



Global Retail Report

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A Report by UNI Global Union

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Introduction

In recent decades, the retail sector has undergone significant transformation. Due to deregulation of foreign investment, competition/monopoly policy, and land use policy, alongside broader neoliberal reforms affecting consumer markets and trade, large retailers have managed to consolidate their power and expand globally. While small retailers still dominate in many parts of the world, transnational corporations are taking over larger shares of the market. As large companies seek to increase profits, they have reduced the risks of investment by subcontracting and franchising. These trends have impacted smaller firms, as well as suppliers, consumers and employees.

The changes in the retail sector have developed alongside larger labor market trends, where employers are attempting to shift the risks of employment onto workers by adopting “flexible” work practices. This includes decreasing the number of full-time jobs, and increasing part-time, temporary, and on-call work. More retail workers have become “precarious workers” with little job security, low wages and not enough hours of work. The global economic crisis allowed employers space to intensify their move toward flexible and low-road employment practices. The rise of precarious work was not born of the crisis, but accelerated an existing trend.¹

Unions must find ways to address these trends in the retail industry and organize precarious workers. While union density has fallen in many countries, there are small spots of hope among unions who are adapting to the current environment.

Importance of Retail in the World Economy

Retail is one of the largest sectors in many national economies. Countries differ in how they define the industry, but according to the ILO, “retail is universally understood as the final step in the distribution process, in which retailers are organized to sell merchandise in small quantities to the public.” This differs from wholesale trade, where firms sell to other firms.²

The retail industry accounts for over US\$15 trillion in global revenue, and is expected to maintain strong growth.³ The industry is very diverse, with small retailers still prevalent in developing countries, but increasingly, large firms are dominating. The consultant firm Deloitte estimates that the world’s largest 250 retailers had a sales-weighted, currency-adjusted retail revenue of US \$4.3 trillion in 2011, up 5.1 percent from 2010. This means that the top 250 firms accounted for approximately 40 percent of retail revenue in 2011. The average top retailer had revenue of \$17 billion in 2011.

The industry is highly globalized, with large retailers operating in almost every country. The top 250 retailers are based in all regions (though dominated by European and U.S. firms). While the industry has seen the largest growth in the least developed economies, the bulk of goods are still sold in Europe and North America. According to the ILO, 60 percent of goods are sold in these two regions although they account for only one-fifth of the global population.⁴

While small stores are still prominent in some regions, the industry is increasingly concentrated, as large corporations have bought smaller companies and retail chains have replaced small independent stores.⁵ Table 1 shows that the Top 10 retailers alone account for 29 percent of total retail revenue. Walmart continues to dominate the industry, with 2011 revenue almost four times greater than the second largest firm, Carrefour. Industry analysts state that the industry will continue to experience growth and concentration. Mergers and acquisitions continue to be an important trend, particularly in Latin America, and the largest firms are increasingly offering multiple formats (hypermarkets, supercenters and smaller stores). The companies new to the Top 250 list in 2011 were primarily spin-offs from parent companies, including Dia (a spin-off from Carrefour), and E-MART (a South Korean spin off).

Table 1: The Top 10 Largest Retailers (2011)

Company	Country of origin	Retail revenue (US\$mil)	Retail revenue growth	Net profit margin	Return on assets	# of countries of operation	% retail revenue from foreign operations
Wal-Mart	U.S.	446,950	6.0%	3.7%	8.5%	28	28.4%
Carrefour	France	113,197	-9.80%	0.50%	0.80%	33	56.70%
Tesco	U.K.	101,574	5.80%	4.40%	5.50%	13	34.50%
Metro	Germany	92,905	-0.80%	1.10%	2.20%	33	61.10%
Kroger	U.S.	90,374	10.00%	0.70%	2.50%	1	0.00%
Costco	U.S.	88,915	14.10%	1.70%	5.80%	9	27.00%
Schwarz	Germany	87,841	5.80%	n/a	n/a	26	55.80%
Aldi	Germany	73,375	3.70%	n/a	n/a	17	57.10%
Walgreen	U.S.	72,184	7.10%	3.80%	9.90%	2	1.50%
The Home Depot	U.S.	70,395	3.50%	5.50%	9.60%	5	11.40%
Top 10*		1,237,710	4.40%	2.90%	6.20%	16.7**	32.90%
Top 250*		4,271,171	5.10%	3.80%	5.90%	9.0**	23.80%
Top 10 share of Top 250		29.0%					

Source: Deloitte 2013.

Increasing industry concentration has resulted in a few companies controlling large market share in many countries. For example, the top five retailers dominate 88 percent of food sales in Sweden, 85 percent in Denmark, and 84 percent in Finland; the top four supermarket chains control two-thirds of grocery retail in the UK; and the four largest discount stores control just over 86 percent of the market in Korea.⁶

Retail employment often accounts for about 10 to 15 percent of total country employment, on average, though this is difficult to measure in countries with large informal sectors.⁷ Approximately 142 million people were employed in the retail sector in 82 countries, including China and India, based on data for the most recent year available.⁸

Retail also accounts for a significant share of GDP in many countries, from 8 percent in the U.S., to 14 percent in India.⁹ Retail and wholesale trade is the third largest economic sector in Germany, accounting for 9.4 percent of total gross value added.¹⁰ Some countries have seen growth in the importance of retail in relation to the economy, but that trend does not hold everywhere. For example, in Australia, the total volume of sales revenue has increased, but the industry comprised 5 percent of GDP in 1996-97, and only 4.1 percent of GDP by 2009-2010.¹¹

The industry has grown and changed in part because large retailers based in wealthy countries have reached some level of domestic market saturation, and industry consolidation provides greater capacity for global expansion. But equally important are policy changes that have allowed this transformation to occur – in particular, liberalization policies in emerging markets, often enacted in concert with IMF assistance. There are a variety of regulations that impact retail - from competition and zoning laws, to restrictions on foreign direct investment.¹² For example, south-east Asia was dominated by local retailers for much of the 20th century, but as a result of the Asian financial crisis, Indonesia agreed to liberalize their retail and consumer policies in 1998 as a condition for IMF assistance. Around the same time, Malaysia and Thailand both loosened regulations regarding mergers and acquisitions and joint ventures.¹³ Some of these countries have since taken steps to reregulate retail in defense of small local business, but other countries, such as India, are still in the process of deregulation, making it easier for foreign-owned retailers to enter the country.

Impact of Global Economic Crisis

The industry faced a serious decline in the midst of the global economic crisis, but began to rebound in 2010 – although this has happened unevenly across and within countries. Retail has recovered at a modest pace in the U.S., but is limited to some degree by shaky investor confidence, persistent unemployment and underemployment, and slow growth in Europe. The EU has been experiencing a euro crisis and austerity measures for several years, alongside high unemployment and underemployment in some countries. However, most measures for 2011 showed modest overall growth for the industry globally and the Top 250 firms had a composite 3.8 percent net profit margin.¹⁴

Still, retailers are focused on growth, and “emerging markets” are the source of the fastest revenue growth. The average top 250 retailer has operations in nine countries, and almost a quarter of their 2011 revenue came from foreign operations. Global expansion is particularly important in retail, as the large established domestic markets have less room for growth and consumers are highly price sensitive. Therefore, retailers are eager to capture a growing middle class and young population of shoppers in Latin America, Asia, Africa/Middle East, and Central Europe. In 2011 retail revenue growth was only 3.4 percent in the EU and 6.3 percent in the U.S., but 29 percent in Africa/Middle East, and 21.3 percent in Latin America. Deloitte states that there is “somewhat greater pricing flexibility” in these regions, allowing for above-average profitability.

Because retailers believe they cannot raise prices in many markets, they have sought other ways to cut costs. Although there is high concentration in the industry, the firms are highly competitive, paying close attention to prices offered in other stores but also on-line and in emerging markets. Retailers look to maintain profit margins over their competitors through innovative tactics and close supervision of supply chains, inventory and employees. While manufacturers used to play the dominant role in many supply chains, this relationship has changed as individual retailers gained market share and power. This has allowed a large retailer to dictate the terms of a supplier contract, in a “buyer-driven” supply chain. The transformation has also changed the relations between different firms, and in some countries, reduced the role of wholesalers. For example, Walmart now buys many of its products directly from small producers, including farmers. This may seem to come with advantages, such as potentially higher profits, but in reality, the relationship brings many problems for suppliers. One study noted, “Direct procurement... exposes small-scale producers to the exigencies of domestic and international supermarket chains, such as requirements to refrigerate shipments to minimize spoilage and commercial accounting practices which pay suppliers seven to 45 days after delivery.”¹⁵ Large retailers might purchase a major share of the supplier’s products, and therefore have the power to unilaterally lower the prices paid, as well as pass on packaging and shipping costs onto the producers. Walmart, for example, holds suppliers financially responsible for the costs of any unsold or spoiled inventory.¹⁶

Key Industry Trends

Alongside global expansion and firm concentration, there are at least three other key industry trends impacting the retail industry: e-tailing, declining union density, and the adoption of the U.S. “low road” employment model.

E-Tailing

One of the major trends in the industry is the growth of “e-tail”: commerce done via computer or smartphone. This includes some exclusively on-line retailers like Amazon.com, but increasingly, traditional retailers are expanding their own on-line sales. Industry consultant Deloitte states that just over 5 percent of total retail sales are now done via mobile, but that this is expected to reach 17-21 percent (or \$628 to \$752 billion) by 2016. Many customers still shop in the physical store but then make their purchase on-line.¹⁷ Therefore, Deloitte advises retailers to train employees to be “brand ambassadors” that can assist customers with shopping in the store and using technologies to shop on-line. This trend may suggest that retailers begin to shift some of their employment from the shop floor to call centers, increasing the power of retailers to move jobs.¹⁸

Initial research suggests that the impact of expanding e-commerce has marginal and uneven impacts on the financial performance of retailers.¹⁹ On-line sales depend on brand strength and strong supplier relations for quick and accurate delivery, which suggests that retailers looking to expand their e-commerce operations may be vulnerable in these areas.²⁰

Lower Union Density

Another trend in global retail relates to the declining power of unions. In most – though not all - countries, unions have seen a steady decline in members over the past few decades. This is true for union membership overall, and while data on retail unions is not collected for many countries, the data that is available suggests a drop here as well.

As for retail unions in particular, in the U.S., membership went from 1.2 million in 1983 to 700,000 by 2012, even as employment in the sector grew – leading to a decline in union density from 8.6 to 4.7 percent in the same period.²¹ The percent of wholesale and retail workers covered by collective agreements in Germany went from 70.9 percent in 1998 to 59.7 percent in 2004.²² In Korea, union density of the total workforce is 11 percent, but density in retail is only 3.6 percent.²³

On the other hand, it appears that retail union density increased slightly in a few countries – although the data is not available for the same years. For example, in the UK, while retail density is lower in this sector than many others, there was a slight increase in density from 11 percent in 1995 to 11.8 percent in 2010.²⁴ Canada has also experienced some increase in overall union density, and the rate for the retail industry went from 13.6 percent in 1997 to 14.2 percent in 2003.²⁵ Sweden remains an outlier case, where union density is high overall, and in retail – at about 70 percent as of non-temporary workers. The Swedish retail unions cover most managers in the industry as well.²⁶

The low-road employment mode

Another key trend in the industry is the growing dominance of the “low-road” employment model. “Low-road” employers tend to pay low wages, provide few or no benefits, and treat employees as a cost rather than an asset. Low-road employers tend to deskill work and operate with high labor turnover.

Low-road employers are not a new phenomenon. The original discounter, Woolworth’s, deskilled saleswork and hired very young women. They required employees to work long hours, standing on their feet the whole time for relatively low-wages.²⁷ But there were also many “high road” employers in the industry – often unionized, paying higher wages, and providing long-term employment.

With the consolidation of the industry and the emergence of large global players, the low-road model now plays a much more prominent role – to the point of pushing out high-road firms. Researcher Chris Tilly argues that there are two major trends that fostered the development of the low-road model: “supermarketization” and the growth of discounters.²⁸ “Supermarketization” – large supermarkets displacing many traditional markets and small shops – began first in the U.S., spread in Western Europe and Japan as part of the post-WWII boom, and has occurred in much of the rest of the world more recently. This trend set the stage for large multi-national firms to dominate parts of the retail market and it weakened the power of small shopkeepers.

The spread of discounters is more recent, although the discounter model goes back to the 19th century U.S. and the founding of Woolworth’s. The discounter model rests on large volume, allowing for the store to sell at lower prices. But as more and more countries began to adopt neoliberal reform and deregulation, weakening labor laws and enforcement, conditions were more favorable for large discounters like Walmart. Over the past 30 years, Walmart has grown to a massive power in the U.S. and global retail market. But other large discounters – such as the U.S. based Target, and German-based Lidl and Aldi have also grown enormously. Furthermore, discounters have begun to encroach on the territory of supermarkets in the form of hypermarkets, blurring the line between these forms of retail.

Many of the discounters and hypermarkets are low-road employers. Walmart grew successful initially in a relatively non-union region, and then did best in places with weaker labor law or labor law enforcement.

Walmart is well-known for its low wages and poor working conditions, and has been the subject of a number of lawsuits – from wage theft to wage discrimination. However, Walmart is far from the only low-road employer. Discounters and hypermarkets do not need to be low-road employers: there are some exceptions. However, the increasing trend is a high turnover low-road model.

In general, turnover is highest among hourly workers and newer workers. For example, a study of the U.K. Livingston's drugstore found that turnover rates were strongly correlated with seniority, with the highest turnover among those who worked 16 hours or less at the store.²⁹ Retail expert Susan Lambert reports that turnover could be "as much as 200 percent higher among workers with less than a year of seniority when compared to the turnover of those with more seniority."³⁰ Turnover rates vary widely by store, as different employment practices can heavily influence turnover rates. For example, in one survey of Australian retail stores, turnover rates ranged from 13 percent up to 95 percent.³¹ The spread of the low-road, high turnover model set the stage for the rise of precarious employment, which we will now discuss in greater detail.

Precarity of Retail Employment

Changes in global retailing have developed alongside an increase in precarious work overall. This is due in part to corporate practices and restructuring, deregulation of labor standards, attacks on unions, and a large increase in the global labor force. The problem of precarious work is widespread, impacting most parts of the world. While there are national differences and even some exceptions within countries, the general pattern has been deskilling and casualization.

In retail, precarious work takes many forms, including underemployment and involuntary part-time work, low wages, and "flexibility" practices such as "on call" work and automated scheduling. One report noted, "the pressure for hyperflexibility has resulted in a personnel strategy – based upon zero competence, zero qualifications, zero training and zero career – which explains why retail work is dominated by poorly paid part-time positions."³² Precarious work has also grown as a result of increased outsourcing, contracting and franchising. This practice allows large multinational firms to shift work onto subcontractors and suppliers, and thereby blur lines of legal responsibility. We now provide some detail on these trends.

Underemployment

A large piece of precarious work is part-time work. The ILO reported in 2012 that part-time employment increased in two-thirds of wealthy countries.³³ While this general trend holds for OECD countries, the trend seems particularly strong in retail.³⁴ In part this has occurred as a number of countries have loosened hours for shopping beyond an eight-hour day.³⁵ This allows retailers to expand their hours of operation, including big box stores that stay open 24-hours a day.³⁶

Retailers also moved full-time jobs to part-time as a way to cut costs in the face of increased competition from discounters and online retail. Despite some evidence that shows it can hurt retailers in the long-run, store managers are often evaluated on their payroll costs. If they can keep payroll down in the short-run, it looks good for the manager and the store.³⁷

A third relevant factor is the increase in workers who want part-time work. This includes students and women with children. The industry now employs more young students who work part-time than it once did. This is partly because more young people are going to college and need part-time work, but also because as college becomes more expensive, more students have to work to cover their costs. Retailers are able to take advantage of students' need for part-time jobs and have increasingly relied on this pool of workers.³⁸

While there is not consistent data across countries, surveys and government data suggests a large, and growing, part-time workforce in retail. In a survey of New York City retail workers, almost 60 percent of workers reported that they were hired as part-time, temporary, holiday, or "full-time flex."³⁹ A study of 11 EU countries found that just over one-third of all sales and shop workers worked part-time – the highest of

all occupations.⁴⁰ Approximately 70 percent of all new jobs created in Japan between 1987 and 1997 were part-time jobs, and this was particularly the case in the wholesale and retail industry.⁴¹ In Canada, retail accounts for the largest share of part-time and casual work.⁴²

Precarious work has risen rapidly in recent years in central and eastern European countries. For example, one report shows that the share of retail workers hired as temporary employees rose from 7 percent in 2000 to 34 percent in 2008 in Poland, and from 12.5 percent to 20 percent in the same years in Slovenia. The share of retail employees employed as part-time also increased dramatically in those years in Estonia and Slovenia.⁴³

Furthermore, there is evidence that retailers are decreasing the predictability of work hours. A study of 17 major U.S. corporations found that none of the companies guaranteed a minimum number of hours per week for part-time workers.⁴⁴ Therefore, a part-time worker might not even be a regular or standardized part-time worker with predictable hours. In fact, a recent Guardian article reported that a UK company, Sports Direct, has 20,000 part-time employees – 90 percent to the company’s labor force - on “zero-hour contracts.” This means that workers have no guarantee of minimum work hours from week to week. Even when workers have a shift scheduled, it can be cut with less than a day’s notice.⁴⁵ A survey of major British employers found that the practice has increased significantly, with 11 percent using zero-hours contracts in 2005, jumping to 23 percent by 2011. Some reports suggest that at least 200,000 workers are impacted – primarily in retail, catering and health care.⁴⁶

One study found that on average, women in EU countries were more likely to prefer part-time work than their counterparts in the U.S., suggesting that involuntary part-time is not as much of a problem in the EU. However, this is mediated in part by the range of social policies that support women, and some scholars find variation between countries and among different groups of women. For example, one study found that women in the UK have little institutional support for childcare, making it harder for them to move from part-time to full time work.⁴⁷ Another study found that in Finland, middle-age women and those with fewer skills were more likely to be in involuntary part-time work than other women.⁴⁸

Part-time workers also face barriers moving into permanent jobs, or up a career ladder. A study of the Australian labor force found that working conditions are possibly worse than expected in retail, as many workers are in “casualized” part-time jobs – non-standard and insecure. There was little evidence to suggest that casualized retail workers were moving into permanent part-time work – and in fact, little evidence that permanent part-time jobs have better wages and working conditions compared to casualized part-time jobs.⁴⁹ A study of 11 European countries found that part-time work was used as a step to full-time work for fewer than 5 percent of individuals.⁵⁰

Low Wages

As full-time work is converted to part-time work, average wages have dropped. In the U.S., the largest retail occupations – cashier, salesperson and stock clerk are among those with the lowest median hourly wage of all occupations.

Researchers studied five countries – the U.S., U.K., France, Germany and the Netherlands – and found that working in retail results in substantially lower wages in all five. The median retail worker in each country earned somewhere between 24 percent and 56 percent less than the average worker in each economy.⁵¹ This suggests that even in countries with stronger labor market regulation, the industry itself pays lower wages than other industries. Interestingly, the wage penalty seemed greatest for U.S. retail workers higher up the ladder than entry-level workers, suggesting that mid-level managers in U.S. retail may experience the greatest wage penalty compared to peers.

“Flexibility”

Another major trend in retail parallels a broader policy and corporate strategy: the move towards labor “flexibility.” For the past several decades, policymakers and employers have pushed for reforms that allow employers more freedom to hire and fire workers at will, to hire temporary workers, and to transfer the

risks of employment from company to employee.⁵² Termed “flexibility,” these measures have been advocated as a way for employers to lower costs and stay competitive in a global marketplace. With a “flexible” workforce, employers have the ability to keep labor costs to a minimum: reducing employment in slow periods, and increasing in high periods. This can mean changing employment levels day-to-day or week-to-week; shifting the number of hours worked from week to week; varying the shifts that employees work each week; and more. Much of this has been made possible by labor market deregulation – such as reforms in England, France, Germany, and Spain in the 1980s, to allow temporary labor contracts, or labor reforms in South Korea and Japan in the 1990s that created “non-standard” or “irregular” workers.⁵³ Central and eastern European countries reformed their labor codes in the 2000s, in ways that made it easier for employers to utilize temporary or short-term contracts, such as reforms in Poland in 2002-2003, Slovenia in 2006, and Estonia in 2009.

Along with policy changes, corporations adopted new practices to enhance their own flexibility. Two such measures are the growth of “on call” work and automated scheduling. Some researchers have referred to this as “just-in-time staffing,” as it is similar to “just-in-time production” practices that are aimed at reducing costs by cutting excess inventory.⁵⁴

Scheduling technology allows a firm to track customer demand. For example, the firm Apex Optimization GmbH designed a scheduling tool for Swiss retailers, which “seeks to match expected customer demand to the number of sales staff by optimizing the shifts of the work force.”⁵⁵ However, it is not easy to completely automate scheduling, as it requires accurate predictions of customer flow – but factors such as poor weather or traffic conditions can impact daily retail. Still, researchers are working to perfect the technology. Susan Lambert reports that most managers she studied were required to review customer flow numbers daily and rebalance work hours accordingly for the next day.⁵⁶

Outsourcing/Out-Contracting & Franchising

Another factor leading to precarious work is the growth of outsourcing and franchising. As retailers grew larger and consolidated in the 1980s and 1990s, they sought strategies to cut costs and reduce investment risk. One method retailers pursued to cut costs and shift investment risk and legal responsibility was to take parts of the work normally done in-house and outsource them to other firms, domestic or internationally. For example, in retail, firms began to outsource the production of goods, advertising, warehousing, human resources, packaging and display and more. In theory, the practice would allow the firm to take advantage of niche producers and economies of scale. But it also allowed the firm to convert its fixed costs to variable costs, and search for lower-cost production – such as by taking work once done by in-house unionized employees and shifting to non-union subcontracted workers; or shifting work from higher-wage domestic employees to lower-wage workers in other countries. One study found that short-term cost savings is the most common reason retailers had for outsourcing work.⁵⁷

Another method was franchising, which allowed companies to open more stores with little risk.⁵⁸ While the franchise concept goes back to the 1800s, its popularity grew in recent decades, particularly as a method to expand internationally.

These practices – outsourcing and franchises – have some similar outcomes for workers. Both lead to more complex relationships between worker and employer, as the practices were designed in part to shift legal responsibility for the corporation. For example, an employee may work for a franchised firm that relies on a low-wage, high turnover model. The owner of the franchise may engage in employment practices that squeeze the worker, such as irregular shifts, or even non-payment of wages. The employee may attempt to take legal recourse against the company, but the corporation has limited liability. And, in terms of seeking higher wages or back pay, the bulk of profit generally resides with the headquarters and not within the franchise – meaning corporations are somewhat able to protect their assets against employees’ claims.⁵⁹

Union Survey

For a closer look at the trends in retail practices and precarious work, we conducted a survey of UNI affiliates in May and June 2013. The survey was designed to gather more information about retail and employment trends by country. It was administered electronically, in five languages, and sent to UNI affiliates. We received a total of 32 completed surveys from 23 countries. While all unions represent some retail workers, the sectors that the unions cover are quite varied.⁶⁰ The detailed results from the survey are available in another report, but we summarize the main findings here.

Almost 80 percent of respondents say that forms of precarious labor have increased in their countries in the last five years. Of those who report an increase, the majority report that precarious labor has increased by up to 50 percent.

Those reporting the greatest increases (over 50%) are the Democratic Republic of Congo, Slovakia, and the U.S. Seventy percent of respondents reported that shifts frequently vary from week to week, and over half said retail workers are frequently hired via agencies. Respondents from the Democratic Republic of Congo, Poland, Sweden and the U.S. reported that on-call shifts happen frequently. Almost 70 percent say that retailers use automatic scheduling in their country. The majority of respondents reported that stress on the job, low wages, too few hours, and lack of benefits are serious problems for precarious workers.

Respondents report that workers with limited skills are the most likely to hold precarious jobs, followed by young workers. About one-third of respondents said that women and migrant workers are mostly in precarious jobs.

Almost all unions surveyed have precarious workers as members, although for most, precarious workers comprise less than 20 percent of their membership. For example, Handel's in Sweden has lowered its fees for people with low wages and insecure hours; SYNTRACOM in Niger has conducted awareness-raising meetings in large retail outlets; and UA ZENSEN in Japan has set a goal to "have 50%, even more than 75%, of union density in each company."

Almost 30 percent of respondents have recently changed union policy to facilitate membership for precarious workers.

Two-thirds of respondents said that there have been recent changes to domestic laws in relation to precarious workers. Of those, 60 percent report that the laws have made conditions worse for precarious workers, while 25 percent say that recent legal changes have made conditions better. The rest say that the laws have made some things better and some worse. Finland, Japan, Lesotho, Malaysia, and Thailand have passed laws improving conditions. For example, Finland expanded coverage for vacation and healthcare for precarious workers. Malaysia fixed a minimum wage for all workers, including precarious workers. In Japan, the Labor Contract Act, and an Act covering Dispatched workers was amended in ways that improved the rights of precarious workers. Thailand's Labor Protection Law states that precarious workers are entitled to the same pay and benefits as regular workers. At the same time, laws in Argentina, Belgium, Denmark, France Ireland, Spain, Sweden, the U.K., and the U.S. have worsened conditions. For the most part, these changes have occurred in countries that had stronger labor protections and social welfare to begin with.

Respondents see numerous obstacles to organizing precarious workers, with the largest problem being that precarious workers live in fear of dismissal or other forms of harassment. Weak government legislation, or enforcement of existing laws, is also a major obstacle. Respondents suggested ways that UNI might be able to provide support, given its international network. Unions listed a number of specific ideas including developing framework agreements with large retailers such as Walmart, and increased solidarity campaigns highlighting the issues of precarious work.

Recommendations

The move toward precarious work in retail is uneven across countries where UNI has affiliates, but the global trends and corporate practices suggest the situation will likely worsen. Countries where workers and unions have historically enjoyed strong protections have seen recent legal changes making it easier for employers to hire precarious workers. There have been some positive legislative changes in Asian countries that are beginning to address the problems of short-term contracts and wage disparity between regular and non-regular workers. This section provides a few recommendations that UNI and its affiliates might pursue in order to address the issues related to precarious work.

The solutions will not be easy, as the trends leading to the rise of precarious work are complex. As noted in an ACTRAV report, addressing the issue “will require interventions in economic and social policy, including a solid social floor, a living wage, reducing financial market volatility, strengthening the tax base, public services and public investment for inclusive, productive and environmentally sustainable societies, keeping wage growth in line with productivity growth, and preventing unfair competition in the labour market.”⁶¹ This means a comprehensive approach is necessary.

Here we list a few recommendations.

Increasing union density

The best strategy to reversing the trend toward precarious work is to increase union density in the retail industry, including full-time retail employees of various occupations, as well as part-time, seasonal, and temporary employees. Despite the many obstacles, it is imperative that unions find ways to organize precarious workers. In Japan, the retail union UI ZENSEN launched an effort to organize part-time workers in the 1990s. Part-time workers now make up about half of their membership. 137 officers and staff working at regional level are engaged in organizing and 7 national organizers, work at central headquarters.⁶² The British retail union USDAW signed up 90,000 new members in 2008, in part by building formal partnerships with employers such as Tesco and other food retailers. Retail unions in Estonia, Poland and Slovenia engaged in a variety of tactics, from public education campaigns to legislative ones. In Estonia, unions hired organizers to sign up individual members in micro-companies, which was authorized by earlier amendments to their statutes. In Poland, the commerce sector of NSZZ Solidarnosc launched a campaign against a hypermarket in 2010, and organized 1,000 new members as a result. Furthermore, they won a pay increase, and open-ended contracts for all employees, replacing temporary contracts.⁶³

Innovative Programs

Other than expanding traditional unionizing efforts to precarious workers, union may explore innovative programs such as the Retail Action Project (RAP) in New York City. RAP is a worker center formed with the support of the United Food and Commercial Workers (UFCW). It provides services to members, from skills training and career assistance, to fighting wage theft. RAP also works with community allies and other unions to support legislative campaigns, such as the New York living wage ordinance, and the paid sick days ordinance. RAP also assists workers trying to organize in their workplace.

Supply Chain Networks

Other unions are pursuing new kinds of organizing through establishing national, and in some cases, international networks of retail workers and retail supply chain workers. Most notably are the networks

around Walmart. In 2012, unions representing Walmart workers in Argentina formed a national network to share information and work together on joint campaigns, including addressing the increasing share of temporary workers in the field. Unions are working together, and with community partners, to organize Walmart or challenge Walmart's abusive practices, in dozens of countries. In the past few years, these networks have expanded to include stronger alliances between retail store workers, warehouse and logistics workers, and production workers (such as women sewing clothes for Walmart in Bangladesh).

Public Awareness Campaigns

Alongside organizing efforts, unions in a number of countries have increased public awareness campaigns about the issue of precarious work. This includes use of social media, demonstrations, days of action, public hearings, and more.⁶⁴ For example, the most important innovations utilized by central and eastern European countries against precarious labor were mass media and political campaigns. Unions are fighting against "junk jobs" in Poland and "mini-jobs" in Slovenia, and highlighting the fact that employers are not increasing these out of financial hardship.⁶⁵

High Road Strategies

Not all employers take an adversarial stance against workers and unions. UNI affiliates may be able to propose high-road strategies to employers or employer associations that could benefit both the firm and workers. There are a number of studies which show that employers that raise wages will recover some of the cost of those wages via other gains – in particular, lower turnover, higher productivity and reduced absenteeism; and as a result, reduced costs for hiring, training and supervision. For example, the discounter Costco spends more on wages and benefits than its competitor, Sam's Club (owned by Walmart), but has a significantly lower turnover. Costco spends approximately \$244 million a year on turnover. If it had the turnover rate that Sam's Club has, those costs would jump to \$631 million. Therefore, Costco saves approximately \$387 million per year in turnover costs.⁶⁶ In addition to wages, other work conditions can affect turnover, productivity and absenteeism. This includes the following:

Increase Staffing Levels

Studies have found that every dollar spent in additional payroll by large U.S. retailers led to a \$4 to \$28 increase in sales. When stores are understaffed, customers tend to make fewer purchases. Customers need staff to help them find products, help with purchases, and keep checkout lines short.⁶⁷ In a study of four low-price retailers (Costco, Trader Joe's, QuikTrip and Mercadona), Professor Zeynep Ton found that while all four companies have much higher labor costs than competitors, they are more profitable and have greater sales per employee and per square foot.⁶⁸

Skill Training and Career Paths

Training can provide employees with a well-rounded set of skills needed in the modern sales environment that combines in-person sales with on-line technical knowledge. Job training can also be combined with greater career paths, opening the way for entry-level retail workers to stay in the industry, and possibly, the firm. Cross-training allows workers to move between tasks and occupations, making them more able to build a career in the industry and stay longer with a particular firm. Many retailers spend a lot of resources on developing customer loyalty programs, but fail to invest adequately in training their staff, even though research shows that marketing success is "largely dependent on the sales force" – particularly for firms that employ "customer-oriented selling" tactics.⁶⁹ While training is an expense for employers, it can lead to higher productivity and sales. In a study covering British firms in various industries, researchers found that increasing the proportion of workers trained in an industry by 5 percentage points is associated with 4 percent more value added per worker and 1.6 percent higher wages.⁷⁰ French retailers demand higher skills from retail workers, in particular high levels of technical and product knowledge.⁷¹ Job training is common for retail workers in Germany, where 81 percent of workers complete a two- or three-year training program.⁷² These workers gain skills in a wide range of retail work so they can easily move between different tasks.

High Road Employers

The employers below tend to pay higher wages and provide better benefits than their competitor firms. None of these firms are high road employers in all respects. Only some Costco stores are unionized, and some Carrefour stores have engaged in anti-union practices. Some retailers are “high road” employers in one country but “low road” in another. Still, these examples suggest that an alternative to the “low road” is possible for multinational retailers.

Costco, a U.S. based discounter now operating in eight countries, frequently ranks as one of Fortune magazine top companies to work for, as well as on the “World’s Most Admired Companies.” While the national average wage for cashiers is \$9.12 an hour, Costco pays its cashiers \$15.63 an hour (on average). As of 2005, Costco employees earned an average annual salary of \$35,360 – significantly higher than the annual average at Sam’s Club - \$21,028. Employees also get a bonus of \$2,000 to \$3,000 twice a year and generous benefits. Employees stay longer at Costco, where turnover averages 17 percent (much lower than the Walmart turnover of 44 percent).¹ Costco employees are more productive than those in competitor firms. Costco generates significantly more operating profit per hourly employee, and more sales per square foot; labor and overhead costs are much lower as a percentage of sales.

Carrefour is a multinational retail chain headquartered in France. The company has a strong union and history of bargaining over wages and working conditions. In some countries Carrefour workers are paid company wage agreements over and above the sectoral minimum wage agreements.⁷³ In 2001, the company signed an International Framework Agreement with UNI, guaranteeing that it would adhere to ILO principles, and recognize employees right to join unions of their choosing, anywhere the company operates. While the agreement has been applied unevenly, there has been progress in several countries, including Romania, Turkey and Colombia. Under the auspices of the agreement, Carrefour recognized the Union of Carrefour Colombia Workers at the Colombia Carrefour in 2011, and signed the first collective agreement in 2012.

Legislative Solutions

While some employers have adopted high-road practices voluntarily, others have resisted, preferring to maintain a low-road high turnover model. In those cases, UNI affiliates might need to pursue legislative changes to raise the floor in retail.

Minimum Wages

Not all countries have minimum wage or pay laws, and of those that do, many maintain minimum rates far below what is needed to get out of poverty. Because retail tends to pay low wages, a higher minimum wage can make a big difference in employee income. For example, France and Denmark have higher minimum wages. And as a result, only about 20 percent of retail workers are low-wage in those countries, compared to 42 percent of retail workers in the U.S., a country with a low minimum wage.⁷⁴ The UNI affiliate in Malaysia, Kesatuan Pekerja Pekerja Ikano PTE LTD., noted that the country enacted minimum wage legislation for the first time in 2012. The government stated that this was part of an effort to transform the country to a high-wage nation by 2020. The Malaysian Trade Union Council called for 1200 ringgit a month but the final agreement was set at 900. Still, the law is expected to benefit about 3.2 million workers.⁷⁵ Cambodia, Hong Kong, Indonesia, Thailand and Vietnam have also established minimum wage legislation in recent years.

“Living Wage” Policies

In countries where unions do not have enough political power to raise wages at the national level, activists have pursued “living wage” policies at the municipal or firm level as an alternative strategy for raising wages. These can take various forms, but in the U.K. living wage campaigns have pressured large employers to agree to pay a higher wage. Over 10,000 workers have received wage increases through the initiative. The large cosmetics chain Lush recently agreed to pay a living wage, though most large retailers have not yet signed on. In the U.S. a number of living wage ordinances cover retail workers. One model is policies that apply to publicly owned property, such as airports, ports and sports arenas. For example, all employees in the Los Angeles International Airport are covered by a living wage ordinance that sets their minimum wage to \$10.91 with health benefits, or \$12.16 an hour if the employer does not

provide health benefits. Washington D.C. recently passed a similar ordinance – the “Large Retailer Accountability Act” that requires retailers with gross revenues over \$1 billion to pay \$12.50 per hour.⁷⁶

Minimum Workshifts and Minimum Hours

More common than overwork is the problem of too few hours. Here, UNI affiliates might work to pass minimum shift legislation. For example, Canada mandates that workshifts be at least three hours long. In British Columbia, the provincial law is stronger, and mandates a minimum of four hours pay for any shift scheduled up to four hours, and eight hours pay for shifts scheduled up to eight hours.⁷⁷ Seven U.S. states plus the District of Columbia, have similar laws that mandate three- or four-hour shift pay. Oregon had a similar law but repealed most of it in 1990; now it only applies to workers under age 18. UK politicians are trying to outlaw zero-hours contracts. Three Labour MPs have recently released a report on the practice and introduced a member’s bill.⁷⁸ One approach would be to award firms with tax incentives or government contracting preferences if they agree to guarantee consistent hours month to month.⁷⁹

Expanding Social Protections

Precarious workers are made more insecure in countries where benefits are attached to employment. Expanding social protections reduces some of that fear and vulnerability. A few countries have amended national policy to improve precarious workers’ access to social benefits. As noted, Thailand has been working to regularize conditions for migrant workers, who are now able access social security and healthcare benefits, and the Labor Protection Law states that precarious workers are entitled to the same pay and benefits as regular workers. Indonesian trade unions have been fighting for expanded social protections for all workers for more than a decade. After much work, they were able to get the country to pass a National Social Security System Law in 2004, which would establish a minimum standard of living for all, and extend protections to precarious workers. The system has not been fully implemented yet, despite mass protests. However, the highest court found the government and eight Ministers guilty of not implementing the law and ordered them to introduce regulations to create the new system.⁸⁰ Some researchers believe that precarious work is not as common in Europe because social protections are more universal; thereby reducing some of the incentives retailers have for cutting full-time work. As mentioned earlier, some U.S. laws exclude part-time workers. For example, employees must work at least 1,250 hours in 12 months to be eligible for family medical leave, and the majority of states have rules that exclude many part-time workers from unemployment insurance.⁸¹ If these policies were expanded to all employers, regardless of hours, employers would have less incentive to hire part-time workers to avoid these costs.⁸²

Regulating Retailers and Investment

Another approach to protecting retail workers is to enact, expand and implement regulations on retailers. As mentioned, many countries have gone in the opposite direction, deregulating the retail and consumer industries in ways that give greater power to multinationals and reducing the power of workers and unions. However, there are still opportunities to use existing regulations, or perhaps enact new ones, to the benefit of precarious workers. South Korea maintains restrictions against large retailers that protect smaller retailers. Big box retailers must get consent from local merchants to open a store, and can be fined if they fail to do so. Even then, they are not allowed to sell certain items, such as some produce and food items that local merchants sell. The country maintains strong zoning laws, prohibiting large retail stores to open near existing markets, and it also restricts the hours of operation.⁸³ Anti-monopoly regulations, or competition law, could be strengthened to address the issue of retailer dominance in markets and over suppliers. In the U.S., monopoly regulations were rewritten in the early 1980s in a way that focused most of the inquiry on the impact on consumers. The U.K. Competitions Commission has taken action to address the power of large British supermarkets in relation to their food suppliers, by establishing an industry ombudsperson to oversee contracts. South African unions attempted to use their Competitions Commission to prevent Walmart from entering the country through merging with Massmart. This failed, but the Commission did rule that 503 workers who had lost their jobs in the merger be reinstated.

Conclusion

The survey of UNI affiliates confirms that the issue of precarious work is a problem in the retail sector. While some practices, such as on-call schedules, are not prevalent in all countries, 80 percent of respondents report that forms of precarious labor have increased in the last five years. The majority of respondents reported that a retail employers in their country often or frequently vary shifts from week to week, hire workers via agencies or brokers, and hire part-time workers. Over 40 percent report that employers frequently hire part-time workers on temporary contracts, employ workers through individual contracts, and use disguised training or probationary contracts to keep workers from full-time employment.

Transnational retailers are increasing their presence in countries around the globe, and retailers are pursuing mergers and acquisitions in a way that has greatly increased the market share of a few large firms relatively to smaller stores. This is not just an accidental by-product of globalization. Rather, it is the result of widespread deregulation of retail, financial and consumer sectors, and changes in land use policy and monopoly laws. These changes make it easier and more attractive for firms to pursue “low-road” employment practices, treating workers as liabilities or costs to minimize, rather than as assets. There are exceptions to the patterns, and a few retailers have managed to be profitable and successful while still paying relatively higher wages, providing benefits, and working cooperatively with unions.

It will take a large, comprehensive and coordinated effort on the part of unions to reverse these trends in the retail industry that have put more workers in vulnerable positions. This will require changes to domestic laws and regulations, innovative organizing approaches, global networks and coordinated campaigns. Unions are of course somewhat constrained in their ability to respond based on their form of industrial relations and the domestic laws. But given that most large retailers operate across borders, attempting to expand low-road employment practices and the conditions that make “flexibility” possible, unions must find ways of coordinating strategies internationally as well.

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