréat is the national diploma that students have to pass at the end of high school in order to get access to tertiary education.
Due to the absence of a vocational training system tailored for the needs of retail firms in these three countries, more emphasis is put on job specific training. For example, food retailers in France provide extra training to specialist staff working on counters such as fresh fish, meat and cheese or baked products. Here, induction training takes a longer time than for ordinary sales workers and continuing training is more widespread due to new products, or hygiene regulations in the case of fresh food. In consumer electronics, too, retailers tend to invest in in-house training, given that more complex and expensive products are sold. Ongoing training is typically organized based using a “snowball” model; internal trainers are trained in new products through seminars, or training modules delivered via the Internet, and then pass this information on to colleagues at training and work meetings. In addition, training by suppliers plays a much more prominent role in consumer electronics than in food retailing.

In Germany vocational training institutions persist with apprentice training and continuing training programs specialized for retail trade. The role of vocational training institutions, governed by unions, employers’ representatives and federal authorities, is to provide training curricula that fit the needs of retail companies as well as to issue standardized certificates. In general, training includes theoretical study in school and practical learning in firms. There, despite a decline in total retail employment, the number of newly concluded training contracts in retail has not declined in the last 15 years. The footprint of vocational training institutions is obvious with 81% of all retail employees having completed a two- or three-year vocational training program. Denmark and the Netherlands also have traditional vocational training institutions. About one-third of Danish retail workers have vocational training certificates. In the Netherlands, where an industry-based vocational training system matured later, only about 15% do.

The Netherlands, and Denmark even more so, show that changes in the workforce composition alter both the qualification structure of a sector and the role of training institutions. In both countries the growing number of young people working as sales assistants for a limited period of time has led to a shift in training patterns. In food retailing in particular, youngsters are trained through on-the-job training, using e-learning modules and quick training by experienced workers. Even though firms could make use
of the sector specific vocational training systems, they do not use these “higher-level institutions” (Marsden 2000: 344) for the bulk of new recruits. The consequences of this shift in pattern are twofold. Firstly, the core of trained workers in food retailing will decrease over time. Secondly, the competition between a short-term pattern of skill formation and traditional long-term oriented skill policies associated with vocational training will lead to an “exhaustion” of training institutions, defined by Streeck and Thelen (2005: 29) as a gradual breakdown of institutions over time through depletion.

**Norms with institutional weight and their implications for worker experience**

Beyond the task structure per se, worker experience with workload and pressure is also susceptible to social norms regarding customer service. These factors affect work organization and worker experience, even while the task structure per se is heavily marked by companies’ choice of market segment. For example, European cashiers in food retailing sit, whereas they are mandated to stand by companies in the US. In Denmark, France, Germany, and the Netherlands this practice is reinforced by national ergonomic standards and the Labor Inspectorate.

Work organization also responds to customer service expectations, but these expectations turn out to be malleable “upward and downward”. As we already noted, with the partial exception of the UK, European grocery customers expect to weigh produce and bag groceries. In the US, bagging is provided and is considered an integral component of customer service except in self checkout counters. Also in the US, produce displays are expected to be very attractive even in mid-range stores, an expectation that generates a workload not present in other countries.

### 4.3. Turnover and vertical mobility

Mobility in retail jobs has two key dimensions: vertical mobility and labor turnover—“moving up or moving on,” in the felicitous phrase of Andersson, Holzer, and Lane (2005). Here we consider both. We take up turnover first, because retail is distinctive in its high level of employee turnover.
**Turnover**

Labor turnover has several important effects on various dimensions of job quality, making it an important job characteristic in its own right. First, high turnover can depress productivity by maintaining a workforce dominated by those lacking experience and firm-specific knowledge. Second, elevated turnover in low-end jobs results in very few workers actually exercising the option to move up. Conversely, high turnover in mid- and upper-level jobs opens up space for upward mobility for those who remain. Finally, when turnover is high, it is relatively easy to achieve a norm shift about what constitutes an acceptable job or schedule. Expectations of newer cohorts of workers can be ratcheted down. For example, a focus group of cashiers in one of the Dutch supermarket cases stated, “Working part-time is the normal state of affairs in this job,” adding, “Yet, it’s quite difficult to build a decent living for yourself based on this work.” Managers at a US electronics chain that eliminated commission payments several years ago acknowledged that the action had been very demoralizing for employees, but current salespeople were content: one commented, “I like not working on commission”; another, newer hire exulted over a 3% raise in his hourly rate after 90 days on the job, oblivious to the absence of commission pay.

We found considerable differences in retail labor turnover across countries. The US has by far the highest churning rates (50% per year), with Germany and France (both 20%) at the bottom (see Table 1). Quantitative data and the case studies themselves suggest four reasons, or sets of reasons, for these variations in churn. The first two stem from the observation that separation rates are typically higher where unemployment is higher (hence quitting is less attractive) and the workforce is younger. As shown in Figures 3 and 4, with the exception of the US, the correlation between the turnover rate and both unemployment and the percentage of the workforce under 25 is quite strong.11

**Figure 3: Scatter plot of labor turnover and unemployment rate, with fitted line from the five European countries**

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11 The 5-country correlation coefficients (omitting the US) are -0.72 and 0.91, respectively.
The roles of age and unemployment are mediated by a third factor (actually a set of factors) we call context, comprising institutions, labor market conditions (including the interaction of age structure and unemployment), and firm strategy. As can be seen in Figure 4, retail turnover in Denmark is slightly above the five-country fitted line based on age structure, whereas Dutch turnover falls somewhat below it. This corresponds well with what managers and workers say about young people’s behavior as retail workers: Danish interviewees described young workers as “transitional,” whereas their Dutch counterparts commented that many young workers, particularly immigrants, are “stuck.” This difference, in turn, can be linked to the disparities in labor market opportunities between the two countries, but also Denmark’s famed system of “flexicurity” that enhances labor market mobility.

Figure 4: Scatter plot of labor turnover and percentage of young workers, with fitted line from the five European countries

The largest discrepancy from the dominant turnover pattern, however, arises in the United States which has a far greater separation rate than would be expected based on either the age mix or the unemployment rate. Interviews with US retail managers and executives revealed a corporate strategy so pervasive that it has become institutionalized: these managers literally “tune” turnover levels. On the one hand, since pay raises, particularly in retail food, are closely linked to seniority, managers seek to keep labor churning high enough to maintain low average wages. “Your [average pay] rate constantly goes up,” a supermarket manager explained. “You have to cycle in the lower end to balance the rate out.” On the other hand, they seek to ensure that enough of the desirable workers are retained and groomed for internal promotion. In the European countries, this two-sided strategy can be recognized as well but European retailers tend to emphasize the retention side quite a bit more. As we explored in Work Organization, higher job tenure may be a side effect of higher commitment to developing employee skills, whether due to an apprenticeship system that offers a strong platform for doing so (Denmark, Germany, Netherlands) or due to a high wage floor that obliges them to keep productivity high (France).

A fourth set of reasons looks beyond the age profile of the retail workforce as proximate cause, to consider underlying influences on this profile. France and Germany, the two countries in our sample

with the lowest retail turnover rates and the lowest percentages of young workers in retail, are also the two countries with the highest proportions of women workers in retail. These high concentrations of women, in turn, are closely tied to France’s family policies supporting female labor force participation and German policies promoting mini-jobs with tax advantages particularly beneficial to married women. Alternatively, an older workforce could be the result rather than the cause of a lower propensity to quit, directing our attention to non-demographic influences on turnover. Above we cited the vocational training system and a high minimum wage as incentives for retailers to strive to hold onto workers; it is equally reasonable to argue that German workers’ strong vocational training and French workers’ high relative wages induce workers to stay in retail jobs. Indeed, as a rule, churning can be brought down with higher wages and benefits, and even in the US, selected retail companies reduce turnover this way. Given the huge divergence in compensation for part-time and full-time workers in US retail, large turnover differences can even appear within a single company: in one US grocery chain that provided detailed statistics, the turnover rate for part-timers is twelve times as high as for full-timers.

**Vertical mobility**

Despite the varying contexts for upward mobility across countries, we found some commonalities. The available evidence from the six countries points out that retail management posts are predominantly filled by promotion from within. However, especially in food retail, the odds of promotion for shop-floor workers are low given high ratios of workers to managers and relatively high rates of turnover. Given the flat employment structure of stores, management is virtually the only path for advancement. Moreover, in most countries a gender gap can be seen, again notably in food retail: women are broadly underrepresented in management ranks. For the US, earlier analyses of the US research team (Carré, Holgate, and Tilly 2006) showed that women are more under-represented in management in retail (including food and consumer electronics), than in the economy as a whole.

The US case results connect these gender-specific results to broader mobility patterns. At most food retailers, company policies require every new employee to start in a part-time position, so that all
full-timers must come from within. Even up to store manager, promotion from within predominates. Yet, the cases highlighted that moving up into management is nonetheless difficult, especially for women, and that recruiting managers from outside is a growing practice. Many US retailers, especially in consumer electronics, reported that they are moving away from a promote-almost-exclusively-from-within-model.

At one electronics chain, the percentage of store-level sales managers hired from within had dropped from 90-95% to 50% over the past 10 years. Various forces may work in this direction. Cost-cutting pressure may have the unintended consequence of discouraging or thwarting upward mobility from within; smaller pay increments and increased workloads make supervisory and management positions less attractive.

Perhaps the most important driver of outside recruiting has been the evolution of store management—especially in consumer electronics, but also in supermarkets—into an increasingly numbers-driven job relying on more generic management skills for which recruitment seeks professional/educational credentials rather than company-specific knowledge.

The forces identified in the United States also are relevant in determining vertical mobility patterns in European countries—though other factors, notably related to working time and commuting issues, come to the fore as well. In German food retail, promotion opportunities are limited and, in particular, gendered segmentation patterns and processes are evident. Segmentation in career opportunities starts as early as the selection process for vocational training positions. Managerial positions at store level are predominantly occupied by men, and the more companies use potential consideration for management positions as a criterion for allocating initial training slots, the more disadvantaged female applicants are. This mechanism works in step with the widely held view among male managers that investing in women’s advancement is a waste of resources. Moreover, willingness to work long hours (over 45 per week) and to be geographically mobile are essential preconditions for promotion from within. These two constraints, which are not directly linked to the business processes at stake, are also reported in the Netherlands and the UK. Though not explicitly excluding women, such demands are undoubtedly at odds with the preferences of large majorities of women and effectively prevent many women from building a career in retail. Closer analysis of the German interviews reveals
that many women in the target jobs consciously refrain from efforts to get promoted, in order to maintain a work-life balance and avoid onerous management responsibilities linked to escalating performance benchmarks—akin to US retailers’ reports of worker reluctance to take on increasingly demanding management jobs. In some Dutch supermarket cases too, frontline workers refused increased responsibilities, especially if this implied leaving their peer group. Notably in the Dutch and British cases, part-time workers gave few signs of concern about the lack of upward mobility opportunities; instead, they tended to emphasize positive aspects of social life at work. As the UK retail team noted, such satisfaction may merely reflect workers’ ability to remain positive in the face of limited options.

In European consumer electronics stores, the prospects of upward mobility generally seem somewhat more open. The same constraints may be in effect as was described for food, but electronics salespersons seem more oriented towards following a career track. There is some evidence that this may also be the case for female salespersons, though patterns and processes seem to remain gendered to a certain extent. The influence of the peer group is most likely smaller, but may be replaced by another factor reducing upward mobility: the large share of commission earnings. In both English and French cases (as well as in a US case with commission pay) there were reports that sales assistants in electrical goods stores were unwilling to take up career opportunities because, as long as they were successful at selling, their commission earnings could raise their total earnings close to those of team leaders or even managers, without being burdened with the responsibilities of the latter.

The Danish case stands in contrast to the others. In Danish food retail, unlike grocery stores in the other five countries, channels of upward mobility seem relatively open. In the food chains studied, the Danish researchers found high degrees of internal mobility, with many promotion opportunities for motivated and qualified workers. Career seekers, starting as apprentices or trainees, do have opportunities to realize their ambitions. Because the food retailers face strong competition from other industries on the labor market, they offer comprehensive training programs. Conversely, while researchers in other countries found greater opportunities to ascend in consumer electronics retailing than food, in Denmark
employees of specialty stores (including consumer electronics), find it difficult to advance beyond the level of full-time salesperson. The Danish team identified the career seeker category as mainly male.

4.4 Compensation

Retail trade is consistently a low wage sector in all countries in this cross-national study. It is also an industry where national institutions do matter. However, their impact on lifting wages differs considerably. Before probing such institutional effects, we start this section by examining the gender pay gap and the related wage gap between food and electronics retailing. We then explore the role of national institutions in two countries with comparatively low shares of low wage workers in retailing, France and Denmark. In contrast, the three other European countries give insight in the dynamics that drive an increase of low wage work—specifically, the use of exit options. Strikingly, the ultraliberal US with the lowest rate of collective bargaining coverage has the same incidence of low-wage work in retailing as Germany, which despite its tradition of strong representative structures, has allowed the creation of numerous low-paid jobs via the mini-job option.

The gender wage gap in retail

The mean gender pay gap in wholesale and retail is especially large in Germany and the Netherlands—according to WageIndicator data, 22 and 21% respectively—while in the UK and in France\textsuperscript{12}, it is 16% (Chubb \textit{et al} 2008, van Klaveren, Tijdens, and Sprenger 2007). In comparison, the US wage gender gap is relatively moderate, though still significant; women in front-line retail jobs in 2004 earned 12% less than their male counterparts (Carré \textit{et al} 2006). Danish women’s disadvantage in hourly compensation is even smaller, at 10%.\textsuperscript{13} Gender sorting across retail sub-sectors and the wage penalty due to interruptions in paid employment play a role, as do the constraints on the vertical mobility of female retail workers. Within countries, the gender gap is likely to be smaller where wage-leveling

\textsuperscript{12} Calculated by Ministry of Labor, DARES from 2006 data of DADS (Déclaration annuelle de données sociales)

\textsuperscript{13} Calculated by authors from 2006 data in StatBank Denmark, Labour Market Table ATR1, www.statbank.dk
institutions such as unions are stronger. At a unionized US grocery chain, a woman cashier approvingly noted, “You get your pay raises per hour, hours worked. So that’s fair. I know in some businesses you hear how men make 20% more than a woman in the same job.” We discuss the gender wage gap below as it arises in analyzing various aspects of compensation.

Pay in food vs. electronics retail

In all countries the share of low wage work is much higher in food retailing than in consumer electronics (Table 6), and the company case studies conform with this pattern of disparity. One possible explanation would be significant differences between food and consumer electronics retail productivity in all countries but the data, limited as they are, do not appear to bear this out. Indeed, food retailing has 6% higher productivity than electronics in the United States, 22% higher in Denmark, and 19% higher in the Netherlands.\textsuperscript{14} The obvious alternative to explain pay differentials would be a historical gender bias in pay structure. This is a likely factor because men make up the majority of the workforce in consumer electronics and women constitute the majority in retail food. In 2004, the share of women in retail food sales occupations varied in Europe between 68% in Denmark and 85% in the Netherlands, while it was 53% in the US; in consumer electronics, the European share of females varied between 17% in Denmark and 40% in France, while it was 30% in the US. Gender patterns may play out indirectly as well; consumer electronics retailers may have to compete with information technology—another male dominated sector—to attract knowledgeable salespeople and technicians. We further scrutinize the food-electronics pay gap in an analysis of the practice of commission pay, below.

\textbf{Table 6: Percentage of retail workers with wages below each national low-wage threshold, by sub-sector, 2003}

<table>
<thead>
<tr>
<th>% below low-wage threshold</th>
<th>Denmark</th>
<th>France</th>
<th>Germany</th>
<th>Netherlands</th>
<th>U.K.</th>
<th>U.S.A.</th>
</tr>
</thead>
<tbody>
<tr>
<td>All retail workers</td>
<td>23</td>
<td>18</td>
<td>42*</td>
<td>46</td>
<td>49</td>
<td>42</td>
</tr>
</tbody>
</table>

\textsuperscript{14} Data for three countries only. U.S. and Danish figures are sales/employee-hour, because value added data are not available for these sub-sectors. U.S. figure uses sales from 2002 Economic Census, employment and weekly hours from Current Economic Statistics (Bureau of Labor Statistics), and economy-wide average of weeks/year from Hyde 2007 and Raines 2007. Danish figure uses figures from StatBank Denmark, except hours per FTE from the European Foundation for the Improvement of Living and Working Conditions, and economy-wide average of weeks/year from Hyde 2007. Dutch figures from HBD 2005, 8 (based on value added per hours worked/year).
<table>
<thead>
<tr>
<th>Food retail</th>
<th>29</th>
<th>26</th>
<th>29**</th>
<th>57</th>
<th>64</th>
<th>35</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer electronics retail</td>
<td>15</td>
<td>3</td>
<td>27**</td>
<td>19</td>
<td>--</td>
<td>18</td>
</tr>
</tbody>
</table>

*Notes: Low-wage threshold is 2/3 of the national median gross hourly wage. All Danish and Dutch figures are for 2002. U.K. food figure for 2001.
* Full-time and Part-time workers; ** Full-time workers only.

*Sources: Calculated from national data sources.

*National state and labor relations institutions with a “bite”*

Some national institutions set effective barriers against firms’ drive to lower wages and depress working conditions. US law does not mandate hourly wage parity for part-time and full-time workers while, under pressure from European Union guidelines, European part-timers are entitled to the same hourly wages as full-timers if performing the same jobs, and all those working over a minimum threshold (mostly 12 hours/week) must be covered by national social security systems. The lack of quasi-mandated universal health and pension coverage also makes the US situation exceptional (See Chapter 2 of this volume). US retailers have greater incentives to use part-time as a “status” (to ration access to employer-sponsored benefits) than in European countries. “The fringe costs associated with part time associate versus full-time associate are dramatically different,” a US grocery chain executive remarked.

The differential bite of national institutions becomes particularly clear when we contrast the US situation to the two countries with lowest incidence of low-wage work in retail, France and Denmark. In France, the high value of the national minimum wage (SMIC) relative to the national average pulls up the retail wage distribution and contributes to the lowest incidence of low wages in retail of all countries in the study. The national minimum wage is well above contractual wage levels in retail and provides a floor that lifts most workers above the low-wage threshold, despite reports of frequent minimum wage violations. It is a far more potent tool than collective bargaining. In fact, although the indirect impact of national union federations on setting the national minimum wage level is significant, the direct impact of collective bargaining on retail wages is limited because French unions in retail are weak in the workplace, rendering France’s mandatory contractual extension of pay provisions ineffective in the sector.

Moreover, some retail firms pursue anti-union policies, as the director of a franchise store indicated: “An employee who joins a union has to be fired immediately. We find a virtual fault as justification.”

Product
market regulations play a complementary role in limiting low wages. Regulations limiting store size and expansion constrain “big box” competition; they make comparatively high wage levels (and a smaller share of low-wage employment) possible. In contrast, the real value of the US minimum wage has been set relatively low. Retail entry-level wages are pegged close to it, barely above it in many cases, so the US minimum wage does influence retail wages but does little to raise them.

Strong union representation in Denmark, expressed in collective bargaining agreements that enforce significant wage compression, contributes to the small amount of low-wage retail employment in Denmark. Collective bargaining coverage was 69% in 2004-2006 (Tijdens et al, 2007), and even those retailers that have not signed onto the collective labor agreement adhere to its conditions. Furthermore, the Danish social partners (includes the Danish Employers’ Federation) have agreed that no member firm will pay less than Euro 12.00 ($16.20) gross wage per hour (Westergaard-Nielsen, 2008: 38). Although it is true that, in spite of the absence of a legal mandate, the social partners have set a relatively high wage floor, it is important to keep in mind that even for workers at this wage level, the income tax rate in Denmark is a high 44%.

In contrast, in the US, collective bargaining coverage is the lowest of any of the 6 countries (less than 6% in 2007; US Bureau of Labor Statistics 2008). Unionization clearly impacts compensation for workers in US retailers but the union threat effect is minimal. Furthermore, US workers lack access to other worker representation structures such as works councils that could affect wages. Though in decades past US retail unions won significant gains for their workforce, in their current weakened state unions at many companies have been compelled to accept slower wage increases, lower wage ceilings, and benefit cutbacks, sometimes in more dramatic increments than their non-union counterparts. Such concessions often take the form of “two-tier” contracts specifying inferior terms for new hires.

The cases of Germany and the Netherlands—with a share of low-wage work that is about the level of that in the US (Germany) or even slightly higher (Netherlands) – show that the existence of collective

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15 In existence in European countries but less stringent and in flux, they have the greatest impact in France.
16 The law only mandates that the CLA be in force if 50% of workers in a workplace are members of the main union.
bargaining institutions does not necessarily raise relative wages. In Germany the high level of low-wage work in retailing partly results from a continuously decreasing coverage rate of collective agreements in recent years with only about half of all retail employees still covered by collective agreements in 2006 (a 12 point drop from 2003 in West-Germany). Even the administrative extension of collective bargaining agreements in the Netherlands, which compels similar or identical agreements across the industry is not, by itself, sufficient to yield a low incidence of low-wage work given the high percentage (44%) of workers under 25 who get youth subminimum wages. In both countries, retail firms dispose of viable exit options, to which we now turn.

Exit options and weak enforcement dampen the effects of protective institutions

Exit options, and the uses retailers make of them, serve as gate openers for excluding certain groups of workers from the prevailing wage level of an industry. Consequently they widen the wage dispersion within the sector. Exit options’ impact on the pay structure can be “self-energizing” and grow over time if firms follow cost-cutting strategies in reaction to fierce competition: If certain groups in the labor market relevant for the sector receive lower wages than others, they may be substituted for those who are better paid. Just as there are country specific options for employers to achieve flexibility and cost control within the national regulatory environment, there are nationally specific “Achilles heels” for worsening compensation. In addition to exit options, which are primarily above-board means to bypass national (and sometimes sectoral) institutions, study countries also display some degree of weak enforcement of regulations, with further implications for compensation.

Youth subminimum wages are the most salient manifestation of an exit option in retail. Such subminimum wages are more broadly used in food than in consumer electronics retail. They exist in Denmark, Netherlands, and the UK; in the Netherlands and the UK they have a legal basis, though they differ widely in size and impact (in the UK, the youth subminimum of a 16-year-old is 62% of the adult minimum wage, in the Netherlands 35%); in Denmark this subminimum is set in collective agreements. They are consistent with the UK’s low regulation model whereas in the other two countries they offer
exits from institutional arrangements (relatively high collectively bargained wages). Youth minimum wages in Denmark and the Netherlands have played a significant role in staffing decisions, cost control, and ultimately the share of low-wage work in retail. They have created strong incentives to use very young workers and students in both countries. In the Netherlands, the statutory youth subminimum wage introduced by government in the 1970s led to the replacement of adult women with very young workers in food retail when price wars flared between 2003 and 2006. More Dutch retail workers fell below the low wage threshold than in any country but the UK (Table 6). Prodded by the protests of young members and the downward pressure on adult wages, unions leaders recently requested that adult wages be paid from the age of 18 onwards. In Denmark, the impact of the youth subminimum wage is mitigated by other institutional features regulating compensation even in the presence of a high share of young workers. The retail subminimum wage, while about 30% lower than the (bargained) adult wage, is still high. As noted earlier, the national agreed-upon wage floor is high and wage compression prevails in bargaining; retail labor agreements have high coverage and are adhered to by non-signatory employers in many cases.

Though a national minimum wage, if high enough as in France, can lift the retail wage distribution and limit the incidence of low wage work, its effectiveness is limited in cases where it is set relatively low and in an environment with weak workplace-level unions. For example, in the UK, the national minimum wage (NMW) is still low relative to the median wage. Furthermore, British retailers reacted to increases in the NMW by reducing bonuses and shift pay differentials—leaving retail workers at low relative earnings levels. An executive of a food chain commented that “We pay just a tad over the minimum wage…. We used to [go] higher than that, but you know how it’s hiked up…. we would probably have been around fifteen to twenty pence above it.” Furthermore, as was noted earlier, the country also has a youth subminimum and a high share of young workers (33% under 25 in 2006), higher than in France though not quite as high as in the Netherlands and Denmark. The result, in combination with the very limited grip of collective bargaining, is an even higher incidence of low wage work than the US.
In Germany, the increasing use of mini-jobs—short hour part-time jobs with a maximum monthly income of 400 Euro ($637 in 2008)—accounts for the relatively high incidence of low wage jobs in retail. Nearly nine of ten mini-jobbers (87%) get hourly wages below the low-wage threshold, whereas only one third of full-time employees (34%) in German retail were low paid in 2004. The pay difference is connected with the special national regulation of mini-jobs. By law, mini-jobs should provide a subsidy to job holders by exempting them from tax and mandatory social security contributions. But in practice, and contrary to the law, most mini-jobbers never receive this subsidy because retail firms appropriate the benefit by offering lower wages – without being penalized by the state. Case study material indicates that married women, socially protected by their husbands’ entitlements, and young workers in mini-jobs may not object to unequal wages because, in the absence of mandatory social contributions, their wage level seems sufficient. However, in companies where works councils strongly represent employees’ interests, it has proven possible either to prevent the use of mini-jobs altogether or at least to monitor developments closely in order to forestall a differentiated pay policy.

The case of German mini-jobs illustrates how the self-reinforcing effects of exit options can result in a wider deterioration of income opportunities. Mini-jobs fit retailers’ needs for “gap fillers” to cover peak times (see Schedules), and do not cut off access to trained personnel thanks to the presence of a high percentage of skilled women among mini-jobbers (see Work Organization). Women often agree to work marginal part time because they see a mini-job as a means to combine work and family responsibilities (in the absence of other viable options) and social norms still accommodate a secondary earner role for trained women. When combined with easy access to the mini-job option and an overall declining coverage rate of collective agreements on pay, an institution such as the apprenticeship system that is geared to developing skills, upholding wage levels, and equalizing male and female earnings potential, does not forestall the growth of low wage jobs as effectively as in the past. Thus, the case of Germany shows that occupational skills do not necessarily protect – in particular female – workers from low wages.

17 The share of mini-jobs in retail employment increased by 20% between 1999 and 2007, to the point where every fourth job in retailing in 2007 was a mini-job.
Furthermore, the extension of mini-jobs is not only a gateway for low wage work within retail but also has become a driving force for the degradation of female employment in Germany as a whole. Ironically, mini-jobs were established and accepted, respectively, by the two institutions that in other contexts have done the most to bolster earnings. The German state imposed the mini-job option. In some big retail companies, works councils agreed to the establishment of mini-jobs partly aiming to protect core worker employment conditions by sacrificing the “peripheral” newer hires.

In retail, exit options that are above-board means to debase pay co-exist with opportunities for outright violation of employment standards. Multiple and scattered workplaces make monitoring and enforcement of labor standards difficult, particularly if there are weak or no institutions of worker representation at the worksite. In some countries more than others, case studies report instances of minimum wage or overtime pay violations.

The role of commission pay and the gender composition of consumer electronics

Consumer electronics retail has historically relied on commission pay, a practice that highlights gender patterned behavioral expectations and appears congruent with the relatively high proportion of men in the sector (as compared to food). For example, German managers reportedly expect male workers to negotiate for themselves more than women would, even in an environment with union collective bargaining and works councils. Pay is also higher and the share of low-wage work is substantially smaller in consumer electronics than in food retail. We expect that commission pay plays a role in this difference. To the extent that male workers concentrate in parts of retail where commission pay is in effect, they stand to benefit from higher compensation. Commission pay is not always associated with higher pay, however, as we will see in the Netherlands.

Electronics retailers in Denmark, Germany, France, the Netherlands, and the UK very much rely on commission to drive motivation (less so in the US). Pay based on individual sales levels motivates a sales process entailing greeting customers, offering detailed product information and advice, and securing after-sales service contracts. In France, salespeople collaborate in the scheduling of floor staff to match
customer flow and limit staff competition over customers and the risk of alienating clients. These service attitudes are needed both in consumer electronics retail and in some food stores. If these attitudes are explicitly rewarded in consumer electronics, but not in food retail, it may indicate that they are assumed to be “natural” for women—and therefore not skills worthy of compensation—whereas soft skills like service and team orientation are criteria of pay systems in male dominated consumer electronics.

Collectively bargained pay can coexist with commission pay but with divergent outcomes across countries. In two German retailers, the collective agreement sets a bonus level on top of base pay but there also is the expectation that individuals negotiate additional bonuses. These can be substantial, reaching as much as 25% of collectively agreed basic pay, according to one store manager. In the German cases, collective voice appears to increase the relative share of fixed (guaranteed) pay in total compensation. In one case with neither collective agreement nor works council, the fixed pay is a third lower than in settings with bargaining. But commission pay can also undermine collectively bargained base pay—although its record is mixed enough that we would not consider it an exit option. The Dutch study found that commission pay is accompanied by lower collectively bargained wages because social actors have the perception that individuals can improve their compensation with commission.  

However, commission pay, while still prevalent in European countries, is under pressure, due to falling margins on major video and audio consumer items as well as personal computers; these pressures are felt mostly in the US and, to some degree, Denmark. Some Danish case studies included reports by management that a slowdown of sales growth raised questions about continuing with commission pay. More importantly, major big-box US consumer electronics retailers have moved away from commission pay in recent years. Management abruptly dropped commission in order to cut costs. The change was implemented quickly because there was no consultation with any representative bodies; unions or works councils are absent in US consumer electronics retailing.

Unemployment insurance benefits are based on the fixed part of pay only. Thus low bargained wages impact unemployment benefits.
US cases reveal that the removal of commission pay is associated with declining pay levels for sales staff and a growing share of part-timers. The fixed pay rates do not end up being commensurate to what could be achieved under commission pay. The removal of commission pay generates motivational issues for the sales workforce which management must address. Some US electronics companies have developed bonus schemes for hourly wage workers, based on sales, profits, or other success indicators at the level of the department, store, or company. It remains to be seen whether the removal of commission will result in a decline in male representation in consumer electronics retailing.

In sum, national institutions that set basic conditions for pay directly affect the incidence of low-wage work in retail. National institutions such as collective bargaining or a national minimum wage raise the wage floor when they are geared to do so, as in Denmark or France. However, we find that exit options from the institutional framework such as a youth sub minimum or mini-jobs allow a significant number of low-wage jobs to be created even in settings with collective bargaining, apprenticeship, and other institutions geared to maintain job quality and relatively higher compensation.

5. Conclusion

The leading question of this chapter was: What aspects of national institutional settings in which retail jobs are embedded make these jobs better or worse? In practice, we have largely answered this question with an exploration of how job quality outcomes diverge in the US (with its thinner web of formal regulatory mechanisms) from those in European countries as well as among the latter.

Pressures on job quality have been high in all countries alike as retailers have adopted supply-chain management strategies based on advanced technologies, along with employment strategies aimed at cutting costs. Yet, the consequences of these pressures are not simply predictable given the different institutional traditions and recent changes in the countries under study. There is significant variation in tradeoffs faced by retailers, in the timing and extent (though not the main direction) of changes in retail

Interestingly, some US food retailers are also experimenting with such schemes, and with individual one-time bonuses at manager discretion (gift certificates, cash card). This experimentation does not seem to take place in many European grocery stores. However, several large French food chains have a CLA that includes a bonus based on store and chain performance.
jobs, and in the principal dimensions of job outcomes across the six countries. Specifically, exit options may open the door to more exclusion of particular work arrangements or groups of workers from the institutional framework. They dilute the impact of institutional factors that traditionally ensured a high degree of social inclusion for many European countries.

**Retail job quality: Trend and variations**

In general, retail jobs have gotten worse across the countries in our sample in recent years. In the United States, retail jobs have slipped in terms of scheduling options and opportunities for promotion and pay progression at most US retailers. In European countries, compensation and working conditions also have come under great pressure from cost cutting strategies. We observe the weakening of uniform standards and a trend toward fragmentation of pay and working arrangements in all countries. Corporate strategy has played a part in these downward pressures on retail job quality. However, we do not principally attribute this trend to a “Wal-Mart effect” outside the United States, despite Wal-Mart’s large global footprint (Brunn 2006). Instead, we see it as the result of two main effects.

First, there has been a general liberalization trend in labor and product market regulations within all countries in the study. Which policies are implemented, and how, varies greatly across countries. In fact, there are nationally specific exit options, such as the youth subminimum wage in the Netherlands and mini-jobs in Germany. Conversely, we note that the impact of exit options can be significantly mitigated with renewed state policy. Recent UK national minimum wage increases have raised the wage floor in retailing and eliminated cases of very low pay.

The second effect is that retailers have adjusted by shifting to the heavier use of part-time workforces with weaker bargaining power (e.g. mothers with young children, low-skilled young workers) and bearing the brunt of adjustment and sharp edge of cost cutting management approaches. For European retailers, part-time employment has been closely related to several exit options (short work hours that can flex up, students, women with family responsibilities looking for less than full-time work). The significant use of part-time is emblematic of practices of segmentation of employment and the workforce
and has also been associated with thwarting union organizing. Furthermore social norms for what constitutes an acceptable job or schedule have changed; expectations of newer cohorts of workers have ratcheted down, an easy transition to achieve with high turnover and young hires.

Why are some countries’ retail job outcomes better than others along certain dimensions even given this broad negative trend? We observe that some historical institutions continue to have a strong effect on job quality. We call them institutions with “a bite.” We can illustrate their impact best by looking back at key findings on schedules, work organization, mobility, and compensation.

In terms of institutions affecting work schedules, the primary contrasts between the US and European countries are the US’s thorough lack of government regulations of hours of operation and nearly complete absence of worker schedule regulation. The country has led the way in 24-7 store operation. The only significant remaining regulation on work schedules is the overtime premium. In contrast, unions, works councils, and store hours regulations all play a role in store and worker schedules in the European countries. German and Danish regulations require setting work schedules far in advance (4 to 6 months), a mandate that would be considered unmanageable by US retailers. In France, the combination of a 35-hour full-time work-week with a (nationally extended) labor agreement specifying a minimum of 26 hours for part-timers has narrowed the hours gap between part- and full-time.

In the absence of hours regulation, and with minimal union threat effect, social norms regarding reasonable workload and hours can erode. Witness US grocers that are progressively eliminating the Sunday (or non-social hours) wage premium. In contrast, in all European countries, hourly wage premia are common, typically mandated by collective labor agreements, though employers are seeking to chip away at them.

The way tasks are organized is clearly affected by the interactions of national institutions, social norms, policies affecting the reproductive sphere, and labor market context. The education and training system, primarily the vocational education system, plays a role in Germany and, to some degree, in

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20 Particularly because it is combined with the problems of union organizing in numerous small workplaces, short hour part-time has had this effect (for a discussion of Germany, Netherlands, and the UK, see Dribbusch, 2003)
Denmark and the Netherlands, facilitating a broader job profile than in other countries. However, rather than ensuring that graduates of the vocational system all have good quality jobs, the combination of vocational education and exit options results in retailers having access to skilled secondary part-time workers—in Germany, women with family responsibilities who end up in mini-jobs and, in Denmark and the Netherlands, (trained) young people subject to youth wages.

**Workforce turnover and upward mobility** affect managerial choice of work organization and, conversely, are affected by job quality and workforce expectations. As we noted at the outset, separation rates are far higher in the US than in the other countries especially given the middling concentration of young workers in the retail sector. US retailers’ human resource strategies rely much more than those of European counterparts on labor churning to keep average wages low. Vertical mobility patterns do not show readily explicable cross-national differences; instead, the strongest finding across all countries is significant barriers impeding women’s movement into management.

The institutions with the most influence over **compensation** vary across countries. In some nation-states, state regulation, rather than industrial relations, has the most significant impact. In France and the UK, the state-set minimum wage has more impact on retail wages. In France, as noted, the high minimum wage floor essentially reaches the “ceiling” for many frontline retail jobs, significantly boosting their wages (it is superseded by higher wages in some large companies). In the US, in contrast, the minimum wage has historically set a low floor for the industry. On the other hand, state policy may enable retailers’ use of exit options, as with Germany’s state-imposed mini-jobs.

Worker representation institutions also continue to impact compensation. In Denmark, high union density and unions’ commitment to wage compression lift most jobs above the low-wage threshold. In contrast, in the US, because unionization and collective bargaining are by now limited to a few companies (where wages are higher), the union threat effect is negligible in most retail settings. In US unionized settings, hard-pressed unions have accepted “two-tier” structures that offer lower wage and benefits for new hires while protecting incumbents.
Reproductive institutions also have a bearing on compensation by shaping retailers’ exit options. In some European countries, a large pool of mothers with constrained child care access finds part-time work in retail close to home a primary alternative. In contrast, US women with school age children increasingly work full-time.\footnote{Though this trend is not due to more childcare availability or affordability in the US.} The labor market contexts also shape options for low-wage workforces. In Danish and Dutch cities, local labor markets have tightened with a resulting rise in wages for young workers, a primary target group for part-time hiring.

**Institutions and gender patterns**

In all six countries, gender segregation of jobs remains a constant, and so do gender-specific patterns of mobility, and compensation. In all six, it is difficult for women to break through the glass ceiling into management, especially in food retail. Women are also mostly excluded from electronics retail’s big ticket sales, often linked with commission pay. Equalizing institutions, such as those that ensure skill acquisition and credentialing for women as well as men (the German apprenticeship system for example), or wage compression implemented through collective labor agreements, do matter. However, they have encountered significant obstacles to their effectiveness when combined with exit options that build upon women’s secondary earner status in the household and labor market. Similarly, exit options, when they have fostered the competition of one vulnerable worker group against another, have sometimes relegated women to secondary earner roles. In the recent price war in Netherlands’ food retail, stable women workers were replaced by very young workers paid at the subminimum wage.

Institutions that regulate the reproductive sphere also make a difference. Countries with accessible child care in some cases enable women with family responsibilities to access better job quality outcomes and avoid marginalization in very short part-time jobs. For example, in France, the historical preference for full-time work (understood to be supported by the strong provision of child care options) has prompted policy action to set a minimum number of part-time hours.
Patterns and prospects for retail jobs

Taking a step back from the details of job quality, what can we say about the overall production models in retail in these countries? With shared market pressures and similar technologies, retail industries in all study countries have moved in the same broad directions, developing options for using cheaper labor and deploying it only as needed. Across the full set of countries, the emerging combination of technology-enhanced high performance with low wages and worsening working conditions conforms with Bailey and Bernhardt’s (1997) finding for the US.

In all countries, there are questions about the sustainability of the strategies adopted by retailers to cut costs and maintain market share. For example, in Denmark and the Netherlands, competition for young or transitional workers with attitudes suited for retail work and a high level of general skills may drive wages up, undermining the cost containment lever this workforce provides. Even in the US, retailers are caught in a bind between service and efficiency goals, on one hand, and a high-turnover, low-skill, low-commitment workforce on the other. Of course, change in state policy can alter worker decision terms and corporate strategies relatively quickly. In Germany and the Netherlands, recent increases in childcare investment could alter the character of the labor supply of married women. In the US, there are growing pressures to raise the minimum wage.

Yet, because the six countries started in different places with respect to compensation, working conditions, and regulatory institutions for both product and labor markets, working in retail pays differently and is a different experience across countries. In the US, there has been a continuous, and rather uniform, erosion of compensation and working conditions. In European countries, the movement has not been as continuous nor as uniform. New regulatory initiatives, such as higher minimum wages, have partially reversed trends toward falling compensation. Rather than uniform degradation of retail jobs, European countries have tended toward fragmentation via exit options: mini-jobbers in Germany, youths earning extra-low wages in the Netherlands, and involuntary part-time workers in France have taken the main hit. In all six countries, the retail industry has been a leader in such fragmentation and the experimentation with nonstandard hours, segmented work arrangements, and a variety of other exit
options from institutions safeguarding job quality. Because of this trajectory of experimentation, retail
developments may well point the consequences of similar scheduling, recruitment, and compensation
changes being considered in other industries. But alternatively, retail could become a proving ground for
new collective bargaining and regulatory strategies to bolster job quality for non-standard workers.

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