Explaining variation in the quality of U.S. retail jobs

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Preliminary—comments welcome
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Introduction

The debate over job quality in the United States has intensified as labor market inequalities have grown. At the core of the debate is not just the matter of describing or quantifying low-quality jobs, but of seeking *explanations* for variation in job quality, with the goal of developing strategies to improve "bad" jobs (with low compensation and few promotion opportunities) and narrow the gap between bad and good jobs. Such explanations have focused on a variety of factors: workforce characteristics, technological change, institutions governing the workplace, and business strategy (Appelbaum, Bernhardt, and Murnane 2003a).

The retail industry offers promising turf for exploring these issues in the United States. Retail is the largest sector by employment, accounting for 11.2% of total U.S. employment in 2008 (with more workers than manufacturing). Importantly, retail generates numerous entry level, largely part-time, jobs for those with limited formal training. Hourly wages of nonsupervisory workers in retail languish at about three-quarters the national average. Retail is a very important employer of young workers. Its workforce is also disproportionately female. In all, the industry is known for generating low quality jobs particularly in terms of earnings.

Worrisome trends prompt observers to point to further homogenization and debasing of job quality in retail. In recent years, U.S. retail has experienced both a profound technological transformation in the form of computerized logistics (Abernathy *et al.* 2000, Walsh 1993) and a severe market shock, in the form of market invasion by national big-box discount chains such as Wal-Mart, Target, and Costco (Lichtenstein 2005, 2009, Davis *et al* forthcoming). In addition, e-commerce represents a major technological shift. These trends trigger pressure on retailers to compete through price reductions and, thus, labor cost cuts.

Predictions have been made of uniformly low quality of jobs in the sector based on these trends and on existing aggregate patterns of training requirements (minimal) and wages (low) but also on studies in general merchandise stores and supermarkets. Notably, Bailey and Bernhardt (1997) found that even in retailers adopting "high road" approaches improving productivity through information-technology based automation as well as service customization, job quality did not differ from that in other retailers. There were few differences in wages, work organization, or opportunities for upward mobility.

With this paper, we contribute evidence based on two subsectors of retail, food and consumer electronics, to argue that –notwithstanding the general pattern of low average compensation—there actually is variation across retail jobs in a number of dimensions of job quality. We explore how job quality varies across retail, and examine some of the key factors that impact this variation in the US institutional context.

The paper proceeds in four additional sections. First, we frame the discussion of job quality and ground it in the literature. Next, we briefly describe our research methodology. The third section, Findings, makes up the bulk of the paper. In it, we examine, in turn, average job quality in retail, differences *across* subsectors, differences *within* subsectors, and variation within individual companies, and then consider how "lived job quality," as workers experience it, can differ from objective indicators. We close with conclusions.

I. Dimensions of job quality and sources of variation

A. Job quality

We examine job quality, and how it varies across retail companies, in two ways. The first is average job quality within the company. By this we mean average measures of main dimensions such as hiring wage, wage gradient, benefit access, and access to training. The second aspect is the distribution of job quality within companies, importantly focusing on inequality in job quality. This second aspect of our investigation is distinctive; we think that how job quality is distributed across groups of workers has consequences not only for the workers themselves but for the companies and for the future evolution of job quality.

B. Conceptions of variation in job quality

Over time, scholarship has developed a range of analytical frameworks for explaining the determinants of job quality. An extensive literature has evolved which slight variation in emphasis and successive improvements and refinements. Some of this literature focuses on national systems and macro economic and macro social effects (e.g. Maurice, Sellier, and Silvestre 1986; Hall and Soskice 2001), while others concern themselves more explicitly with production organization and employment (Bosh and Lenhdorff 2005; Gadrey 2000, Gallie 2007, Grimshaw and Rubery 1998;), and yet others zero in on the role of industrial sector characteristics in mediating broader economic and institutional forces (Colins and Clark 2002; Royle 2006). For the purposes of the analysis we undertake here, three main sets of influences on job quality stand out: national and regional institutions; market and sectoral effects; and firm strategies, both product and labor deployment strategies. Different formulations will give particular emphasis to different domains of regulation (product market regulation, employment standards, industrial relations, social and reproduction institutions[1]) or different levels of effects (sector, firm-level), or different forces (technology, market structure, level of trade).

From this literature we derive the following perspective on variations in job quality. First, national and regional institutions are the broad frame of parameters (incentives, constraints, guides) within which market decisions are made by firms. They include institutions with direct bearing on production arrangements as well as those framing social arrangements and relations (e.g. school, household supports). Smith and Meiksins (1995) note most simply: "(economic forces)…create pressures, problems, and exigencies which must be "worked out" in actual societies." (p. 252) Thus, national institutions both condition and are conditioned by economic forces. (ibid p.252). (Institutions and regulations with sector-specific impact also matter.)

Second, at the level of a particular sector, national and regional institutions' effects are mediated by sector-specific characteristics and effects. For example, retail trade distinguishes itself in that, in many developed countries, it is the industry which either benefits from exemptions from some regulatory mandates, or devised innovations in employment practices that evade the regulatory environment.[2] Also, and more importantly, sector characteristics such as the degree of open-ness of market to inter-

[1] E.g. Esping-Andersen 1990, 1999.

[2] See Carré, Tilly, vanKlaveren, and Voss-Dahm (2010) for a detailed discussion of retail trade's use of "exit options" from national regulatory frameworks.

regional or international competition or the type of product market regulation—whether it regulates conditions for expansion, or interaction with consumers—play a role in affecting job quality. For example, zoning regulation is of primary relevance for retail (affecting extent of competition) while, in manufacturing, trade regulations are of greater relevance.

Within sector, some authors point to dominance effects, that is, a particular model of production and market organization may dominate in the sector and, over time, interact with or override national institutional characteristics and culture to reshape relevant institutions and mode of organization in the sector in all countries (Smith and Maiksins 1995; 261). Perhaps the most frequently made argument in retail trade is that the Wal-Mart retail model may come to dominate large scale retail organization everywhere and contribute to importing the US model of employment relations into other national settings. In early times, the Carrefour hypermarket model was similarly seen to dominate the evolution of supermarket formats everywhere. This argument has led to further examinations of sector-specific effects in which dominance effects are mitigated by national institutions and practices and, conversely, where management practices that are sector specific mitigate dominance effects (Coiling and Clark 2002).

Thirdly, and importantly for our purposes, job quality and its distribution are affected by firm-level product strategy and labor strategy. By product strategy we mean the firm's competitive strategy in the market for goods and services. It consists of choices of product niche(s) and adaptive responses to market changes. By labor strategy we mean everything from job design and recruiting to compensation and retention practices. For example, one firm may choose to lead the sector in its compensation practice (paying higher wages relative to the competition), while another may rely on a low-pay, high turnover, model. The labor strategy will vary across firms but works best when aligned with the business strategy.

The direction and overall tenor of product and labor strategy are themselves decisions made within parameters of national institutions, market constraints, and sector characteristics. National institutions, and to some degree regional ones, set the terms for the "playing field" in terms of labor standards, labor supply characteristics, and competitive conditions. Other contextual influences matter as well, external ones such as the state of the external labor market or internal ones, particularly managerial beliefs ((Grimshaw and Rubery 1998, Moss, Salzman, and Tilly 2008).

These effects are not unidirectional. As noted above, business strategy, when it is that of a multinational firm in the sector, may contribute to creating—and disseminating—a particular configuration of national institutionsl. This is a dynamic particularly important to consider in retail trade because the industry is a leader in seeking "exit options" from national institutions (Gautié and Schmitt 2010). It is thus susceptible to dominant strategy effects tending toward erosion of national institutions.

Despite their profound impacts, institutions, markets, and dominant strategy effects do not yield homogeneity in job quality outcomes. Firms have leeway in choice of combinations of product and labor strategy. They may identify and occupy a particular market niche which opens up space for compensation and skill training options not readily accessible to others (e.g. Batt 2000). Firms may also proactively create a market niche, thus contributing to redefining the boundaries of their industry. This as well may open up options in labor strategy not accessible to competitors. Even within a shared market subsector—within a given national institutional context— individual firms may differ in the

particular labor strategy they chose to accomplish their business goals (Appelbaum *et* al 2003 b; Cappelli and Crocker-Hefter 1996; Hoffer-Guittel and Seidner 2009).

The relationship between business and labor strategies is most visible when market shifts precipitate a change in product strategy, which then requires adjustment in labor strategy (Cappelli et al 1997, Smith 2001, 1991). In this regard, retail is a good sector to examine because retail markets have experienced, and are still undergoing, significant change. In general, the adjustment in labor strategy must be compatible with HR practices already in place and build upon these (Cappelli and Crocker-Hefter 1996).

To these approaches to job quality, we add a significant factor contributing to the context for firms' ability to successfully implement a particular labor strategy that is, the match between the characteristics that firms seek in a workforce and the needs and expectations of the workforces targeted for recruitment (Piore 1979, 1982; Sabel 1982). For example, in retail, a strategy that requires finding workers who will work for short part-time shifts depends on accessing a ready supply of such workers, for example, students in places where school schedules accommodate part-time work. These labor supply characteristics are contingent upon the operations of national institutions that govern the social and reproductive sphere—institutions such as schools, or child care. This institutional context also contributes to what we term "lived job quality." Also contributing to it, is the extent to which there is a role match between jobs as they are designed and worker constraints and preferences. Secondary earners may not mind a short-hour part-time job; conversely, part-timers waiting for full-time positions will mind extended waiting periods.

II. Methodology

In conducting this research, we do rely to some extent on U.S. Bureau of Labor Statistics data, including some of our own analyses of Current Population Survey microdata. However, the bulk of the findings come from field work conducted in U.S. retail companies between 2005 and 2007.

We completed 18 cases. Our unit is the "banner," that is, a set of stores operating under the same name (for example, Wal-Mart and Sam's Club are both banners of Wal-Mart, Inc.).. Our set of cases represents site visit interviews in 16 companies, not 18, because two companies are double cases (both food and consumer electronics). The cases are distributed as follows:

- Ten food retailers: In terms of service levels, these include three higher service, one medium service, three warehouse formats, and three "tiered" service companies. By "tiered" we mean that the company stores have areas that concentrate on providing higher end services (e.g. made to order salads) while the rest of the store provides a medium level of service. The food retail sample includes two unionized and one partially unionized company. Our information on the unionized companies includes interviews with two union representatives. In one of the unionized companies, the union representatives refused to be interviewed. At some points we report additional data from a partial retail food case, where we were able to conduct interviews only with union representatives.
- Eight consumer electronics retailers: These include two higher service, three medium service, one warehouse, and two "tiered" service companies. All of them sell a mix of high and low technology products.

In total, 195 interviews were conducted. They include interviews with headquarter managers for human resources and for operations, with regional managers, with store managers, with union representatives when relevant, and with a sample of frontline workers—part-time and full-time, front end and sales floor workers as well as those in specialized departments (e.g. bakery, deli, copying, and home entertainment). All interviews were coded with qualitative software using a coding scheme prepared by the research team.

III. Findings

A. Average job quality in retail

In characterizing average job quality in retail, we first briefly review what is known from standard public data sources. Next, we describe the competitive strategies that set the context for job quality. We then summarize findings on average job quality from our field work. All this information sets an important baseline, but since our main interest is in *variation*, we present it in brief, summary from. Finally, we briefly discuss cross-national variation in retail job quality, as another way to contextualize U.S. findings.

1) Overview from public U.S. data

Retail job quality as conventionally measured by compensation, total earnings, and stability, is, overall, poor. The combined industry-wide pressures to compete with price cutting, while also assuring customer convenience through 7-day and night store hours, generate a compulsion to monitor labor costs closely. This pattern results in low hourly wages, limited benefit coverage, and heavy use of part-time.

Table 1: Basic characteristics of retail employment in the United States, various recent years

Characteristic	Value
Employment, retail as % of total	11.2%
Employment, ratio of retail to manufacturing	1.14
Hourly earnings, ratio of retail to economy-wide	71.2%
Weekly hours, ratio of retail to economy-wide	0.89
Proportion part-time, ratio of retail to economy-wide	1.50
Proportion women, ratio of retail to economy-wide	1.03

Sources and notes: U.S.: All are 2008 averages from U.S. Bureau of Labor Statistics 2009, except proportion part-time March 2007 from authors' analysis of U.S. Bureau of Labor Statistics 2007. Total employment is total nonfarm for employment, total private for pay and hours. Hours ratio only includes production workers.

Relative to workers in the economy as a whole, retail workers have lower than average hourly earnings, lower weekly hours, higher likelihood of part-time work, and are slightly more likely to be women (Table 1).

Retail has accounted for a stable share of employment since the mid 1970s. Food retail accounts for the largest segment of retail employment (16 percent in 2005). Consumer electronics accounts for a much smaller share of total retail employment (3.5 percent) but represents more "modern" retail settings; it is dominated by large, "big box", retailers and penetrated by online retailers. The two sectors provide

contrasts in wages and occupations; unionization; establishment size, gender composition, and skills requirements.

Retail's relative hourly wage—the wage as a percentage of the private nonfarm average—dropped from 88 percent in 1975 to 75 percent by 1991, and has remained at about that ratio since. Retail workers are also less likely to receive employer-sponsored health and retirement benefits. In 2006, according to our calculations with the CPS, 38 percent of all retail workers and 28 percent of frontline retail workers received employer-sponsored health insurance as compared to 48 percent of all workers. Similarly, only 30 percent of retail workers received employer-sponsored retirement benefits in 2001, compared to 48 percent of all workers (Mishel , Bernstein, and Boushey 2003, Table 3.13).
Retail work entails nonstandard work hours; evening and weekend hours are common fare for all workers; weekend work is mandatory for full-timers. In addition to a higher rate of part-time employment, retail workers are more likely than workers economy-wide to work *short* part-time hours, that is less than 16 weekly hours; 11 percent did so in 2006 as compared to the economy-wide average of 5percent. This difference is particularly stark for grocery workers; nearly 15 percent work these very low hours (7 percent of electronics retail workers do so as well) (March 2006 CPS, authors' tabulation from March 2006 CPS).

Educational requirements and formal training are also minimal for front-line retail jobs; 39% of retail workers have some college as compared to 50% of the private workforce (CPS March 2006, author tabulation). Frontline employees in retail generally train on the job with an experienced worker for a period of a few days to a month. According to the 1995 Survey of Employer-provided Training, workers in retail trade typically receive 3.7 hours of formal training as compared to an average of 10.7 hours across all sectors (Frazis *et al.* 1998).Moreover, employee turnover in retail runs higher than in the private sector as a whole. In 2006, retail had an annual separation rate of 55.6 percent, as compared to 40.7% for nonfarm employment as a whole (U.S. Bureau of Labor Statistics, 2006).

2) Competitive strategies

The central fact of life in both retail food and consumer electronics is the rapid growth of discount chains such as Wal-Mart and Target (as well as online retailers in the electronics market), intensifying low-price competition and market saturation. At the time of our interviews[3], the companies in our sample were predominantly responding to big-box pressure by simultaneously driving down costs to reduce price differences, and seeking to increase quality and variety (in groceries) or services (in electronics) to differentiate their offerings from the discounters and support higher margins.

For retailers, cost-cutting takes the form of exploiting opportunities to save through economies of scale, supply chain management, and labor saving and efficiency enhancing technological innovations. But it also primarily means saving on direct labor costs, through strict controls on compensation and its rise over time and tenure; and through close monitoring of total labor hours used in stores. Regarding the tack of improving service, quality, or variety of offerings, food retailers have tended to be more "quality-

[3] Our field work was complete in 2007 before the recession was deeply felt, so our findings do not speak to responses to the recent slump in demand.

driven", attempting to distinguish themselves though the quality and variety of goods, whereas "service-driven" electronics retailers have emphasized the provision of novel and useful services.

For virtually all companies, the goals of cost-cutting and improving service and quality are in tension, and at times in conflict (Carré, Tilly, and Holgate 2009). Even in cases where companies are making progress toward both goals, there are questions about the sustainability of such progress. The fact that cost-cutting often undermines job quality—because labor costs are the "number one controllable" cost in stores— is a key dimension of these tensions and conflicts. Many companies are struggling competitively (some have gone out of business), and in many cases jobs are getting worse. Respondents report more complex jobs (due to wider assortments of goods, stricter freshness requirements, or enhanced service expectations) but thinner staffing. A Freshland produce clerk spelled out the implications: "*The amount of work [has] gone up quite dramatically. But it's just basically they cut labor in order to either make more money or obviously there's competition so they have to trim the fat somewhere in terms of labor. If there's the same amount of work that needs to be done, then obviously we have to take up the slack…. There's just less of us, so it's kind of suck up and do more work."* (FL7) In some cases companies have also reduced opportunities for earnings growth in order to meet cost-cutting goals: most notably, a number of the consumer electronics chains dropped commission sales because big-box and internet competition were squeezing the margins out of many electronic products. At the same time, many of the chains are experimenting with new performance-based bonus systems for hourly employees. Overall, however, longer-term employees at the companies typically described a decline in job quality.

3) Field data on average job quality

As noted above, U.S. data clearly show that retail jobs are worse than other jobs in a number of dimensions. Quantitative and qualitative data from our sample confirm this. Consider work schedules. Retailers operate long hours and weekends, and seek to match staffing as closely as possible to customer flows. As a result, part-time jobs account for 57.4 percent of the workforce of these companies, more than three times the workforce-wide proportion of 18.6 percent in 2007 (calculated from the March 2007 Current Population Survey). In many such jobs the number and timing of hours vary from week to week. Schedules are posted one to two weeks in advance, but last-minute changes are common. Even in a unionized grocer, Food Chief, only a portion of part-timers are guaranteed a minimum of 25 hours per week of work, whereas for others hours may range widely above or below that level. But in addition, in 9 of the 16 companies, *full*-time workers are only guaranteed a less-than-full-time number of hours, ranging from 30 to 35, and must contend with weekly fluctuations in the number and distribution of hours. Setting the guaranteed level of hours low allows retailers to flex full-timers' work time upward without incurring overtime rates. At Value Fresh, for instance, full-time workers average 35-40 hours per week despite the fact that only 32 hours are assured. Both full-time and part-time workers are typically expected to work at least one weekend day each week.

What of compensation? The average starting wage for entry-level jobs (typically bagger or cashier) across companies in the sample is $6.99, about 40 percent of the 2007 median hourly nonsupervisory wage of $17.43. One company in four in our sample started jobs at the minimum wage (at that time $5.15). Due to labor shortages during our field study period (2005-07), retailers often brought workers in above the bottom of the wage scale. The operations director at Value Fresh remarked, *"Everybody is competing for that employee so the wage rate has been affected…. $5.15 is the minimum wage, but many stores are hiring at $7, $8 an hour just to attract them"* (VF6). However, such wages still stand at

the low end of the overall distribution, and real wages in retail fell between 2007 and 2009 in the face of recession and climbing unemployment. Given average employee turnover of 60 percent per year, and an even higher 86 percent among the part-timers who make up most lower-level positions, the majority of workers advance little beyond entry level wages. The large companies in our sample typically offer relatively generous benefit packages (like those in other large companies) to full-timers, but only bare-bones benefits to part-timers. Ten of seventeen companies offer health coverage to part-timers, but typically it is a high-premium individual plan. Tech Source's HR VP projected that only 2.5 percent of the company's part-time workforce would enroll in the recently launched health plan for part-timers, which requires workers to pay half the premium (TS2).

Most retailers only hire hourly workers into part-time positions, which are relatively unskilled. In hiring for entry-level jobs, *"It's not rocket science by any means,"* a Food Chief store-level HR manager acknowledged. *"Mostly what I look for is availability, if they're available to be here is the biggest thing"* (FC16). Other comments in both grocery and electronics were similar. And entry-level training is fairly cursory in most of the retail companies in our sample. Baggers receive from one hour to one day of training, cashiers and entry-level electronics salespeople two to four days, reaching full proficiency in a couple of weeks. Managers are much pickier about promoting workers into full-time status, especially since it is the pipeline into management. *"If you get into full time, you basically need to step up…. You need to be able to take some responsibility on,"* remarked a grocery manager at Food Chief (FC6). The store HR manager cited above added, *"The biggest thing is whether or not that person is someone that can be moved beyond the next level position. So, a full-time grocery stocker—well, does this person have the potential to become a grocery manager?"*

As for the range of tasks, retailers typically practice "horizontal multi-functionality," by staffing thinly and having workers float from one area to another (for example from the sales floor to the registers, or from one area of stocking or sales to another) as needed to cover. A PC salesperson (TS8) at Tech Source said he floats to cameras, the warehouse, and customer service. Workers have a limited amount of discretion that could be summarized as "directed autonomy". Except for prescribed scan rates on the cash registers, management does not prescribe activities minute by minute, but employees can only make very limited choices about how and when to do things, within well established procedures and quantitative targets such as number of cases stocked per hour. Full-timers, and especially high-end salespeople in electronics, have more ambit to decide how to do their work, although a district manager at The Office (TO9) commented that Electronix and Tech Source do require "high pressure sales tactics."

The retail industry is that most paradoxical of sectors: one where employee turnover is unceasing, and at the same time one where, historically, a large percentage of management positions have been filled from within a given company. On closer examination, the apparent paradox disappears, since managers quickly identify and groom likely management recruits while using a rapidly churning, largely part-time majority to cover peak times and nonstandard hours. As noted above, turnover in our sample of companies averages 60 percent, comparable to the 56 percent tabulated by the Bureau of Labor Statistics in 2006. Part-time turnover among those in our sample that reported it separately is considerably higher, at 86 percent. The great majority of departures are quits; estimates at two food retailers put the percentage of voluntary departures at 67 to 80 percent. Most retailers use a labor model that assumes high turnover and indeed depends on it to keep wages and benefits down near the low entry level: *"You have to cycle in the lower end to balance the [labor] rate out,"* in the words of a store manager in the P.A. Smith grocery chain (PA9). On the other side of the coin, respondents' estimates of the percentage of managers are promoted from within average to a very high 73 percent.

A. Cross-national differences and the link to institutions

The Freshland produce clerk's remark that "they have to cut the fat somewhere" conveys an air of inevitability. But international comparisons of retail jobs reveal that there is little about these jobs that is truly inevitable (see Table A1 for one set of variations). Rather, the characteristics of retail work are crucially shaped by institutions—particularly labor market institutions, but to some extent other institutions regulating store hours and the ease of opening new stores. Thus, average job quality in U.S. retail reflects a particular set of institutions and practices that are far from universal. In this brief discussion of comparative findings, we draw particularly on more extensive work with Maarten van Klaveren and Dorothea Voss-Dahm (Carré *et al.* 2010).

Table A1: Cross-national variation in selected retail job characteristics

	Percent of retail workers with hourly wage falling below 2/3 of economy-wide median, 2003	Labor turnover, %/year, 2002	Percent part-timers of retail workers, 2006
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***	***40***

Source: Carré *et al.* 2010

Table A1 provides the percentage of retail workers whose hourly wage falls below two-thirds of the economy-wide median, a relative measure of low-wage work that is widely used in Europe. As the table shows, U.S. retail's percentage of low-wage workers clusters close to its counterparts in Germany, the Netherlands, and the United Kingdom. But the Danish and French retail sectors have much lower rates of low-wage work. The reasons turn out to be pervasive and powerful unions in Denmark, and a very high minimum wage in France.

Employee turnover in U.S. retail hovers far above the rates in the five European comparison countries (Table A1). While cross-national variations in the youth share of the retail workforce and in the unemployment rate (an inverse index of opportunities for job-hopping) help explain turnover variation among the European nations, but the United States remains a dramatic outlier (by more than 20 percentage points) even after controlling for these characteristics. Here the explanation lies less in differences in laws, more in the staffing model. U.S. retailers rely on a small, stable core of skilled workers surrounded by a large, high-turnover, low-cost labor periphery, whereas European stores depend on a larger set of skilled workers whom they seek to retain. This is true even in countries with extremely high rates of part-time employment in retail, such as the Netherlands.

National skill formation institutions set distinct contexts. In Germany, a stunning (by U.S. standards) 81 percent of retail workers have completed a two- or three-year apprenticeship in the field. As a result, a large majority of the retail workforce has deep knowledge of the field. Instead of the horizontal

functional flexibility common in the United States, in which workers float across semi-skilled cashiering and stocking tasks, *vertical* functional flexibility is widespread in Germany. That is, even relatively junior retail employees can take on tasks such as ordering merchandise or configuring layouts that are the domain of a small number of senior full-timers or even managers, themselves increasingly constrained by centralized, automated systems, in U.S. stores. On the other hand, employees in German merchandise departments would never cover the cash registers!

And so on. Young people and women are overrepresented in retail in both France and the United States. But in France longer school days and school years limit youth employment in retail, and universal child care underpins high levels of maternal employment, whereas U.S. institutions facilitate relatively greater youth employment and lower levels of female employment in retail. French restrictions on opening hours and on new store openings strengthen retailers' oligopoly power and drive extremely high customer throughput, both of which help sustain higher-paid (if faster-moving) French retail jobs (Askenazy *et al.* 2010). Even part-time work is not ubiquitous in retail. In Mexico, a minimum wage set by the day and a universal (though uneven) system of health and retirement benefits eliminate key cost advantages of a part-time workforce, and a standard 6-day, 48-hour work week allows retailers to cover weekends with full-timers—and consequently part-time employment is essentially nonexistent in large retailers (Carré and Tilly 2010). Though this paper examines variation in retail job quality *in the United States*, it is important to keep in mind that cross-national variations in retail job quality and characteristics are far greater.

B. Variation in job quality by retail subsector

A first dimension of job quality variation within retail is variation by subsector. As Table 2 illustrates, hourly retail store workers range from low-paid gas station attendants to highly paid pharmacists and web designers; for example, hourly workers in health and personal care stores average 72 percent higher hourly wages than those in gas stations. Our field study sampled one low-wage subsector, grocery (food and beverage is also the *largest* subsector, with 19 percent of retail employment in 2009) and one high-wage subsector, electronics. The hourly wage in food retail is only 71 percent as high as in electronics.

One partial explanation of the food-electronics wage gap is that the part-time share of the frontline workforce is nearly twice as high in food stores (Table 3). Since part-time workers typically receive lower wages and reduced benefits, this implies a greater concentration of the workforce at low levels of compensation in food, helping to explain the lower average wage in retail food. However, this does not fully explain the wage difference. Indeed, as Table 3 shows, the median part-time wage is *higher* in grocery than electronics, but the median full-time wage is *lower*. Constructing a "weighted median" of the hourly wage in each of the two subsectors predicts a wage gap of 10 percent, substantially less than the actual gap of 21 percent.

Table 2. Median hourly wage for production and nonsupervisory employees, by retail subsector, 2009

Subsector	Median hourly wage
Nonstore retailers	$17.29

Health and personal care stores	$16.83
Electronics and appliance stores	$16.74
Motor vehicle and parts dealers	$16.52
Furniture and home furnishings stores	$15.17
Building material and garden supply stores	$14.02
Lawn and garden equipment and supplies stores	$13.89
Retail average	***$13.02***
Food and beverage stores	$11.87
Clothing and clothing accessories stores	$11.66
Sporting goods, hobby, book, and music stores	$11.58
General merchandise stores	$10.80
Gasoline stations	$9.79

Source: U.S. Bureau of Labor Statistics 2010a

Table 3: Selected characteristics of the frontline workforce in the grocery and electronics retail subsectors, 2007

	Grocery	Electronics retail	Ratio (grocery/electronics)
% part-time	50.4%	25.3%	1.99
Part-time median hourly wage	$8.60	$7.69	1.10
Full-time median hourly wage	$13.03	$17.73	0.75
Simulated hourly wage*	$11.16	$12.41	0.90

Source: Analysis of March 2007 CPS by authors

*Simulation: weighted average of the median hourly wage of retail-wide frontline workers, applying the part-time and full-time weights from the relevant subsector. (The weighted average of medians is not a median or mean.)

The field data (Table 4) conform with the aggregate finding of higher wages in electronics retailing, but add quite a bit to the story. It is important to note at the outset that this sample of large, national and regional retailers looks rather different from the nationwide averages: for example, the part-time share is well over 50 percent in the electronics sub-sample, though still not as high as in grocery stores. Moreover, we find that electronics work schedules are somewhat more predictable, though even in electronics we heard about jumps from 5 to 20 hours, or from 10 to 40 hours, from week to week (EL1, DW3). In terms of wages, the average (across the companies in our sample) *starting* wage in electronics retailing is higher than in food, but just barely: retail entry hourly pay is at 99.2 percent of the level in economics. When instead we look at the *highest* hourly wage within clerk and salesperson categories, the contrast is far more striking: on average in our sample, a a top-of-scale clerk in grocery earns 29 percent less than a high-end salesperson in electronics.[4] Thus, part of the story in electronics retailing is wider wage dispersion *within* the subsector (indeed, within each store), a topic we will address further below. This pattern of a higher ceiling in electronics rather than higher compensation across the board is reinforced by the fact that food retailers are more than twice as likely as their electronics counterparts to include part-timers in the health plan. On the other hand, variable compensation for hourly workers

[4] Caveat: We were less successful getting top wage data, so the top wage averages are based on 5 electronics and 6 food companies, rather than 8 and 11. (The 11th food retailer is a case in which we were able to conduct two interviews with union representatives, but not a complete case.)

is widespread in electronics (found at all but one company, though only two companies out of eight have traditional commission systems), whereas less than half of the grocers offer it.

Table 4. Food and electronics retail job quality indicators

Indicator	Food retail	Electronics retail
Part-time share of hourly workforce	59%	53%
Average starting wage	$7.03	$7.09
Average top sales/clerk wage (+ bonus)	$16.08	$22.52
Proportion of companies that include part-timers in health plan	82%	38%
Average hourly employee annual turnover	57%	63%
Average *part-time* turnover	75%	103%
Average *full-time* turnover	17%	45%
Average ratio of full-time turnover to part-time turnover	0.14	0.38
Percentage of store-level managers promoted from within	80%	71%

Source: Field data
Note: Sample size for field data varies.

What about opportunities for promotion? Employee turnover rates are high in grocery, and even higher in electronics retailing. Our field work suggests that *part-time* turnover is a reaction to limited opportunities for advancement. At the same time, as we will explore in the section below on "lived job quality", these dead-end part-time jobs have largely attracted workers with little interest in staying on or moving up within the company, primarily students and mothers of young children. Notably, the drop-off in turnover from part-time to full-time is much steeper in grocery than electronics, reflecting different upward mobility paths in the two sbusectors. Electronics retailers hire fewer of their store-level managers from within the company, especially given that qualitative comments from added companies where interviewees were unwilling or unable to give us an actual percentage indicate that the actual cross-subsector difference in internal management hiring is likely considerably larger than the gap shown in Table 4. Once grocery employees make it into the full-time ranks, they tend to stay for the long haul, whereas upward mobility paths in electronics retail more often involve jumping from one company to another.

Table 5. Demographic profile of food and electronics retail frontline workforces

Demographic group	Food retail	Electronics retail
Women	53%	30%
Under 25	45%	53%
Less than a high school education	31%	11%
Black or Latino	30%	24%

Source: Author computations from March 2007 CPS

Thus, electronics jobs are better compensated—but only, it appears, for those higher in the hierarchy of hourly workers. Electronics stores have more full-time jobs, but, at least as one approaches the managerial level, moving up is more likely to involve changing companies. Comparing workforce demographics across the two subsectors (Table 5) helps to make sense of the greater abundance of well compensated jobs in electronics. Although electronics retail employees are younger and whiter, the most striking differences are electronics stores' higher proportions of men and of better educated

people. This immediately points to the possibilities of explaining the higher compensation ceiling in electronics via either skill or gender-typing.

A closer look at hiring qualifications casts doubt on the notion that upper-end sales jobs in electronics retailing involve a great deal of *technical* skill, suggesting instead that generic sales skills are most important. An assistant manager at an Electronix store said that when interviewing someone for a sales job,

> *I will actually test them to sell something. I'll take a pen and I'll say, 'Let's just say Electronix sells pens. How would you sell it to me?' If they approached it as introducing themselves and trying to ask me questions on if it's the right pen for me, rather than just trying to say this is a great pen and it has this, this, this and this, the customer is gonna hear about the benefits and they'll get to know him first. Some sales people are natural at it and some aren't.* (EL13)

This might seem like slim qualifications for selling electronic equipment, but the store manager at the same store gave a similar answer:

> *You're looking for a couple things. I think first off a general knowledge or at least an interest in the electronic product, so they can get excited about it. An outgoing personality. We also want to find somebody that's friendly. I will take the last two over the first two.…Quite frankly, I've been a very successful salesperson with a very small knowledge base around electronics. Ultimately you're selling yourself and not the product.* (EL5)

At High Fidelity, the corporate Director of Employment (HF1) agreed, *"We coach people more on the sales or establishing rapport, than we do on Ohm's law."* And an entertainment (principally TV) sales manager at Tech Source (TS18) concurred that what he is looking for is *"an energy to them, like a willingness to help, not just a 'hey, what's up?' and keep walking kind of thing."* He had previously worked in the "merchandising" department that sells packaged DVDs, video games, and computer parts, and when asked about the difference between the two jobs, minimized that distinction:

> *You have to be customer focused. You have to know how to greet a customer and talk to them and help them. Those always stay the same no matter where you go. Yes, when you're in entertainment, there's more probing factors to it, if they're asking questions and stuff like that. Not that you shouldn't be doing that in merch.*

Of course, *bona fide* technical jobs such as repair tech or auto or home installer require a far more substantial knowledge base, but these represent a very small proportion of total employment in electronics retailing.

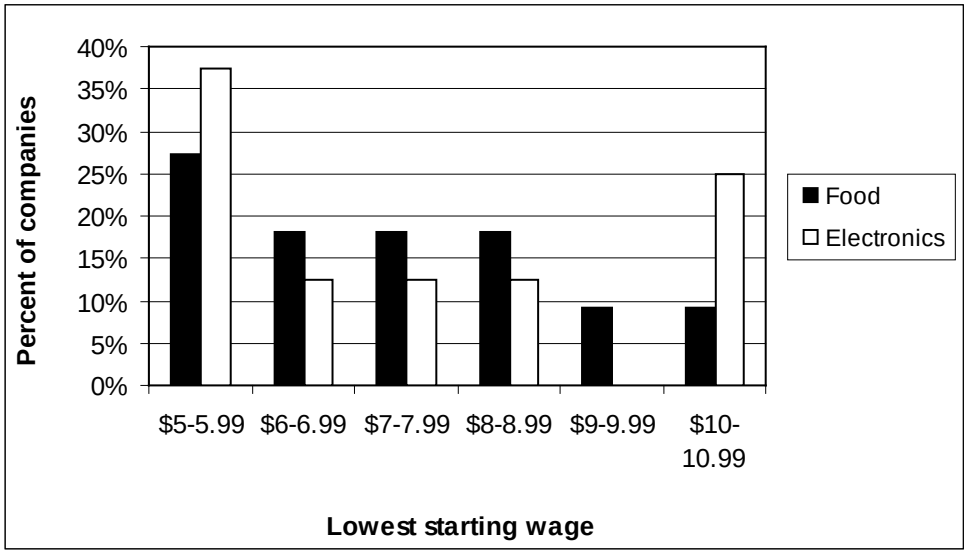
The gender gap is a strong candidate for helping to explain the electronics/grocery wage difference. Among all frontline jobs in retail, women earned 19.5 percent less per hour on average than men in 2007. Limiting our attention to electronics sales jobs, the gap actually grows a bit more, to 21.0 percent, whereas the gap is narrower in grocery at 15 percent (calculations from March 2007 Current Population Survey data). Meat cutters themselves are rarely women, but more of the upper level hourly jobs in grocery are held by women, and are "women's" jobs, than in electronics. Thus, both gender differences and the market value of sales skills seem to enter into the electronics compensation advantage.

C. Variation in job quality within retail subsector s

In addition to variation in average job quality across retail subsectors, we find there also is significant variation in job quality outcomes within subsector, a manifestation of the leeway that management experiences even within the frame of institutional parameters and market pressures. In this section, we explore differences across companies in average job quality, attempting to cast differences between retailers in job outcomes overall, as indicators of labor strategy.

Perhaps most noticeably in our sample of case study companies, there is variation in entry-level starting wages within each retail subsector (Figure 1). In our 2007 study sample, 27 percent of grocery chains set the start pay at the minimum wage ($5.15 at the time of our fieldwork). Only 9 percent (a single company) started wages at $10 or above. But consumer electronics companies also seem to display greater dispersion in terms of their starting wage practices, with companies clustered into two groups, one cluster paying at or near the minimum wage, while a second cluster pays $10 to $11 per hour.

Figure 1: Frequency distribution of starting wages in sampled companies



Note: Both sub-sectors include Bargain Club and Village Voice, which sell both food and consumer electronics. The food sub-sector includes Jones Market (a partial case consisting of two interviews only).

Company practices regarding the use of part-timers also vary. In both food and electronics retailers, part-time rates range from 40 to 80 percent of headcount, with one electronics outlier at 3 percent, a company relying almost exclusively on a full-time, full commission sales force (Figure 2).

Figure 2: Frequency distribution of incidence of part-time in sampled companies

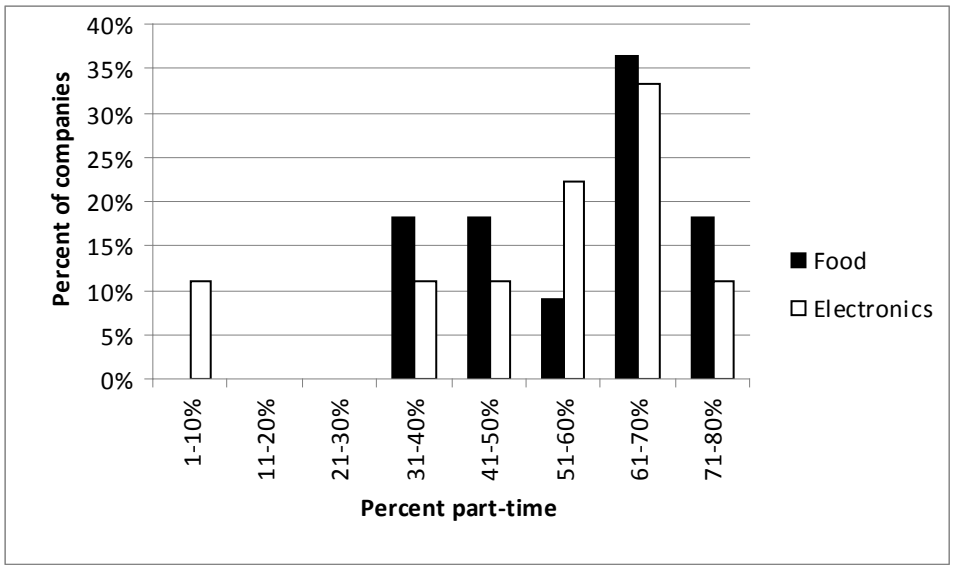
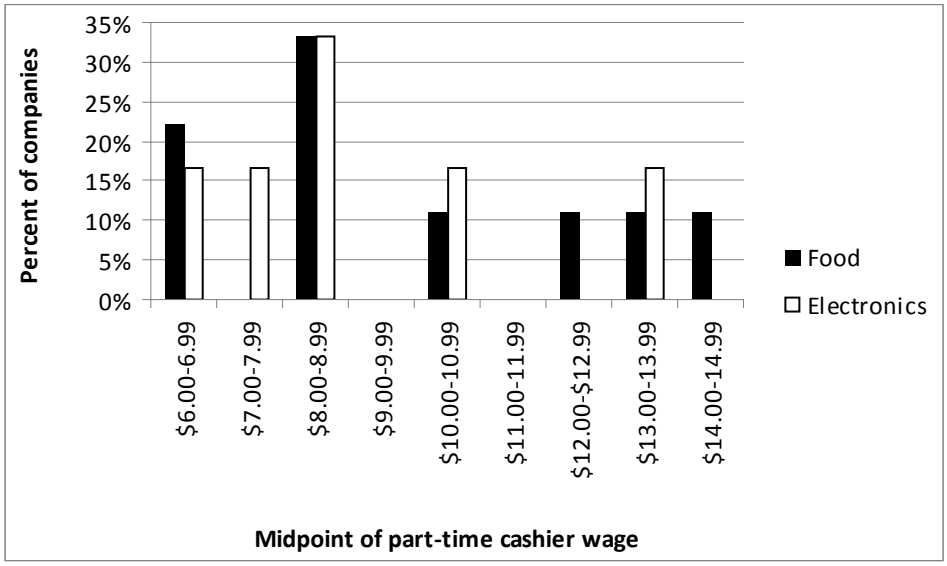
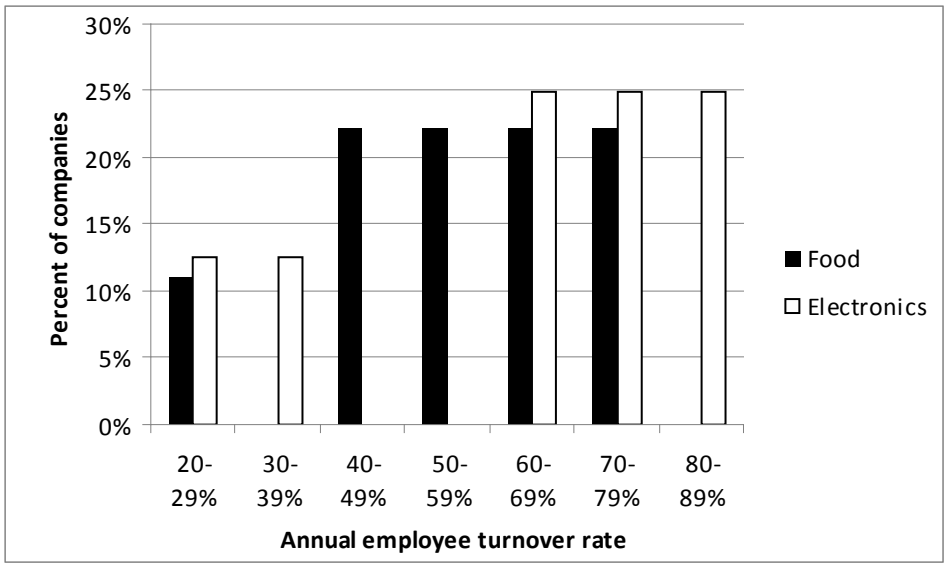


Figure 3: Frequency distribution of cashier wage in sampled companies



There also are differences within subsectors in the salary levels of archetypal entry-level part-time cashier positions (Figure 3). (In food retail, the position entails almost exclusively cashiering whereas in consumer electronics cashiers are more frequently called to be sales clerks on the floor). In the study sample, the mid-point of the hourly wage of food retail part-time cashiers is below $9 for most companies. The few companies with higher cashier wages are unionized or partially unionized companies except for one small-store retailer (Megamart), where job categories are few and broadly defined, and where cashiers with seniority are called upon to handle multiple kinds of tasks. In consumer electronics, though most companies pay cashiers below $9, there is greater diversity of pay for part-time cashiers. Turnover also varies within each subsector (Figure 4).

Figure 4: Frequency distribution of turnover in sampled companies



Interestingly, these four indicators of job quality are correlated across companies in ways that suggest companies sort into those following a high road labor strategy, and those following a low road strategy (Table 6). Higher wages are correlated with a lower part-time percentage and lower rates of employee turnover.

Table 6: Correlation matrix for four job quality indicators in sampled companies

	Starting wage	Part-time cashier wage	% part-time
Part-time cashier wage	0.662		
% part-time	-0.374	0.347	
Turnover	-0.311	-0.411	0.361

What explains these differences? One factor is the presence of unions. Unionized retailers do not necessarily offer significantly higher pay, but union wage scales include a greater spread of wage levels within job category, representing the likelihood of greater reward for seniority and work experience in unionized retailers. Furthermore, unionized retailers provide more generous benefits to full-timers (paid time off, insurance) and tend to provide health insurance to part-timers. In our study sample, the three unionized chains (one only partly unionized) provide health insurance for part-timers that seems comparable to that offered to full-timers. In these ways, job quality differs noticeably in unionized companies. Nevertheless, unionized food retailers adopt similar scheduling practices from those of non union competitors. They make significant use of part-time schedules (65 to 71% in the fully unionized companies Food Chief and Freshland), and also require weekend work assignments. One distinction is that managers will consider seniority in giving choice over scheduling. Another distinction is that unions will negotiate limits to wide swings in schedules of part-timers; at one company, a quarter of part-timers are guaranteed 25 weekly hours while others have wider fluctuations (FC 1). This contrasts with non-union settings where guaranteed hours are usually lower (e.g. 15 hours).

Unionized food retailers in our study also do not differ noticeably in turnover and patterns of mobility from the non-union retailers. Still, the two fully unionized retailers have turnover rates at the low end

of the range of our study sample. Their rate of promotion from within is similar to that of other food retailers in the study.

Also contributing to differences such as those in starting pay are regional differences in regulatory environment, both regarding product markets and employment. Retailers in Southern states with limited regulation of zoning and land use report that competitive conditions can change very rapidly with the opening of new stores within short distance of their own stores. While retailers in all regions deal with fresh competition and market saturation, the lack of land use regulation means that the competitive terrain can shift very quickly, eliminating the lead time for strategic adjustment. Another consequence, Marketland's VP of HR argued, is that:

> If you look at the US, if you compare southeast to northeast and if you look at the density of supermarket stores in the northeast versus the southeast, there's a huge difference. Your average volume of a supermarket in the northeast is probably four times what it is here. You just have a whole different dynamic. So that means it's that competitive and it means it keeps the prices down. Here you're constantly fighting for more customers so it's a very challenging environment to operate in.

Also, retailers in Southern states are, on the whole, not unionized and the union threat effect is minimal, making the use of labor cost cutting measures readily accessible.

But in addition to differing institutional environments, differences in job quality outcomes also arise from different labor strategies and managerial practices. These differences in strategy may entail aiming for different market niches, or adopting a unique labor strategy within a broadly similar market. Perhaps the best known comparison carried out among stores with a warehouse format is that between giant retailer Wal-Mart and discounter Costco. Where Wal-Mart operates a labor model with low wages, thin benefit coverage, low and variable part-time hours, and high turnover, Costco is on record as aiming for higher than average wages, more predictable hours for part-timers, and some benefit coverage for part-timers (Carré, Tilly, and Holgate 2006). Tables below detail some of the differences between the two chains as of the mid-2000s. Wal-Mart's labor strategy fits with the primary focus on providing full range of general merchandise and food at lowest costs. In comparison, Costco has adopted a labor strategy intended to further the goal of enhancing worker productivity; higher than average compensation is designed to limit undesirable turnover and to promote worker effort. This labor strategy aims to support a business strategy consisting of a targeted higher income warehouse shopper (shopping for good prices on quality products), a limited range of goods, and high volume (supported by active merchandising and other managerial components not elaborated here.) In short, the product strategy –most notably the relatively higher end market niche for a warehouse format-- enables the particular compensation strategy which, in turn, is aimed at supporting the market strategy.

Table 7: Costco vs. Wal-Mart: Wages, hours, turnover

	Costco	*Wal-Mart (or Sam's Club)*
Starting hourly wage 2004 (a)	$10.50	
Average wage 2004 (b)	$17	$11.52 Sam's Club $9.64 Wal-Mart*
% part-time (d)	≤50% in each store 25 weekly hours guaranteed	<50%
% who leave after 1 year of	6%	21%

employment (e)		

* Average wage for Sam's Club excludes wages of 25 % of the workforce that are low wage part-time workers. The Wal-Mart figure, as well, appears to be limited to full-time workers.
Sources: (a) Greenhouse 2005a, (b) Zimmerman 2004, (c) AFL-CIO 2005, (d) Wal-Mart 2005b, (e) Holmes and Zellner 2004.

Table 8: Costco vs. Wal-Mart: Benefits

	Costco	*Wal-Mart*
% with health insurance (a)	80%	47%
Annual health costs per worker (a)	$5,735	$3,500
Part-time worker access to health plan (a)	After 6 months	After 2 years*
% covered by pension plan (a)	91%, excludes those with <1 year seniority	64%
Annual retirement cost per worker (a)	$1,330	$747
Contribution toward 401K (a)	3 % of salary starts year 2 9% after year 25	
Dental coverage (b)	Most dental expenses	

Sources: (a) Zimmerman 2004, (b) Greenhouse 2005a
*More recent changes at Wal-Mart point to exploring means of access to health insurance for these workers including providing a low premium, high deductible, plans (Hudson 2006)

In addition to this well known contrast, we also find there are difference between retailers in our study sample that reflect different product strategy and labor strategy. We take the example of two supermarket chains based in the same region, Homestyle and Marketland, to illustrate differences in average job quality. Homestyle, which aims higher in terms of product market strategy than Marketland, also has a labor strategy to match, offering somewhat higher quality jobs. On the customer end, a Homestyle store manager (HS11) commented, "Our market niche, I think, deals primarily with customer service being number one." A Marketland Regional VP of Operations (ML2) acknowledged that Homestyle offers better service, and reported losing lots of employees to Homestyle when a new store opened in the area, which, he said "was absolutely killing us" However, he added, "We are much more aggressive on our weekly [pricing] specials than they are." He characterized Homestyle as "upscale" and described his own chain's customer base as "blue collar working class."

In many respects, Marketland and Homestyle pursue similar labor strategies. Both have cut back labor where possible, adding to the demands on employees. One company manager at Marketland noted: "The labor requirement that the company puts on every man or woman to give 110%." A Marketland produce manager reflected: "Really I don't see anything else that can be done to save us labor within the store, based on what we do now within the department. It can't get much less." A Homestyle manager reported increasing responsibilities and pressure, and said that the stress of being overwhelmed with crowds of people as her least favorite part of the job and "when you feel like you don't have enough help, which still happens for hours a day." In addition to the quantity of work, Homestyle employees also report being held to very high standards, including increasing audits, that one employee described as "every minute detail is keenly observed". Human Resource representatives from both companies report having roughly 50 percent part-time workforces. The companies are also

similar in their levels of promotion from within, reporting that half of their full-time employees and store managers are hired from the outside.

But the labor strategies diverge significantly at key points. In general, Homestyle managers asserted that the chain treats employees well. "At Homestyle we have this culture…of treating our associates with dignity and respect," a district manager declared (HS3), and a regional manager added, "I think people view us as a preferred employer" (HS3). We did not hear similar statements from Marketland. Certainly Homestyle pays its hourly workers better. As Table 9 shows, Homestyle pays 15-28 percent more across a set of representative jobs, plus a 6.7 percent bonus.

Table 9: Representative hourly wages, Homestyle and Marketland, 2006

	Homestyle	Marketland	Ratio
Part-time courtesy clerk	$6.40-9.45	$5.15-7.88	1.22
Part-time cashier	$6.65-10.75	$5.15-8.46	1.28
Full-time cashier	$6.65-10.75	$5.60-9.56	1.15
Full-time produce clerk	$7.95-12.75	$6.20-10.56	1.24

Source: Field study

Note: All Homestyle workers received a 6.7% bonus in addition to the hourly wage shown here. Though Homestyle operates in a small number of states beyond Marketland, the 2006 average mean and median wage of cashiers (workforce-wide) across the Homestyle states was only 2 percent above the average for the Marketland states (U.S. Bureau of Labor Statistics 2010b)

Turnover, an important indicator of employee satisfaction, is 72 percent at Marketland compared to only 40 percent at Homestyle. Homestyle managers attribute this relatively low turnover in part to a more thorough screening process for new employees and, more significantly, to the implementation of profit sharing for all employees. While most benefits are on par with Marketland, including health, dental, and 401(k) plans, only Homestyle offers profit sharing in the form of bonuses equivalent to a little more than a paycheck paid twice a year to all employees.

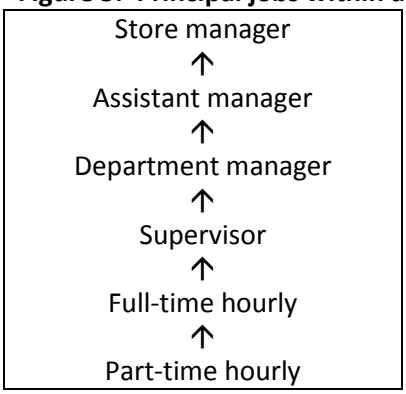
Homestyle also provides much more thorough training than Marketland. Training at Homestyle is at least 15 hours, with the company allowing 20 hours for part-time employees and 40 for full-time employees. This training includes eight hours of computer-based training, customer service-focused training and extensive shadowing. One customer service manager reported that she doesn't consider a new employee ready to run the cash register "until they say they're ready to run it by themselves…even if Homestyle says a cashier has 30 hours of training, I won't take them until I know they'll be successful when they are handling customers by themselves." She added that increased emphasis on training is the biggest change she has seen in Homestyle over the years, reporting that the company is investing more and more time and money to ensure that all employees are well-trained. By contrast, one Marketland bagger reported getting only an hour of training before being on his own and another Marketland front end associate reported getting almost no formal training besides 5-10 minute overviews in each area and instructions to be friendly. Rather than training, Marketland's HR chief emphasized time-and-motion studies as an area in which the chain leads. Interestingly, however, without referring to Homestyle, Marketland's Regional VP reflected on the workforce practices adopted by the rival chain:

> So I think those two things, we've got to get a handle on. It's the training and really if you can find an incentive based pay for part time people that they can really understand and engage in, it could mean we might rule the world.

E. Within-company variation in job quality

The final dimension of job quality variation we consider is variation *within* a particular company. We pay special attention to *variation in variation*: in what retail settings is the dispersion or degree of hierarchy jobs greater, and in what settings is it smaller? Figure V1 shows the main job hierarchy within a typical store, which applies in both grocery and consumer electronics (the main differences arise with different store sizes; larger stores have more job levels). The diagram points to two main elements of inequality among jobs. The first is the gap between full-time and part-time hourly workers in the same job categories, who make up the large majority of workers in any store. The second is the cumulative set of differences from bottom to top of the ladder. We consider each below.

Figure 5. Principal jobs within a typical store



Source: Field study

As a starting point, let's look at inequalities within two consumer electronics retailers, Electronix and Tech Source. The two companies are quite similar: large chains, each selling a broad line of consumer electronics in sales areas that largely overlap, and increasingly seeking to sell higher margin services such as installation, repair, and high-end system design. Both have shifted from commission sales to a completely hourly workforce. However, as Table 10 shows, in Electronix internal inequalities loom much larger.

Table 10. Selected indices of inequality at Electronix and Technology Source, 2006

Characteristic	Electronix	Technology Source
Starting wage for part-time workers*	$5.15	$6.00
Top of wage range for full-time sales**	>$19	$18
Health plan for part-timers?	No	Yes (individual)
Base hours for full-timers	36	30
Full-time/part-time hourly wage ratio, cashiers	1.24	1.00
Full-time/part-time hourly wage ratio, regular sales	1.71	1.18
Store manager/PT cashier hourly wage ratio***	4.83	3.41

Source: Field study. Wage ratios calculated at the midpoint of the respective ranges.
*Varies by region; lower end shown (same region for both)
**For a specific metro area

***Calculated omitting bonuses, assuming store manager works 40 hours weekly (unrealistic, but comparably so across the two cases). Tech Source manager salary figure comes from a single store; Electronix is ratio of chain-wide mid-points.

The gap is perhaps most striking when contrasting part-time and full-time workers. At Electronix, full-timers have a higher base number of hours and can reach higher wage levels, whereas part-timers start at a lower wage and suffer a greater wage penalty relative to full-timers, than at Tech Source. Electronix store managers also earn more than their Tech Source counterparts relative to hourly workers.

How can we explain the divergences between these two rather similar chains? Electronix appears to be more tightly focused on the importance of selling higher-end services, especially the design and installation of elaborate home entertainment systems that can run into the hundreds of thousands of dollars. To achieve this goal, they have a separate "store-within-a-store" with "an atmosphere change" and "a different level of professionalism" than with the rest of the staff, according to one supervisor—based on acquiring a boutique seller and importing that company's staff and techniques. They also drill employees on profiling customers and "hand-to's," in which a salesperson refers a customer to another salesperson specializing in higher end goods and services.

Tech Source also seeks to sell more high-value-added services, but has approached it by building the capacity in-house rather than by acquiring a specialist. And whereas top HR executives in Electronix emphasize "service as one of the big differentiators going forward," in the words of the Director of Field HR (EL1), Tech Source's top HR person (TS2) responded to the same question about competitive advantage by first talking about price and product assortment. He went on to bemoan falling margins on computers, at that point adding, "that's where the service business hopefully will kick in." Moreover, he highlighted the recent extension of health benefits (individual, with the company only contributing about half the premium) to part-timers as a "retention vehicle" to reduce turnover. One of his deputies argued, "this shows we do value you," and described it as part of a broader shift from a "dog-eat-dog culture, very competitive…, results at any cost" approach to one where "there's value on people" under the leadership of a new CEO. When asked, "Do you see it playing out in operational results?" she replied, "Absolutely. Our stock is at __ bucks now." The tone is different from Electronix's VP of Field HR (EL2), who prioritized giving employees "skills and knowledge and tools…to do great things…be creative…bring their full selves to work and *think* while they're there."

In short, despite very similar selling strategies, on the terrain of labor strategy Electronix emphasizes rewarding individuals for doing more, and seeks to differentiate higher-end sales, whereas Tech Source is using its compensation to communicate that all employees, even lowly part-timers, are valued. In relative terms, one HR strategy promotes differentiation, the other inclusion.

This instructive contrast does not capture all the inequality dynamics in our sample, but it does help frame them. In the remainder of this section, we briefly review a set of main indicators of within-store variation in job quality. We focus particularly on wage variation (based on companies' wage scales), which is readily measurable and comparable across companies and subsectors. We start by considering the differences between part-time and full-time work, the most glaring gap in the retail workforce. The part-time/full-time contrast may seem to be within-job difference, since the job title may be the same except for the hours; but in reality it is a between-job difference because, as we shall see, retailers

typically view part-time and full-time workers as falling in very distinct job categories. We then examine other between-job variation.

It is important to note that there are two possible, and potentially equally valid, interpretations of differences in job quality within an individual store. On the one hand, the differences can be viewed as a gauge of inequality and disparate treatment. On the other hand, such differences can be viewed as representing opportunities for upward mobility. An interchange with a part-time "key carrier" (essentially a supervisor who runs the small store on his or her shift) at a Megamart store in a large coastal city captures this tension:

Q: And what's your pay at this point…?
A: Currently, I am at $10.80…. I actually started at $8.80.
Q: Hey, not bad!
A: It was tough.
Q: … No, that's not a fabulous salary. I'm just saying that's pretty rapid progress.
A: Yes. From that aspect, I definitely agree. (MM6)

The part-time/full-time distinction

Retailers typically define the part-time/full-time difference not just as an hours distinction, but as a status distinction. Part-timers get many fewer guaranteed hours—sometimes as few as 5 per week, whereas full-timers are generally assured of a minimum somewhere between 30 and 36 hours. Part-timers typically receive a far scantier benefit package. In many cases, particularly in grocery, stores staff with a minimum of full-timers—often just one per department per shift—and rely on them as knowledgeable lead workers to direct a high-turnover body of young, inexperienced part-timers. But there are differences within these patterns: for example, health care coverage for part-timers ranges from none (at one-quarter of the sampled companies) to an expensive individual plan, to a family plan. The differences reflect distinct labor strategies. The VP of HR at grocer The Market commented that every year the question of dropping part-time coverage comes us, but:

> Sometimes you just know who you are.... It just doesn't feel right to say okay, cease the plan and all those people in their 40's and early 50's get… You know, can't do it….We depend on turning on a dime. [Competitor] can't turn on a dime. They're in big trouble now. … So those people help us turn on a dime. (TM1)

Table 11. Full-time/part-time hourly wage ratio (within company)

	Average ratio	Low ratio	High ratio
Cashier	1.29	1.00	1.80
Clerk (grocery)	1.21	1.00	1.61
Sales (electronics)	1.39	1.00	1.71

Note: Calculated at the midpoint of each wage range. "High" and "low" denote highest and lowest ratios across companies.
Source: Field sample

The compensation difference between part-timers and full-timers is expressed in hourly wage levels as well as benefit levels. As Table 11 shows, among the most numerous jobs this hourly wage differential ranges from 1.0 to 1.8. However, equal wages for part-timers and full-timers are rare in both

subsectors. The *average* full-time hourly wage advantage ranges from 21 to 39 percent depending on the job, denoting a significant premium for full-time work. Interestingly, comparing Tables 10 and 11 shows that Electronix's full-time pay differential for cashiers falls below the sample-wide average; it's only with salespeople, on whom Electronix is staking its future, that the chain's full-time premium sits at the top of the sample.

Some of the other extremes in Table 11 are instructive as well. The highest full-time cashier premium of 80 percent is found at Megamart, a grocery chain with small stores where the full-timer on duty is often the acting store manager. This is reinforced by the fact that a department manager's premium over a regular full-timer is a scant 10 percent, well below the 40 percent grocery average we will see in Table 12. Bargain Mart has a ratio of 1 (no full-time premium), because it breaks with the standard approach of part-time as a status, instead grouping all non-supervisory employees in two broad job classifications and compensating them based on seniority, skill, and responsibility. The third company with no full-time premium for cashiers is Homestyle, which as we saw has adopted relatively generous wages and benefits in order to motivate better service.

Again, a steep full-time premium could signal entrenched inequalities, excellent mobility opportunities, or some combination of both. One way to get at this is to look at how the premium correlates with other indicators. The first column of Table 12 shows mixed evidence. Among cashiers, higher wages are correlated with a higher full-time premium, suggesting a "high road/low road" distinction between companies that set wages high and also provide jumps in wages and those that do neither. But among clerks and salespeople, the relation is negative, suggesting that the "high road" involves setting higher wages and *reducing* wage differentials. So we look at turnover, largely driven by quits of part-timers, to get another window on what the premium tells us. Again, the results are mixed, in a similar way, suggesting once again that the full-time/part-time gap signifies something different among cashiers than among clerks and salespeople. The larger correlation occurs with the wage gap among clerks and salespeople, suggesting that these premia signal upward mobility opportunities for a few, but entrenched inequalities for the many. The larger differentials in electronics sales than in grocery clerking (shown in Table 11), then, seem to signal inequalities more than widespread mobility. Indeed, turnover of part-timers in particular in electronics retail averages 103 percent in our sample, compared to 75 percent for grocery.

Table 12. Correlations of full-time part-time wage ratio with other indicators

	Midpoint of full-time wage	**Annual employee turnover**
Cashier FT/PT wage ratio	0.380	-0.189
Clerk or sales FT/PT wage ratio	-0.363	0.506

Source: Field sample

Other between-job wage differences

Another set of variations are additional job-to-job gaps, in addition to the central part-time full-time distinction. Table 13 summarizes wage ratios across the full job hierarchy depicted in Figure 5. Two things are clear from this table. First, by far the largest wage differential is that between a store manager and the department managers who report to him or her. Second, the ratios are fairly similar between grocery and electronics. However, this latter finding should be interpreted with great care,

since the electronics ratios unfortunately only reflect data from Electronix and Tech Source (data from other chains were fragmentary or unavailable).

Table 13. Hourly wage ratios from top to bottom of store staff

	Grocery	Electronics
Top-to-bottom ratio		
Store manager/PT cashier	4.43	4.34
Intermediate ratios		
Store manager/Dept. manager	2.45	2.23
Dept. manager/FT clerk	1.40	1.41
FT/PT cashier	1.40	1.12

Note: Hourly wage figures omit bonuses. Store manager is assumed to work 40 hours per week (a significant under-estimate) for the purposes of this calculation.

Two offsetting issues cloud the calculation of an hourly wage for the store manager. On the one hand, managers typically have potential access to much larger bonuses, in percentage terms, than frontline employees. On the other hand, we have calculated the store manager's hourly wage by assuming a 40 hour work-week, but the evidence is that the manager's week is much longer. In both food and electronics retailing, we heard that managers often work 50, 60, even 70 hour work-weeks. *"We average ten-hour days. When you work Sunday, you work six to eight, so that's 60. I never go home on time. I work at least 60 hours a week,"* one grocery store manager said. (ML1)

Table 14. Correlations of top-to-bottom hourly wage ratio with other indicators

Correlation with:	Starting wage	Mid-point of FT cashier wage	Employee turnover	Store size (head count)
Hourly wage ratio, store manager to part-time cashier	-0.140	-0.746	0.132	0.678

Source: Field sample

Table 14 looks at correlations of the top-to-bottom wage ratio with various other indicators. Not surprisingly, one strong correlation is with store size, reflecting higher pay for managers overseeing larger workforces. But it's interesting to note that a higher ratio is strongly tied to lower pay at the cashier level, and also has at least some association with higher employee turnover rates and lower starting wage.

Table 15 draws out one particular comparison, between non-union Homestyle and unionized Food Chief. Unlike the Electronix/Tech Source comparison, in which one company was consistently more unequal on all indices, in this case each company has less inequality than the other on some dimensions, but more inequality on others. Homestyle's high-wage strategy erases any hourly wage distinction between part-time and full-time cashiers, whereas Food Chief, where the main union base consists of full-timers, boasts a large full-time premium. But the steps from full-timer to department manager, and from department manager to store manager are much larger at Homestyle, cumulating into a significantly larger top-to-bottom ratio despite a smaller average store size than at Food Chief. Food Chief's union contract narrows management-labor pay differences, but ratifies a wide part-time/full-time gap *within* the labor category. The Food Chief pay regime rewards seniority among hourly workers. Indeed, union representatives at Food Chief proudly described a contract clause requiring every other

hourly promotion to be based on strict seniority; managers lamented the same clause because it makes it harder to reward the most productive workers with promotions.

Table 15. Hourly wage ratios from top to bottom of store staff: Two grocery chains

	Homestyle (non-union)	Food Chief (union)
Top-to-bottom ratio		
Store manager/PT cashier	5.40	4.89
Intermediate ratios		
Store manager/Dept. manager	2.90	2.26
Dept. manager/FT clerk	1.57	1.30
FT/PT cashier	1.00	1.67
Average store size	210	227

Note: Hourly wage figures omit bonuses. Store manager is assumed to work 40 hours per week (a significant under-estimate) for the purposes of this calculation.

Overview of variation in job quality

The clear message of the data on pay variability is that there is not a single, simple contrast between low inequality and high inequality, nor between inequality signifying the "high road" and that signifying the "low road". Indeed, the correlation between the full-time premium and the top-to-bottom ratio is only -0.003, indicating little if any systematic relation between the two. This is partly due to the dual nature of pay gaps, which can signal entrenched disparities and/or mobility opportunities. But it is also due to the importance of context, as our two more detailed paired company comparisons show. Electronix's pay structure shows larger gaps all along the line than that of Tech Source, due to a focus on rewarding high-value employees rather than creating a more inclusive work environment. But unionized Food Chief, while it has a narrow gap between managers and workers, has larger pay gaps among groups of workers, apparently reflecting the union's priority on creating a payoff to hourly worker seniority.

E. Lived job quality and role match: The example of work schedules

Here we develop another dimension of job quality we term "lived job quality", that is, aspects of job quality which are gauged differently depending upon worker needs and expectations. The extent to which there is a role match between worker and job arrangement to a great extent determines lived job quality and, in turn, affects retailers' ability to successfully implement a specific labor strategy.

1) Part-time gap fillers and time adjusters

This notion of lived job quality is most useful for assessing the quality of part-time jobs. From a firm's standpoint, part-time jobs come with significant savings in compensation (lower hourly pay rate and little or no benefit coverage). Importantly, they also operate as "shock absorbers" because the availability of numerous workers on part-time schedules gives retailers a handle for implementing a broad range of variation in staffing and scheduling across the day and week as well as reductions in labor hours. But from workers' standpoint, part-time jobs are assessed in terms of the extent to which they suit their job expectations, as these are formulated in light of constraints of the work environment and schedules.

Along with others, we find that part-time job quality cannot be painted with a single brush; there is significant variation in worker experience with part-time. Stores use two kinds of part-timers: "gap fillers" and "time adjusters" (Jany-Catrice and Lehndorff 2005; Carré, Tilly, and Holgate 2007; Carré *et al* 2010). Gap fillers work short but predictable schedules (with low total earnings) while time adjusters are part-timers willing to have their hours flex upward in search of higher earnings.

Gap fillers include many in-school youths who work short hours most often on weekends and nights and have declared their availability to be clear and limited. (College students work longer hours than high schoolers.) An electronics manager reported that, because his store was *not* open evenings, he did not make use of college students (PW 5).
Gap fillers also include parents and those with responsibility for elder care; they often are adults but can also be young workers with responsibilities at home. Gap fillers may also be multiple job holders, using their retail earnings to supplement their main job. Supervisors and managers tend to schedule the two groups by adhering to their availability.

Time adjusters are in a different situation altogether. They have been hired part-time, with a minimum level of hours of about 15-20 hours, varying across companies, because all entry-level hiring is part-time. They are in a way station to full-time work and, usually, are expected to flex up to 40 weekly hours. Incentives are strong for those workers to be available to be scheduled to work "whenever". These workers experience variability in when they work as well as the total number of hours worked. Though the situation of part-time adjusters is particularly difficult, an increasingly prevailing trend also is for full-timers to become "time adjusters". A number of big box retailers "ration" work hours for full-timers as well, setting the standard workweek to 30 to 35 hours, demanding full scheduling flexibility as counterpart for a full-time status, and expecting these workers to "flex" up to 40 weekly hours.

2) *"Lived" part-time and the meaning of flexibility in retail*

In short, the appeal and drawback of retail work, particularly frontline retail work, is the option to work short hours and attempt to reconcile these with responsibilities outside of work. For part-time "time adjusters" working extra hours entails schedule unpredictability with consequences for life outside of work. For "gap fillers", schedule predictability is achieved at the cost of low earnings.

How are these trade-offs perceived by workers and managers? We would expect gap fillers to report few scheduling conflicts. Indeed, in many of the interviews, gap fillers report that they work the hours they can. A clerk in a warehouse store also enrolled in college worked about 20-25 hours per week, mostly scheduled on Saturday, Sunday, and one weekday. He sometimes works up to 30 weekly but "*never more*." (BC 3) An electronics salesperson reports working only up to 30 hours and is not looking for more hours because of college enrollment (TS22). One sales associate noted the only way to move up would be taking on full-time work which would not work with the school schedule (TO3).

Parents who work a schedule that fits with their children's school schedules are particularly appreciative of the access to short hours, as the following comments illustrate. A grocery store customer service associate said: "*Most of all, I like working here because the hours are flexible for my needs and I do have a 13-year-old boy at home. My priority is being a parent, …and my child, taking care of them, first*

priority for me. So I send him to school and I come here …in the morning…. Then before he gets home, then I be home before him. For me, it's worked out great here." (HS 8)[5] A supermarket cashier noted: "*When I got hired, I said 'no nights, no weekends*.'" (TM 11) A grocery store cashier reported similar accommodation to her constraint: "*I can't work past 1:00. That's the latest I work because then I go home with my daughter and my husband goes to work*." [PA 9]

Indeed, both groups also report there is a fair amount of trading of shifts and manager tolerance and willingness to accommodate adjustments in schedules. The cashier just quoted also noted that "*There's a board where you can write down days where you're unavailable and try to get people to cover your shifts*." [PA 9] Another noted: "…my manager is very willing to work with my schedule […] and, if I need a day or something, that's when we switch or whatever…" (PA8)

Short notice adjustments to the schedule become the responsibility of department supervisors and store managers to manage and "make work". As the above electronics worker further notes (TS14), "*There is always a chance they can make that (adjustment). It all depends on your manager, who your manager is*." And certainly, in supervisor interviews, we noted frequent mentions of the need to juggle schedules and the complications this entails, including pressuring regularly scheduled full-timers to pick up the slack in workloads. Some workers, in some stores, report working out a shift "swap" with a co-worker and then asking authorization.

In food stores, unions have striven to have somewhat depersonalized rules for scheduling and have tended to rely on seniority rules for scheduling preference. Therefore, depending upon who is interviewed, the rule is experienced as fair or not. A deli worker noted "*I'd probably like talk to my manager. A lot of times like you don't get what you want. It's difficult*." (FC7)

We are mindful of the fact that since the companies selected the interviewees, workers interviewed are likely those who are, on the whole, relatively satisfied. Nevertheless—even in this group of relatively satisfied workers—flexibility is constructed and understood within the given constraints of the labor market and of job structures within retail. Gap fillers take short hours because they find few other ways to work. They also find hourly jobs far more "flexible" than steady full-time jobs because they can ask for reduced work hours occasionally, or for significant stretches of time.

The grocery store associate mentioned above looked into other job options but *"Every place you go, they're demanding hours 9:00 to 5:00. But for me, I still want to be a priority for my son."* (HS8)
A single parent reported that she quit another retail job and took her current one because it allows her to get home two to three hours before her child goes to bed. She would love to work more hours, but with a schedule that allows her time with children. (VF8)

We also note that gap fillers who request a change in regular hours usually request a reduction in their steady hours. An hours reduction is easier to get than an increase. In effect, the fact that most workers

[5] Occasionally, full-timers in grocery stores may be able to request a schedule that meets their clear constraint in exchange for flexibility about working during "unsocial" hours. For example, A cake decorator noted "*That's what I told them. That's the only thing I ask. And they're very accommodating on that. I said I'll work whatever days you need, whatever hours you need me but I just need to leave by 3:00 or 3:30*." (PA 6)

in stores are hourly workers (with low guaranteed hours) permits hours reduction at worker request without a change in their job arrangement. This is the context for which workers and managers use the term "flexible".

3) Time adjusters' perspective on part-time and full-time differentials

Time adjusters have a far different view of scheduling "flexibility"; they experience it at variability in when they work and, importantly, how many hours they work each week. They may have gravitated to retail because they cannot keep up with a consistent full-time schedule, but they also want more work hours. They report wanting, and getting used to, higher levels hours than the minimum hours guaranteed as their minimum hours.

A cashier noted: "*I was kind of upset with this week thing. They gave me 18 hours week and I was kind of hoping for 30 like I normally get. Sometimes they'll give you less hours because they're training other cashiers and they need to balance the hours*." (HS14) In a company that has implemented severe reductions of labor budgets in recent years, a cashier noted: *"Some people, they work over 32 hours but they're just not considered full time. And that makes them so mad."* (VF6). A HR officer 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*." (VF2) An electronics manager reported that he has lots of part-timers who experience great fluctuation, 5 hours one week but 20 the next, when a co worker is out, and cannot schedule them steadily for as many hours as they'd like (EL10).

4) Why short hours are acceptable

Gap fillers, in particular do not take on additional hours and, importantly, do not wish to move up to full-time because of the expectation to be available to work over a much broader span of the day and week. For the same reasons, some time adjusters want, and work, more hours than their regularly scheduled hours, but do not necessarily wish to have a full-time commitment or to move to higher, management, levels. For example, a cake decorator who works nearly full-time hours highlighted the dilemma of turning down promotion options in order to handle child care considerations: ***"****I wouldn't want to move up and definitely working in a 24-hour department, I wouldn't want to…have to be called in the middle of the night to fry donuts."* (PA6) Even in unionized food retail, the requirement that full-timers display flexibility as to when they are scheduled to work holds. At one company a worker noted that she could get a full-time schedule of 37.5 hours guaranteed only "with lots of flexibility" (FC 15).

A possible trend that will complicate tradeoffs faced by workers is that a number of retailers have begun to issue explicit requirements that full-timers be available "whenever", in other words, be willing to work any schedule and adapt to schedule changes week to week. For example, one electronics retailer issued written statements notifying full-timers of such requirement. As one manager noted "*some did not want to do it*" (and the full-time to part-time ratio declined rapidly) (OE4).

Thus, interviewed workers seem to have settled for low earnings as a tradeoff for having some degree of predictability in their work schedule—in their time away from home. This accommodation creates particular complications for single parents, mostly single mothers, who need predictability but also seek a higher number of hours on which to count every week.

The implications of this accommodation also create problems for supervisors and managers, particularly the latter, who need to have a "bench" of potential, and tried, candidates for promotion. Particularly in food retail, store managers note that the pipeline for potential assistant managers is getting thin. Similarly, regional managers express concern about their "bench strength" for store managers schooled in the ways of the company. A supermarket cashier noted: *"There's not a whole lot of people that want those [head clerk jobs]. The big downside for that is they only make a quarter more an hour but now you have a lot more responsibility. You're now responsible for running that front end. You're responsible for closing the store and making sure things are being taken care of and customers are taken care of."* (FL10) A Megamart human resources official made a similar observation: "*[The 'key carrier' job is] like a first line supervisory position. That's why getting keys is a big deal. And some people don't want to step into that role. They don't want the responsibility. So that's why some people just remain part time associates and never go up to that key level."* (MM6)

IV. Conclusion

Bureau of Labor Statistics data tell us that retail jobs are, on the whole, low quality jobs on a variety of standard indices: low wages, sparse benefits, high turnover, and little investment in training. Our field data conform with this average picture, and reveal additional headaches such as schedule variability and unpredictability. But, as we previewed at the outset, they also unveil a great deal of *variation* in job quality across subsectors, across companies, and within companies. Such job quality differences grow out of distinct corporate labor strategies, which in many cases are linked to—though not dictated by—— market strategies.

A first distinction is that between grocery and consumer electronics retailers. While electronics has higher hourly wages on average, the electronics advantage turns out to stem not from higher wages across the board, but primarily from handsome compensation for higher level sales and service workers, tied to a strategy of expanding high-end sales and services. Higher sales wage scales in electronics accompany a more male workforce, and do not appear to reflect greater technical knowledge, suggesting gendered wage effects.

Digging a layer deeper, we find substantial job quality variation *within* each subsector. Frequency distributions of wages, percent part-time, and turnover highlight that variation, but it is the paired case comparisons that tell us about the underlying processes. One example is the well known high road/low road contrast between Costco and Wal-Mart. Costco uses fewer part-timers and offers superior compensation to keep turnover low and motivate a high productivity workforce—which in turn helps them to attract higher income shoppers. Wal-Mart relies on a low-price appeal, based on lower compensation and a larger corps of part-timers. In our own sample, we find a similar, if less dramatic distinction between high-road Homestyle and low-road Marketland, competing in the same region but with different approaches. Homestyle pays higher wages, employs a bonus system for all hourly workers, and greater investment in training to sustain a high service model, whereas Marketland pursues lower labor costs and lower prices. Executives and managers at these chains (and others) are clear about the differing labor strategies and the motivations for them.

Companies also differ in the nature of *within-company variation,* exploring the "wage spread" between top and bottom jobs, and within job categories. Again, paired comparisons make the point most clearly.

Although, as noted, in general electronics retailers offers larger premiums for high-end workers than do grocers, Electronix pursues this principle more relentlessly, whereas Technology Source seeks to balance it with a message that "there's value on [all] people", moderating some pay and benefit disparities. Unionized Food Chief and nonunion Homestyle are both pursuing some version of the high road, but the union's influence is visible in larger wage jumps among hourly jobs (translating into promotion opportunities for union members) along with a *smaller* pay difference between labor and management. In the electronics pairing, pay gaps are wider (Electronix) or narrower (Tech Source) from top to bottom, whereas in the grocery contract (??) larger pay gaps at the bottom accompany smaller gaps at the top.

Objective job characteristics are important, but so are workers' subjective perceptions, what we call "lived job quality." Part-time jobs in retail look fairly uniformly poor in terms of pay, benefits, and turnover. On closer examination, however, these jobs segment into "gap fillers" and "time adjusters". Gap-filling jobs are filled by "role-matched" demographic groups—students, mothers of young children—who are willing to settle for less in return for fixed part-time hours that fit their schedules. Time adjusters, in contrast, face schedule uncertainty, and typically want more hours than they can get. Subjectively, some in the "worst" jobs view those jobs through rose-colored glasses, while others are desperately unhappy.

Returning to retail jobs' objective characteristics, this ample set of comparisons spotlights a variety of choices in terms of labor strategy. The choices the high road/low road split (Costco vs. Wal-Mart, Homestyle vs. Marketland), but also a number of others:

- High hourly top vs. low hourly top (electronics vs. grocery)
- High inequality vs. low inequality (Electronix vs. Tech Source)
- Big differences near the bottom vs. big differences near the top (Food Chief vs. Homestyle)

Though we have focused much on hourly wages to facilitate ranking and averaging, we have tried to illustrate how labor strategies encompass other dimensions of compensation, scheduling, training, and more. The bottom line is a significant amount of variation in job quality, even among otherwise similar retailers, and variation that only sometimes neatly falls into the standard high road/low road distinction.

Taking another step back reveals that while company market niche and labor strategy are decisive in variations in retail job quality *within* the United States, national constellations of institutions dominate the differences *across* countries, pointing to an even broader range of variation and alternative ways to organize retail work. Institutional variation within the United States—union vs. nonunion companies, retail in the open-zoning South vs. the restrictive Northeast—sounds a muted echo of these larger differences. In short, U.S. retail jobs are bad on average, but not uniformly so—nor need they be so.

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