



**DISCOUNTED**

# JOBS:

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How Retailers Sell Workers Short

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A report by  
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## Acknowledgements

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# Table of Contents

Executive Summary.....	2
Introduction.....	4
Methodology.....	5
Survey Results .....	5
The New Retail Workplace: Policies and Problems .....	12
Always on Call: Just-in-Time Scheduling.....	12
The Decline of Commission Sales.....	14
Challenges and Opportunities for Advancement in Retail Jobs .....	16
Race and Gender Discrimination on the Sales Floor.....	17
Subsidizing a Part-Time Workforce.....	18
Policy Recommendations & Best Practices.....	21
Conclusion.....	27

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# Executive Summary

Retail is one of the fastest growing sectors in the United States and a core part of the New York City economy. This study, conducted in the fall of 2011, sought to track the wages and working conditions of frontline non-managerial workers in New York's booming retail industry. We interviewed workers employed at non-union large stores and national chains from high-end Fifth Avenue fashion to off-brand clothing retailers on Fordham Road in the Bronx. Because New York is the retail capital of the United States, and the majority of respondents worked in stores with a national presence, this study paints a portrait of the practices and conditions experienced by retail workers across the country.

Responses from the 436 workers surveyed debunk myths surrounding the industry that boasts about putting America back to work. This report provides insight into the workers and families who are trying to survive on low-wage retail work – showing that race and gender matter a great deal when it comes to how much workers earn per hour, how likely they are to be promoted along a career path, and how likely they are to have benefits such as health insurance or paid sick days.

The survey uncovered that retail workers in New York aren't all young and aren't all surviving successfully on one low-wage job. Approximately one third of surveyed retail employees support a family member on their wages, yet the median wage for surveyed workers is only \$9.50 an hour, and just over half of workers earn below \$10 an hour. Close to one in five workers earns less than \$8 an hour and 80 percent earn less than \$15 an hour. Additionally, if affordable childcare is available, erratic scheduling further places children in low-wage households in a precarious situation. In a city with one of the highest costs of living in the country with no municipal or statewide increases over the federal minimum wage, families relying on retail jobs are especially vulnerable. Commissioned workers reported that what was once a respected career job with a steady income has been replaced by intensified competition among colleagues and eroded earnings due to restructured commission systems and low rates.

Only 29 percent of respondents are awarded health benefits through their retail job. For the 71 percent of retail workers that do not receive health benefits through work, about 25 percent live without insurance and 34 percent rely on government programs. Less than half of workers received paid time off or paid sick days, and overall, fewer than 25 percent of retail workers had ever taken advantage of a paid sick day. This is a public health concern and one that impacts all taxpayers – such data should be considered when decisions are made about public subsidies for business developments.

Despite the fact that women and people of color make up the majority of the frontline retail workforce, they disproportionately face barriers to career advancement, benefits, and wage parity. Women surveyed are less likely than men to receive health coverage and paid time off, or to be offered a promotion. The differences by race are stark: whereas 54 percent of white workers received a raise and promotion after working at least six months on the job, only 39 percent of black workers, and 28 percent of Latino workers enjoyed similar opportunities. Most shocking is that 77 percent of Latinas

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made under \$10 per hour, demonstrating how retailers perpetuate and profit from the structuralized marginalization of groups such as women of color.

Scheduling practices at major retail employers in New York City reflect nationwide trends toward the creation of a “just-in-time” workforce. Almost 60 percent of the retail workforce is hired as part-time, temporary or holiday, and only 17 percent of workers surveyed have a set schedule. The vast majority, seventy percent, only knows their schedules within a week. For workers with other primary responsibilities such as family or school, childcare and the pursuit of education become a significant challenge. Nationally, the number of retail employers who are working part-time “involuntarily” has expanded from 644,000 in 2006 to 1.5 million in 2010. While part-time is an attractive choice for some workers, this explosive growth of part-timers is because of underemployment, not because of worker choice.

Recent government policies continue to reward the use of a majority part-time workforce and discourage the creation of sustainable retail careers. Eligibility for benefits, including health insurance, is usually limited to include only workers explicitly designated as full-time – the minority of the retail workforce. Many so-called part-time workers are working full-time hours (a median of 35 hours a week during high seasons) while being excluded from the entire benefit structure of health insurance, paid time off and sick days. Not surprisingly, the part-time workforce has a high turnover rate - the median tenure of part-time workers surveyed was just one year. Retailers have calculated that the cost of hiring and training new employees is less than providing benefits to retain a steady workforce – especially as most employees receive minimal training. The instability and lack of mobility in retail work further tip this balance in retailers’ favor, as many retail workers eventually quit out of exasperation – instead of being fired or laid off—thus exempting employers from paying higher unemployment insurance premiums.

Naturally, the growing sector of retail jobs is part of any city or state strategy for economic development. Excluding grocery workers, there are 242,000 retail workers in New York City. There is no reason that low-wage, unstable jobs cannot be developed into living wage jobs with opportunity for advancement. Rather than restrict job creation, higher wages give our economy a greatly needed boost. One of the most effective solutions to addressing low wages and difficult working conditions in the retail industry can be found by looking at the models of unionized stores. For example, the experiences of our survey respondents differ markedly from those of workers who are represented by the Retail, Wholesale and Department Store Union, UFCW. Unionization can result in significant improvements in all areas – wages, scheduling and benefits – irrespective of race and gender. In fact, a union is one of the best ways to eliminate racial and gender discrimination in the workplace.

In order to propel both local and national economies forward, we must reverse the declining standards in the retail industry. As a leading industry in job growth, creating family-sustaining jobs in the retail industry must be a part of any strategy to address the growing inequality in America.

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# Introduction

Retail is one of the fastest growing sectors in the United States and a core component of the New York City economy. This study sought to track the wages and working conditions of frontline non-managerial workers in the booming retail industry in New York City, particularly among large employers and national chain stores. We surveyed workers in a spectrum of retail businesses from high-end Fifth Avenue fashion to children's stores and off-brand clothing chains on Fordham Road in the Bronx.

The report is based on face-to-face surveys of front-line retail workers conducted in the fall of 2011 and is supplemented by in-depth interviews and focus groups. The resulting data is the first of its kind to focus on the voices of New York City retail workers and include detailed information on who works in retail and what challenges they face on the job. The survey excluded unionized workplaces governed by collective bargaining agreements. However, we include some profiles of unionized workers in the report for comparative purposes. By tracking some effects of union representation at RWDSU<sup>1</sup> organized stores, the report presents some alternatives and solutions to the problematic wages and working conditions found at non-union retail firms.

Results show that many retail workers love working in the industry and some have made or hope to make a career of it. While there are young workers in the industry, the median worker surveyed has been in the industry for four years, and approximately one third of workers support at least one family member on their income.<sup>2</sup> Yet wages are low: over half of the respondents earn less than \$10 an hour and work fewer than 40 hours a week. Retail employees are more likely to depend on Medicaid and have no insurance coverage rather than receive health benefits from their employer.

The study also finds consistent challenges facing women and people of color in the industry. Despite half a century of federal equal employment law, women and minority workers surveyed experience a significant wage gap and have learned to expect less from their employers. Black and Latino workers are less likely than white workers to receive health coverage, less likely to be offered a promotion, and more likely to experience problems with management.

Other researchers have found that the retail industry is shifting towards “just-in-time” scheduling practices, in order to increase managerial flexibility to hire and fire.<sup>3</sup> Although managers often receive hour allotments one month in advance, many prefer to post schedules just a few days before the start of the week. Some workers report having schedules changed the “day of,” wreaking havoc on family and other non-work obligations. Instead of allowing flexibility for workers, new scheduling practices have increased the precarity of a weekly paycheck and undermined financial stability. As Susan Lambert asserts, frontline retail workers are increasingly paying the price of market fluctuations.

Naturally, the growing sector of retail jobs is part of any city or state strategy for economic development. Excluding grocery workers, the retail sector already employs

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242,000 workers in New York City.<sup>4</sup> Retail sales associate is one of the top six job categories estimated to experience the greatest job growth through 2018.<sup>5</sup> But the net number of retail jobs may not tell the whole story. For policymakers concerned with quality job creation, the most basic questions may be: does it provide a steady paycheck? is there room for growth? In the retail sector, this survey-based report may be the first attempt to provide comprehensive answers to these job quality questions. Retail workers are no different than workers in other sectors: they want a steady paycheck and a way to move up in the industry. The findings presented in this report show a clear trend toward a precarious workforce that is being deskilled and underscheduled with limited opportunities for career growth.

## Methodology

Our survey was designed to capture the experiences of front-line retail workers in New York City. Because we were interested in understanding labor practices at the forefront of the industry, we limited our scope to stores with 100 or more employees per store, and chain stores, defined as three or more locations in New York City. We focused on 10 segments within retail: Furniture, Home Furnishings, Electronics and Appliance Stores, Home Centers, Cosmetics and Beauty Supply, Clothing Stores, Shoe Stores, Book Stores, Department Stores, Office Supply and Stationary Stores. We collected a total of 436 surveys, from 230 individual stores, across the five boroughs.<sup>6</sup> In addition to the survey, we conducted focus groups with surveyed workers to gain more nuanced insights into particular issues related to working conditions and scheduling.<sup>7</sup>

## Survey Results

### Demographics

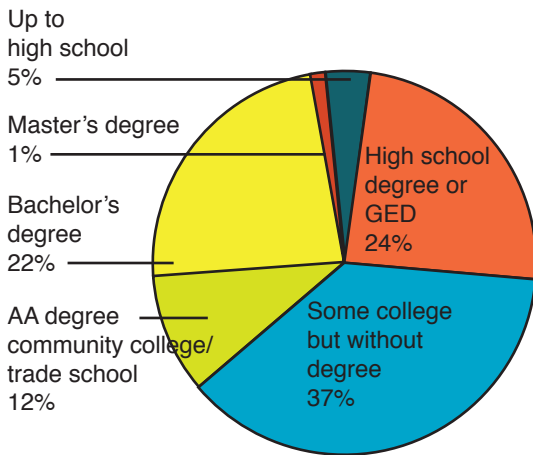
The retail workers surveyed were 59 percent female, and ranged in age from 15 to 62, with a median age of 24 years. Just over one-fifth of workers surveyed reported that they were born outside of the US (32 percent of immigrants were born in the Dominican Republic).

Just over 70 percent of workers completed some college or a college degree. The largest group (37 percent) has attended some college but has no degree. Just over a third has an Associate, Bachelor's, or Master's degree.

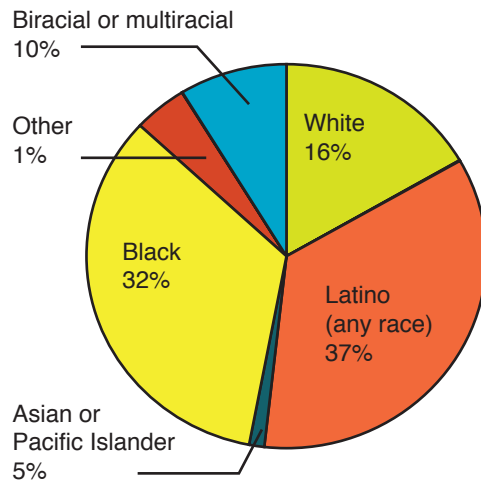
Surveyed workers have been in the industry from anywhere between four days at the time of the survey to 40 years, with the average at five years working in retail. On average, workers have been in their current job for just over two years (26 months), with a median time on the job of one year. Fifteen percent of survey respondents currently have at least one other job in addition to the job they reported on.

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## Highest Level of Education of Workers Surveyed



## Workers Surveyed by Race and Ethnicity



### Working two part-time jobs to support my family.

I'm a parent with two children living in Brooklyn, and I work another part-time job in addition to my retail job just to make ends meet. I work six to seven days a week and it still doesn't cut it. During the holidays I am forced to work late so that the corporation makes huge holiday profits. But since I don't make commission it doesn't benefit me – it just gets in the way of spending time with my family.

I was even pressured by my boss to work when my daughter was in the hospital, despite the fact that I gave as much advance notice as the situation allowed. I feel like my work is forcing me to choose between keeping my job or caring for my children. How am I supposed to take care of my children when I earn so little, despite working two jobs?

— Tamara  
Sales Associate



## Wages and Working Conditions

Of workers that reported earning only an hourly wage, the average pay was \$10.07 and the median was \$9.50.<sup>8</sup> Almost 12 percent earn the minimum wage, and 51 percent earn below \$10 an hour.

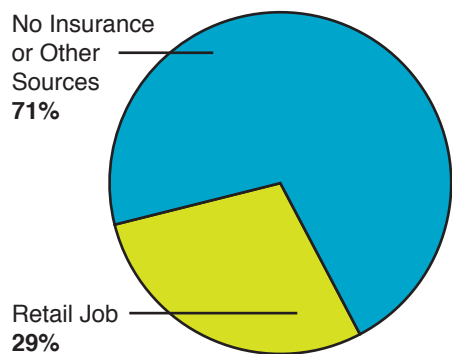
Just over 41 percent of workers were hired as full-time, while 53 percent were hired as part-time. The remaining 6 percent were hired as full-time flex, holiday or temporary workers.

Only 29 percent of retail workers receive health benefits through their job. Approximately 46 percent are entitled to paid time off, and 44 percent have paid sick days. Of the workers who reported that they are entitled to paid sick days, only 54 percent have ever used a paid sick day, pointing to barriers to utilization. One worker said that she was threatened

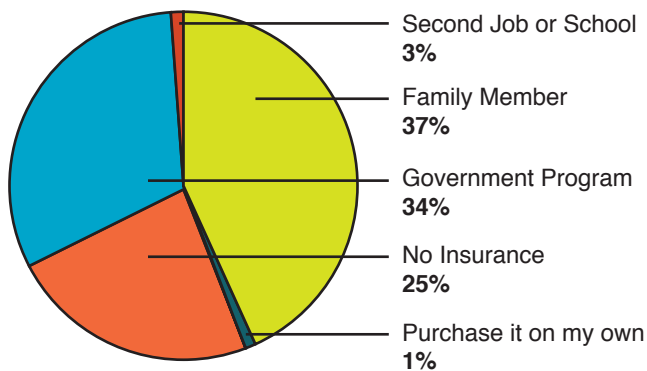


with demerit points when she was hospitalized, “When I told them... it was almost as if she didn’t believe me, so I told her, ‘I’m in the hospital and I can fax over a letter as soon as I get one.’ She said, ‘Ok, that’s fine but I don’t know if you’ll be excused for it, you might get a point for it.’ They go by points, so if you get 9 points you’re automatically terminated ... I was like, ‘It’s a medical reason, and I mean who lies about going to the hospital?’”

**Where do retail workers receive their health insurance?**



**What do the 71 percent who don’t receive health insurance through their retail job do?**



Full-time and part-time workers receive different wages and benefits. Retail employs a strongly bifurcated labor force, the majority of full-time workers receive benefits and paid time off, while part-time workers are more likely to receive only an hourly wage. One worker reported that she understood the logic of rewarding full-time workers with greater fringe benefits but did not think it is fair for workers in the part-time pool to accrue no benefits at all. She said, “If I put my time in as a part timer, why can’t I earn a sick day on a pro rata basis? One sick day? I’m not worthy of being sick?”

Although hourly wages rise, on average, with education, college graduates cannot be assured of high wages. For those with a Bachelor’s degree, the median wage was \$11.50 per hour. With a median of 36 hours per week, a retail worker with a Bachelor’s degree could expect to gross just under \$22,000 a year. Respondents with an Associate’s degree had a median hourly wage of \$10 and 32 median weekly hours. This results in an annual gross income of \$16,640, assuming year-round employment.

**The New Part-time Workforce: Getting by with less**

	Hired as Full-Time	Hired as Part-Time
Respondents	41%	53%
Median hours per week	39/week	26/week
Median wage per hour	\$10.00	\$9.25
Health benefits	53%	9%
Paid time off	72%	25%
Paid sick days	72%	23%

**Last-minute scheduling and a verbal warning for a hospital visit.**

My schedule was always posted at the last minute, sometimes only two or three days in advance. On top of that, they frequently changed the schedule but wouldn't notify anyone. Sometimes I would miss a shift because I had been rescheduled, but even though I was not informed I would still get in trouble.

I suffer from a chronic illness and once ended up in the hospital because of a sudden diabetic insulin reaction. Even though I brought a doctor's note, my manager didn't care. He still gave me a verbal warning for a no-call, no-show. Because my employer didn't offer any health benefits or paid sick time, I had huge hospital bills, I lost wages when I was sick, and I was constantly stressed that I could get fired because of my illness.



—Christopher  
Former Sales Associate  
Banana Republic

**Scheduling**

Scheduling practices vary greatly within the retail industry. Only 17 percent of workers surveyed have a set schedule. Thirty percent know their schedules more than a week ahead of time, and the rest - over half - only know their schedules within a week, with about a fifth getting their schedule within three days notice. Thirty-six percent report working more than 40 hours a week at times, including 30 percent of those officially hired as part-time workers. Almost 30 percent of those who work more than 40 hours a week say they do not get paid overtime pay when they do so, in opposition to federal law. Part-time workers are even less likely than full-time workers to receive overtime pay.

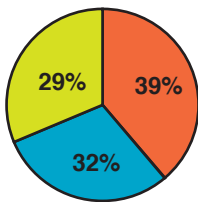
Just over a third of retail workers report that they sometimes work more than 10 hours a day, but only 41 percent get paid an extra hour as mandated by New York State law. When asked about the frequency of certain scheduling practices, fifteen percent of workers say they work "off the clock" at least

sometimes. Similarly, 73 percent report that if they are sent home before four hours, they are never paid for a full four hour shift, as is mandated by New York State law.<sup>9</sup>

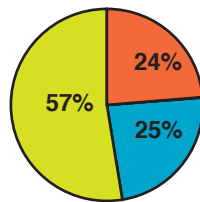
**Just-In-Time Schedules: Unpredictable and Unstable**

Answers to the question, "How frequently do the following situations occur?"

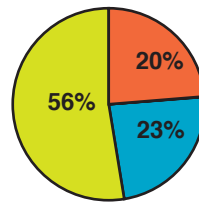
- Always or often
- Sometimes
- Rarely or never



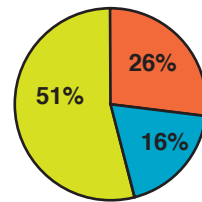
Does the number of hours you work vary from week to week?



Are you scheduled for fewer hours in a week than you would like?



Do you have to be available for "call-in" or unexpected shifts?



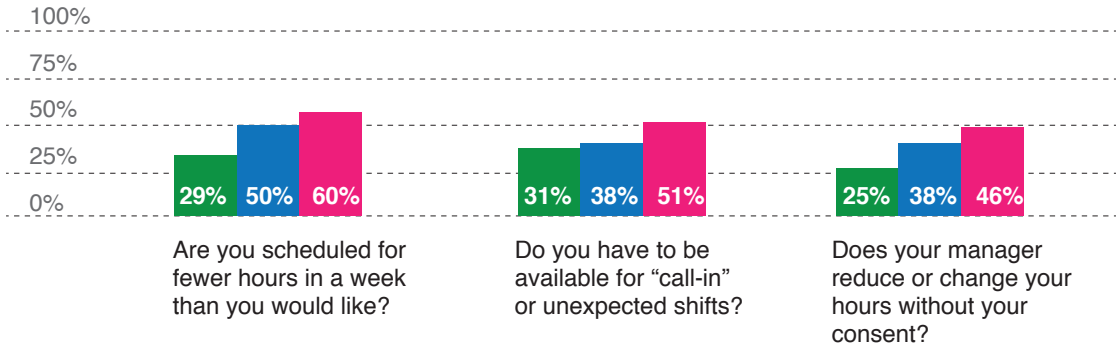
Does your manager reduce or change your hours without your consent?

The majority of workers reported that work hours vary week to week at least sometimes. Almost half of these workers would prefer to be scheduled for more hours a week, representing the broader labor market phenomenon of underemployment. Just over 40 percent of retail workers must be available sometimes, often, or always for “call in” shifts. Almost half say their manager changes their shift without their consent.

Problems with scheduling appear to be strongly correlated with race/ethnicity. In general, Latino workers experience far more problems with scheduling than do other workers, while white workers experience the least. For example, while 23 percent of white workers always or often experience variation in their schedules from week to week, almost double (40 percent) of Latinos experience this. Almost a third of Latinos are scheduled for fewer hours in a week than they would like, compared to 12 percent of white workers.

**Underemployment Among Black and Latino Workers**

The following percentages of respondents reported that these situations occurred always, often, or sometimes:



Workers reported that managers sometimes punish workers for requesting shift changes by reducing overall work hours or assigning less favorable shifts. While 76 percent of white workers feel free to request changes without fear of punishment, only 68 percent of black workers and 58 percent of Latino workers feel the same.

**Wages and Benefits by Demographics**

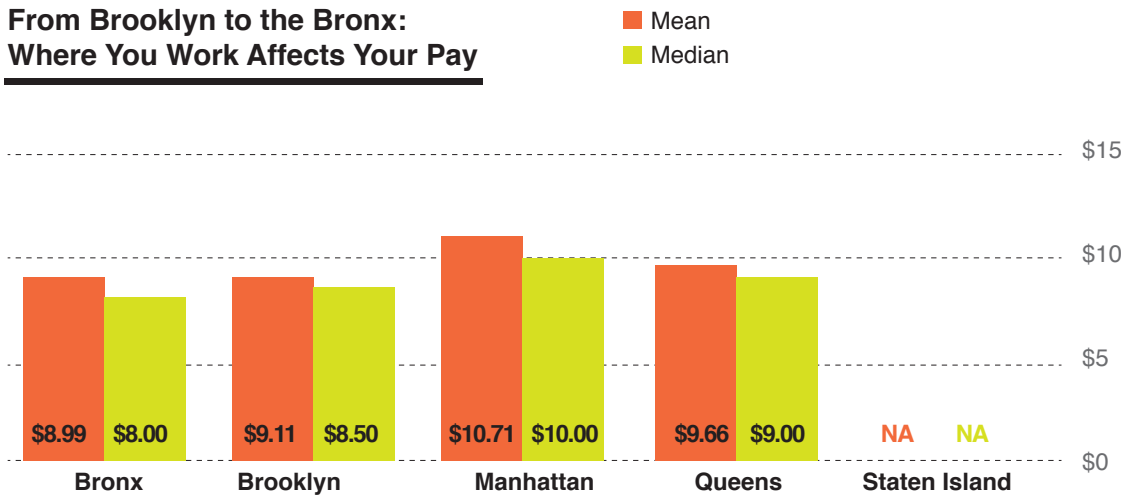
Average and median hourly wages are significantly higher for men than women among surveyed workers paid hourly.

Wages also vary by race, with white workers reporting higher mean and median hourly wages, and Latino workers reporting the lowest wages (our sample size for Asian workers is not large enough to report).

Wages also differ by immigration status. Foreign-born workers are paid a median hourly wage of \$9.00, while US born workers’ median hourly wage is \$9.50.

There is some variation in wages by borough, with lower wages in the Bronx and Brooklyn, and highest wages in Manhattan.

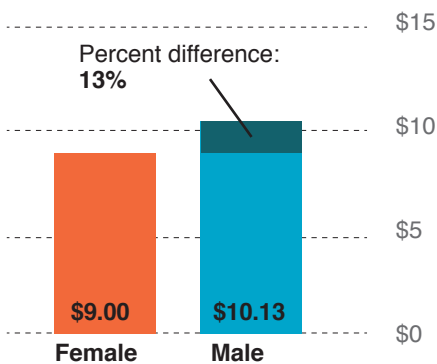
**From Brooklyn to the Bronx:  
Where You Work Affects Your Pay**



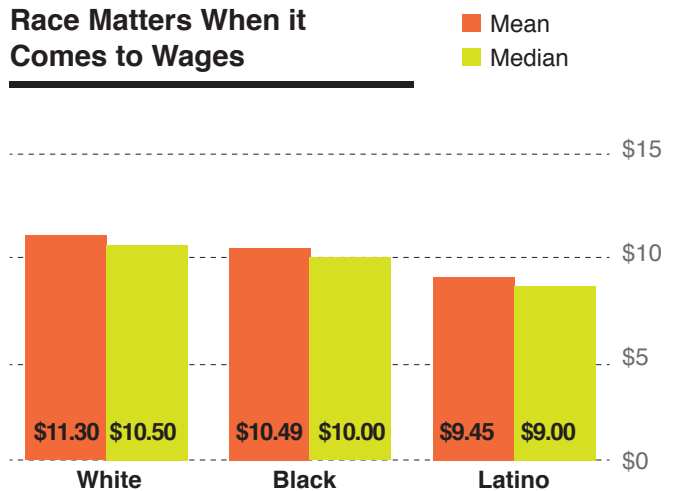
Male respondents are more likely than female respondents to receive health benefits and paid time off, but they are about equally likely to receive paid sick days. Provision of fringe benefits in these three areas was also strongly correlated to race. For example, Latino workers are twice as likely not to receive health benefits from an employer as white workers.

The differences in wages and benefits, along with scheduling problems, may be correlated to job status by race. White workers are more likely than other workers to be hired with full-time status, whereas more than half of Black and Latino workers are hired as part-time.

**Women Are Paid Less for the Same Work**



**Race Matters When it Comes to Wages**



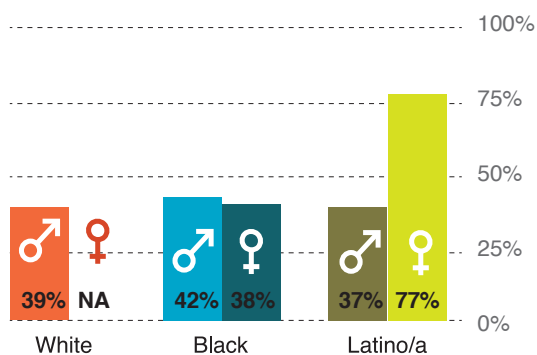
## Seniority and Careers

Women have worked in the retail industry longer, on average, than men, with women averaging just over five years, and men just over four years of experience. One quarter of women surveyed have worked in retail for six years or more, and 10 percent of women have been in retail for 10.5 years or more. While almost 20 percent of male respondents currently have at least one other job, only 11 percent of female respondents do. This also varies by race. Black workers are twice as likely as white and Latino workers to have a second job.

Tenure in the industry varies by race, with the median Latino employee working for three years in the industry, white workers at just under four years, and black workers at 4.5 years. However, for white workers, the standard deviation is high, and it appears that there are a number of white workers who stay in the industry for just a short time and leave, while others stay and make retail a career. White workers also had the lowest median number of months in their current job at seven months, compared to a median of 12 months for black and Latino workers.

Thirty-one percent of respondents have received a promotion since starting the job, and just about half have received at least one raise. In order to look more closely at raises and promotions in the industry, we examined those workers who had been in their jobs for at least six months and found that 40 percent had received a promotion, 66 percent had received a raise, and 35 percent had received both a promotion and a raise. Looking at this data by race brings to light interesting differences. For those who had been working for at least six months, 54 percent of white workers had received a raise and promotion, but only 39 percent of black workers, and 28 percent of Latino workers had. For Latino workers with two years or more experience in the job, only 36 percent had received a raise and promotion. Black and Latino workers are more likely to receive raises than promotions. However, even with those raises, Latinos' median wages do not reach the median starting wage for white workers, even after two years on the job.

### Who Earns Below \$10 Per Hour?



## Low Wage Workers

Despite the stereotype that low-wage retail workers are teenagers, the average surveyed worker earning less than \$10 an hour is 24 years old. Females comprise 59 percent of all respondents, but 68 percent of low-wage workers. Of those workers who are only paid an hourly wage, Latino workers fare far worse than other groups of workers.

Low-wage workers are heavily over-represented in the Bronx, Brooklyn and

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Queens, where two-thirds to 70 percent of all retail workers surveyed earn below \$10 an hour. In contrast, in Manhattan, 36 percent of surveyed retail workers earn below \$10 an hour.

Just over half of part-time workers earn less than \$10 an hour. While part-time workers are much more likely than full-time workers to earn low wages, full-time workers are not exempt. More than one out of every four full-time workers also earns low-wages.

On average, wages rise with seniority. Those earning less than \$10 have a median of one year on the job, while those earning \$10 or above have a median tenure of a year and a half. However, seniority is no guarantee of higher wages, as one-quarter of low-wage workers have two years or more experience, and the top decile of low-wage workers has a median of four years experience. Similarly, higher education is no guarantee of higher wages, as more than one quarter of all workers with a college degree earn \$10 or less.

## The New Retail Workplace Policies and Problems

### Always On Call: Just-in-Time Scheduling

The retail industry has seen the rise of “just-in-time” scheduling, whereby managers schedule workers so as to maximize the adjustment of labor costs to customer flows. Managers want ultimate flexibility, but the result for employees is unpredictable schedules that vary from week to week, and sometimes day to day. While companies have the power to change hours without notice, workers are often penalized for unplanned absences such as sick days.<sup>11</sup> Workers are expected to have “open availability” while retailers schedule them for fewer and fewer hours. These labor management practices often encourage turnover instead of retention, a trend that Susan Lambert has called “structured instability.” While part-time workers are most affected, full-time retail workers across the industry are also finding their start and end-times, shifts and number of hours varying weekly—often with minimal advanced notice.<sup>13</sup> The following are a few key trends in scheduling:

**An involuntary part-time workforce.** The retail industry has always relied on part-time workers, but this has increased over the past few decades with the expansion of large “big box” chains that stay open for long hours.<sup>14</sup> In our survey, almost 60 percent of workers were hired as part-time, temporary, holiday, or “full-time flex.” A worker at T.J. Maxx reported a weekly low of 15 hours and a high of 25 hours— this spread was typical of hours reported by part-time retail workers. Only 10 percent of survey respondents who were part-time had a set schedule.

The nature of “part-time” work has also shifted; retailers define “part-time” differently and a worker’s nominal status may not accurately reflect his or her typical weekly work

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schedule. Less than thirty hours per week has long been a common benchmark for part-time employment, with recent research noting that some employers define part-time as working less than 26 hours a week.<sup>15</sup> However, the US Bureau of Labor Statistics defines part-time work as less than 35 hours per week. The definition of “part-time” has significant implications for workers’ eligibility for health insurance and other benefits. Retail jobs have always accommodated workers who chose part-time schedules because of other obligations or who work to supplement family income. Nevertheless, the growth of retail jobs in recent years has originated overwhelmingly from involuntary part-time hires. These workers, like many other low-wage workers, would prefer to work more hours than they are typically scheduled. From 2006 to 2010 the number of part-time workers in the sector increased by 9 percent while the number of involuntary part-time workers increased by 144 percent, with a gain of 929,000 workers.<sup>16</sup> Retail, along with food service and construction, accounts for about 40 percent of all involuntary part-time work in the country.<sup>17</sup> Involuntary part-time workers often find that despite a scattering of good weeks, weekly hours are too few to meet the basic costs of living.

**“On Call” shifts.** Twenty percent of workers surveyed must always or often be available for “call-in” shifts. Call-in (or “on call”) shifts are days when workers are expected to call the store the morning of the shift or the night before to know if they are scheduled that day. Companies have increased the use of “call-in” shifts, so that they are not committed to paying workers unless they need them based on customer flow. This makes it harder for workers to arrange for childcare and other obligations. A worker at Club Monaco, a high-end retailer, reported that she was often scheduled for just one guaranteed shift and four on-call shifts in a week. Surveyed workers reported that they were both on-call several days a week and that they rarely got work when they called. A part-time sales associate at the Children’s Place, who had frequently been given “call-in” shifts reported that she has only worked one call-in shift in 18 months of employment. Workers are increasingly expected to hold their availability for “call-in” shifts that don’t materialize into work, posing challenges for workers to make plans in advance or work second jobs.

**Sent home early. Wage theft?** Workers also reported coming in for a shift only to be sent home early. This particular just-in-time scheduling practice leads to significant frustration for workers who have already paid for transportation and, in many cases, childcare. Several workers reported that when they clock into work, they are sometimes asked to leave within minutes. A worker at Urban Outfitters reported juggling both call-in shifts and being sent home early. She said, “They would call you literally one hour before the shift, and then what do you do? I have also had the experience where I got to work and then they would say, ‘I don’t need you.’” Over one-third of surveyed workers said that they were sometimes, often, or always sent home early. New York State law mandates employers to pay workers for a minimum four hour shift even if they are sent home early.<sup>18</sup> Yet only 15 percent of those surveyed say they are always paid a full four hours when sent home early.

**Schedule changes by the hour.** Surveyed workers reported erratic scheduling that could change hourly, especially with the use of computerized or online scheduling systems that can track projected hourly sales and adjust labor costs accordingly.<sup>19</sup> A JC Penney worker stated, “They switch the schedule around a lot and they expect that you look on

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the computer every half hour to know your schedule. They change my time and if you didn't print your schedule that week as evidence of the change, they will disregard your complaint." The practice of hour-to-hour scheduling adjustments means that workers are

### Erratic scheduling with just a day's notice.

Irregular schedules are a big issue for me. I'm given my schedule just a day or two ahead of time. Since I am in college, it's really important that I'm not scheduled during class.

There's so much turnover, I don't know my coworkers' phone numbers in case I need to switch shifts. To make matters worse, my schedule is posted in the store, but not e-mailed to me. If the schedule is posted when I'm not working, I have to call in - sometimes I'm on hold for half an hour.

Additionally, there is only one manager at my store who can change employee's schedules. If I'm not working when he's working, I have to track him down on my day off. Everyone's hours fluctuate. I have been scheduled for as few as six hours in a week, and as many as 40, so my paycheck is always different. How is anyone — a student or parent—supposed to plan their budget with such erratic schedules?

—Allan  
Sales Associate  
Uniqlo



expected to be nearly always on call. An Old Navy worker shared that her manager called her one evening around 7 pm asking her to come in at 6 am the next day. For students and parents, or people with two jobs, unstable schedules are particularly stressful.

**Hours are the new bonus.** With retailers' emphasis on flexibility, many surveyed workers expressed frustration at seeing store managers hire new employees instead of increasing hours for existing part-time workers. Some managers use the scheduling of hours as an incentive to increase the pace of selling by sales associates, rewarding or disciplining workers with hours according to their sales. A Club Monaco worker explained, "Our sales are posted and you know that if you don't sell over a certain amount that you won't get any hours for the coming week. You're gonna work one full shift and four on-calls for the next week, and they're not going to call you." Workers are now competing with each other over sales, not for commission but just to "get on the schedule." As another worker from Club Monaco reported, "We are working for an hourly wage but we fight like we are

working on a commission." Hours have become the new bonus. But for retail workers living paycheck to paycheck, the difference of a few hours of work can mean getting by or falling behind.

## The Decline of Commission Sales

Commissions used to be remuneration for superior salesmanship, industry knowledge and experience in specialized, luxury and big-ticket departments. Workers at many stores report that what was once a career job with a steady income has been replaced by intensified competition among colleagues and eroded earnings due to restructured commission systems and overstaffing.

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**Decline in rates.** There is little recorded research on commission rates in New York City. Surveyed workers reported commission rates averaging from 1 to 3 percent, although rates at furniture stores remain in the range of 8 to 10 percent. The decline in commission rates is in part due to declining profit margins in certain sectors such as consumer electronics, but also due to the growth of online shopping, and the weakened bargaining power of workers as competition among retailers has increased.<sup>20</sup>

**Tiered Commission.** Many stores now have a tiered commission system that sets certain sales goals with incrementally higher rates. For example, a salesperson at a SoHo shoe store reports that he receives

1 percent commission of the first \$1,000 in sales but then receives a premium commission of 3 percent on all sales thereafter. Workers report that retailers avoid higher commission rates in the tiered system by overstaffing the sales floor, thus making it more difficult for workers to reach the next tier of commission.

**Draw Commission.** Some commission workers receive “draw pay,” which is an advance or loan based on expected commissions. Challenged with unrealistic base goals and overstaffing, workers can hardly earn enough to pay back the loaned salary and often end up indebted to the company. This often results in poor performance reviews and therefore no raises or promotions.

**Commission as bonus.** Some stores offer low commission rates, in addition to hourly rates, to individual workers or the sales team as an incentive to reach certain sales goals. For example, a worker at Esprit who makes \$5,000 worth of sales in that week would receive only \$50 in

commission pay. Some stores have adopted a group bonus based on sales by store rather than by individual salesperson, as is the case at Lululemon.

Commissioned workers face other challenges to their income such as the wait period before the commission is earned, after-sale cancellations, and outdated returns – where employees bear all the risk. Historically, higher wage retail jobs were those that paid commission. As the industry grows, protecting standards in commission retail should be a policy priority.

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### Declining careers in high-end retail.

I had a great career in high fashion retailing which would be impossible to duplicate today. I was able to live a middle class lifestyle, proudly working for major retailers who offered benefits, stable wages, and full time employment.

Currently, even in upscale establishments on Fifth and Madison Avenues, salespeople are expected to work for very low base salaries with only the promise of earnings from volatile commission sales. Furthermore, part-time jobs for luxury workers, once unheard of, are now the norm. The sales and merchandise staff represent the product and promote it to the customer. Without the work of front-line staff, others in the company would not have jobs. Yet, the sales and sales support staff suffer by being the least respected and least paid... The retail industry is growing, often with the aid of public subsidies, so it is only fair that retail workers are paid a dignified wage.

— Tami

Member, Retail Action Project



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## Challenges and Opportunities for Advancement in Retail Jobs

Our survey results suggest a lack of career ladders for long-term retail workers and few incentives for frontline workers to remain at the same job. Our data shows that workers

### No holidays for retail workers.

This holiday season, my managers told us no one can request any days off from Thanksgiving through New Year's. For those of us with families out of town, this is especially unfair. My store was open on Thanksgiving until 9pm, and we had to reopen 3 hours later at midnight for Black Friday. I requested to work Thanksgiving morning so I could spend time with my family, but they ignored my request and scheduled me from 4pm - 10pm. Because I really needed the money, I worked my scheduled shift. That day, I missed Thanksgiving for the first time in my life.

— Ayanna  
Sales Associate



may receive a slight wage increase in the first year or two of employment but that increases are minimal after that. In fact, the median hourly wage for workers with more than 5 years at the same job (\$10) is lower than the median wage for workers with 3 to 5 years on the job (\$10.25), suggesting that experienced workers leave for other workplaces in search of higher wages. This is supported by the fact that *industry* tenure is a reliable indicator of wage level regardless of tenure at the current job. Changing employers in order to advance in earnings may have implications for workers' benefit eligibility since most employers have waiting periods.

Workers with less than a year on the job at their current workplace had a median hourly wage of \$9.00. However, the median wage of workers with five or more years at the same workplace was only a dollar

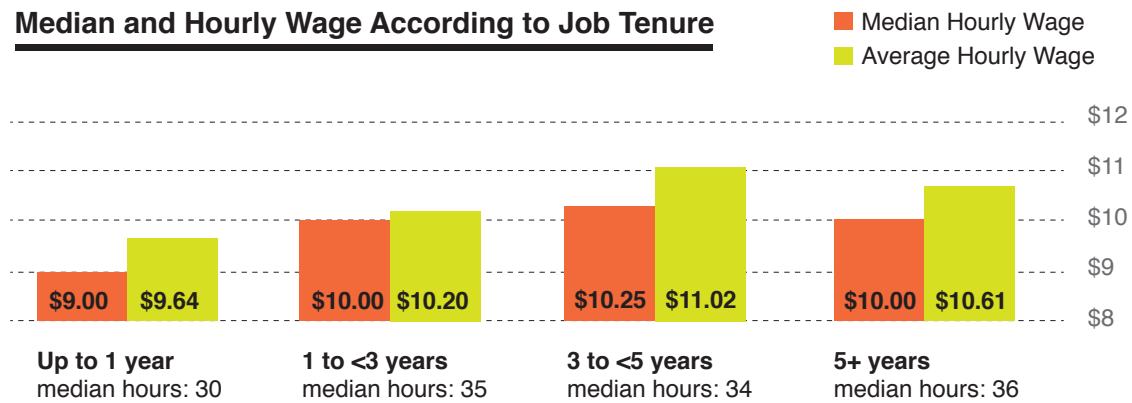
more, at \$10.00 per hour.

Initial findings suggest that after 3 to 5 years at a retail job, workers are not given advancement opportunities and must seek prospects at another establishment. Major retail chains are designing a low road, high turnover workplace with few career ladders and training opportunities. The reliance on part-time workers reinforces this trend. As documented by a survey of retail managers, conducted by economist Chris Tilly, part-time workers are given less training, fewer opportunities for promotion and experience much higher turnover rates.<sup>21</sup> Tilly found that with market competition intensifying, retailers are cutting labor costs while expecting higher service levels such as sales of credit cards and gathering e-mail addresses.<sup>22</sup> Personal shopping and service with individualized attention is growing, but has been integrated into branded retail stores without the job title or compensation associated with similar positions in some department stores.

Some stores in our survey follow high-road employment practices, such as guaranteed wage increases. For example, a worker at Eileen Fisher, a woman's clothing boutique, reported that she is guaranteed a yearly increase that exceeds \$1 per hour. By

contrast, a Tommy Hilfiger worker shared that his hourly increase is based on an annual performance evaluation. As a result of his last performance review he received an hourly increase of 9 cents, which he described as “average.”<sup>23</sup>

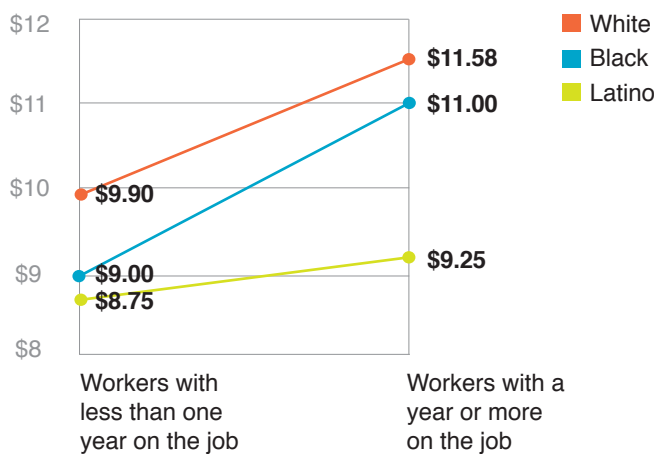
### Median and Hourly Wage According to Job Tenure



European labor practices point to additional high-road alternatives in the retail sector. For example, 81 percent of retail employees in Germany complete a two- or three-year training program, providing a foundation for career advancement. The percentages of part-time retail workers in France (28) and Denmark (50) are higher or equivalent to that in the United States (28), but on average European part-time workers earn higher wages. While 42 percent of retail hourly wages are “low” in the United States, only 23 percent are in Denmark and only 18 percent in France.<sup>24</sup> These figures show that a part-time workforce does not have to be a low-wage workforce. Furthermore, it illustrates the important role of government policy in creating incentives for a stable workforce and raising retail wages.

## Race and Gender Discrimination on the Sales Floor

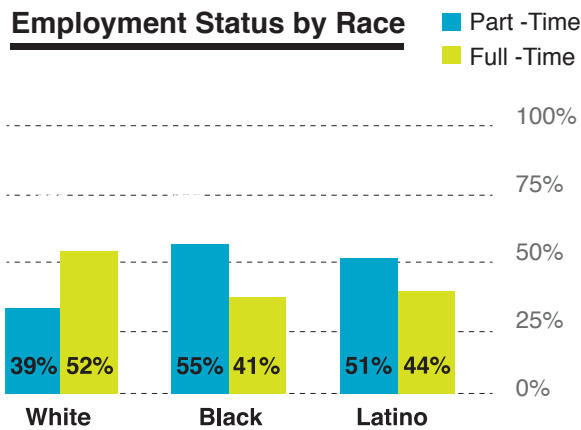
### Median wages by race/ethnicity and job tenure



Responses to our survey corroborate research that repeatedly points to the persistence of racial and gender discrimination in the entire US labor market. The gender wage gap has shrunk over several decades, but women’s earnings still remain at about 81 cents to the dollar of male earnings.<sup>25</sup> Racial discrimination also persists for access to entry-level positions in New York City. A 2009 study found that white applicants were twice as likely as black applicants

with identical qualifications to get a call back for an interview or job offer. In fact, white applicants with criminal records did as well in the job market as black or Latino applicants with no criminal record.<sup>26</sup>

Women and people of color are overrepresented in low-wage retail jobs. The disparities in pay and the lack of mobility have led to a number of high-profile legal cases in recent years that highlight clear cases of discrimination in the retail industry. A class action suit against Wal-Mart for gender wage discrimination and another against Abercrombie and



Fitch for racial discrimination in hiring and promotions are among the key lawsuits pursued by retail workers employed at national chains.

Our survey confirms national trends, showing that gender and racial/ethnic differences still persist in New York City retail. While there are some nuances, the evidence is quite clear that overall, black and Latino workers face lower wages, less access to benefits, and fewer opportunities for raises

and promotions. Based on average wages and hours worked per week reported in the survey, white workers' annual income is 12 percent higher than black workers, and 24 percent higher than Latinos. Black and Latino workers surveyed are more likely to be hired as part time and be given worse schedules. Women retail workers still experience a gap in pay, and are less likely than male workers to receive basic benefits such as health care or paid time off. Unless retailers and other businesses are monitored and challenged if discriminatory practices are uncovered, the gender and racial gap will not close for retail workers.

## Subsidizing a Part-Time Workforce

While the growth of the part-time workforce can be attributed largely to retailers pursuing cost-cutting strategies, government policy has also incentivized the use of a part-time workforce.<sup>27</sup> Retailers avoid providing a range of costly benefits that include overtime, unemployment benefits, family medical leave and retirement benefits by hiring a part-time workforce. Retail firms lower costs by employing a small core of full-time staff who qualify to receive company benefits while most of the labor is performed by a constantly churning periphery of part-timers and temporary employees who are excluded from any fringe benefits. This “core-periphery” labor practice is confirmed by data from our retail worker survey, which shows a sharp distinction between full-time and part-time workers in terms of benefits provided.

**Health Insurance:** Recent government policies, including the Affordable Care Act, continue to reward the use of a majority part-time workforce and discourage the creation

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of sustainable retail careers. The “employer responsibility” provision that is scheduled to take effect in 2014 would cover many of the stores covered by this study. However, the law would only require employers to provide requisite health insurance or pay a penalty

### When did health insurance and steady hours become a “promotion”?

When I started at Tommy Hilfiger, I worked 40 hours a week – even though I was classified as part-time. I was happy and loved the clothes; I became a lead, and hoped to advance to a manager and someday to corporate. But eventually my hours started to change – every week I would work different hours, and budgeting to make rent and cover all my expenses became difficult. I asked to be classified as full time so that my hours would become stable again and so that I could receive the benefits. I didn’t even ask for a raise, I just requested to be classified as full time, since I already worked full time hours. My manager said that I wasn’t entitled to a promotion. When did health insurance become a “promotion”? He told me to apply for Medicaid, but I was denied because I earned too much to qualify. I ended up going to the emergency room five times for basic health care while I worked at Tommy Hilfiger, and the bills were all over \$1,000. I’m still struggling to pay off my medical debt.

—Janet  
Former Sales Associate  
Tommy Hilfiger



for full-time employees. There is no penalty assessed based on the number of full-time equivalents, no matter how many are employed at a business.

Retail firms have already begun to recalibrate their workforces to avoid increased health insurance costs.<sup>28</sup> The employer-based healthcare law — at least in the retail sector — may have the effect of fueling the shift towards a part-time workforce that would qualify for a range of government supports, including Medicaid. As previously mentioned, 34 percent of workers surveyed receive health care through a government program, tracking other measures of low-wage workers nationwide and in New York State. A quarter of all workers reported having no health insurance at all. These workers increase overall public health costs as they rely on expensive emergency room visits. A 2008 study by the National Employment Law Project found that the retail sector in New York State leads all other sectors in worker reliance on public supports.<sup>29</sup> Combining costs from six public programs, the study

estimated a total of \$851 million in combined state subsidies for these workers. These government supports to individual workers are another way that the public is subsidizing the low-wage retail industry. Our study demonstrates that NYC retail workers and their families need a better option for stable, preventative health care.

**Part-time misclassification:** The combination of internal company policies and government programs has created pressure to redefine “part-time” work. Our study illustrates a trend whereby retailers simply misclassify workers as part-time even if they are working full-time hours. A worker at a home furnishings store reports, “There’s

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no 'full-time' at my job, just part-time. The only way you can get full-time is if you're a manager-to-be. So, you can make up to forty hours, but still be considered part-time." Respondents suggest that many so-called part-time workers are working full-time hours while being excluded from fringe benefits.

**Legal Misclassification:  
"Part-time" but working full-time hours.**

I work 32-45 hours a week, but they classify me as "part time" to avoid giving me any benefits. The only people considered "full time" employees are managers. Sales associates like me aren't eligible for paid time off, health benefits, or even paid sick days. So when I am forced to call in sick, I lose out on my paycheck. Since my employer doesn't provide me with health benefits I have to rely on Medicaid. My only hope is that I am transitioned to management so I can finally get the benefits I deserve.

—Hartley  
Sales Associate



Not surprisingly, the part-time workforce also has higher turnover. The median tenure of part-time workers was just one year, while full-time workers have a median of two years on the job. The mean tenure in the industry was three years for part-time employees and five years for full-timers, which might suggest that some part-time workers eventually leave the industry in search of work with better pay, scheduling, and benefits.

**Parents and families:** Thirty percent of surveyed workers support dependents on their income. These workers were 30 years old on average and are more likely to have employer-sponsored insurance, perhaps suggesting that older workers and working parents with dependents specifically seek out employers that provide insurance benefits. However, just

37 percent of workers with dependents received employer-sponsored health insurance and over 40 percent reported carrying no insurance at all. The median hourly wage for a working parent was just \$10 per hour and their average hourly wage is just 10 cents higher than the overall sample. These workers have significantly lower rates of job turnover and have worked longer in the industry, but even with these positive job indicators, compensation rates for working parents remain low.



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# Policy Recommendations and Best Practices

Given the great importance that retail plays in our overall economy – from consumer spending indicators to job growth – we should expect more from the kinds of jobs the industry provides. In many countries, retail is a job that involves significant training, better wages, and career stability. This was once also the case for many retail jobs in New York City, and there is no reason we cannot turn low-wage, unstable jobs into living wage jobs with opportunity for advancement. We need to reject the false claim that low-wages are necessary for low prices, or that higher wages slow job creation. If we are to

## We can create good retail jobs.

During our many years working at Yellow Rat Bastard (YRB), we have seen the company transform from a law-breaking employer that paid us below the legal minimum wage and provided no benefits whatsoever into an upstanding small retailer. It's hard to believe that through organizing YRB, we not only won back our unpaid wages (over \$19,000) - but we now have jobs that offer steady raises, guaranteed hours and paid leave. We have had three healthy children and have benefited from maternity leave, knowing that our jobs were secure. Last year, Malal even won the RWDSU union scholarship to help her pay for school. Now that we have a union, our jobs provide the stability and living wages that help our family thrive.

—Saidou & Malal Diallo

Stock Lead & Sales Associate, YRB  
Members, RWDSU Local 2006



address the growing inequality in the US, we must address the declining standards in the retail industry. Government, employers, labor and community groups all can play a role. We briefly offer nine key suggestions, based on research conducted by a range of scholars and advocacy groups.

**Raise wages:** The retail industry is one of the lowest-wage industries in the country. In New York, average retail wages are 52 percent lower than the citywide average, and wages in the outer boroughs are even lower than those in Manhattan. Some policymakers argue that low-wage workers should pursue further education or job training in order to receive higher wages, but we argue that is not enough, as our survey results show

that a college degree is no guarantee of a living wage. While training and education will help many workers gain better employment, the retail industry, along with the rest of the growing service sector, will continue to employ millions in jobs with low wages. Policymakers need to raise the federal and state minimum wages, and index them to inflation so that wages go up with the cost of living. Eighteen states currently have a state minimum wage higher than the federal, and eight of these states have indexed state minimum wages. Research has shown that minimum and living wage laws can provide concentrated benefits to workers in need, with minimal cost to employers. Over 650 prominent economists, including five Nobel Prize winners, concluded in 2007 that any potential harm from a minimum wage increase was outweighed by the benefits.<sup>30</sup>

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**Public investment in quality retail jobs:** Low-wage industries like retail rely heavily on public subsidies. These can be made into a powerful tool to give incentives for corporations to provide stable, living wage, full-time jobs with training. New York City policymakers should consider job quality in the industry when making decisions about economic development and retail expansion. Rather than handing out public money with no strings attached, the city should mandate that any development built with city money create a minimum of full-time jobs and to pay a living wage.

### Students need a living wage too.

After working at the same store for over three years, I earn only \$7.90 per hour. I am in college, but I work to support my mom who lives on disability. I am available for 25 hours a week, but my manager typically schedules me for 19 hours.

I have rising tuition bills in addition to the expenses everyone else has, like rent, food, and transportation. As a student, I need a living wage too. That's why I serve on the Leadership Board of the Retail Action Project — together, we are building a collective voice to ensure that we get paid fairly for our hard work.

Companies justify paying low wages and under-scheduling employees by claiming that retail jobs are just temporary work for young people and students. But all job standards have eroded—the women in my family struggle with multiple jobs, even though they are strong and highly educated, with PhDs and Masters degrees.

— Talisa  
Sales Associate



Cities such as Los Angeles, San Francisco, Hartford, and Minneapolis have already passed living wage policies and ordinances. Los Angeles has applied a living wage requirement to over 140 economic development projects, many of which contain retail, and experienced positive results.<sup>31</sup> Forty-two states also have at least one program that requires wage standards for economic development money, although the details and wage levels vary. New York State has a small program called the Empire Zone Program that mandates a wage at 135 percent of the minimum wage for a \$3,000 tax credit per job, for employers who hire targeted employees.<sup>32</sup> New York should follow the lead of states like Nevada and North Carolina, and mandate full-time hours and higher wage floors for firms receiving development incentives.

Researchers have found that instead of eliminating jobs, employers subject to wage floors find positive benefits to paying higher wages, such as lower turnover rates. The possibility of retail

firms taking this path may nudge the industry back towards establishing careers in retail that will allow workers to start at \$10 an hour and work their way up. A recent study of more than a dozen cities that passed so-called “business assistance” living wage laws found that the cities experienced the “same levels of employment growth overall” compared to a control group of cities.<sup>33</sup>

**Protect the right to organize:** Today less than 5 percent of workers in the retail sector enjoy the benefits of union representation. However, when polled by Hart Associates, 58 percent of non-managerial American workers expressed a desire for union representation and 90 percent of currently unionized workers wished to remain



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unionized. There clearly is a disconnect between the desire for union representation and the low rates of union certification. Our survey did not ask about union representation but workers at retail outlets reported management threats when workers began discussing union representation.

Unionization can result in significant improvements in all areas – wages, scheduling and benefits – irrespective of race and gender. In fact, unionization is one of the best ways to eliminate racial and gender discrimination in the workplace. Recent union victories along with statistical data clearly demonstrate a “union difference.” While the survey of non-unionized employees found that commission rates are declining and being replaced by more meager rewards – like being scheduled to work – the Retail, Wholesale and Department Store Union (RWDSU) recently fought against this trend. When workers at Cole Haan in New York City were threatened by management with commission rate reduction, they organized a union. The RWDSU Local 1102 was able to preserve existing commission rates and protect the good commission jobs at Cole Haan that had been the norm. On average, unionized workers in low-wage occupations earn \$3 per hour more than their non-union counterparts.<sup>34</sup>

Despite clear evidence of a union difference, it is difficult for retail workers to exercise their right to collective action in the workplace because so many workers are part-time, have erratic schedules and higher turnover. In addition, research shows that employers

frequently violate labor laws, with little or no repercussions.<sup>35</sup> The diminished bargaining power of retail workers has made it difficult to protect standards. Policymakers must take steps to improve labor laws and enforce the right to freedom of association.

### A career in commissioned retail.

I've had a successful 28 year long career in retail. I worked my way up at Macy's Herald Square from an hourly associate to a commissioned sales professional in the Home Furnishings department. Earning commission means that I earn a reasonable share of the sales I'm making for Macy's on the shop floor. Keeping accurate records of commission earnings can be complicated with returns and the fast pace of the shop floor. But I'm lucky to have a good union contract that protects me so I can speak up if there are any errors in my pay. This voice at work means a lot to me and my family. My husband and I both have enjoyed careers in retail with good benefits, paid time off and have accomplished the American dream of homeownership. Retail once offered a real path for advancement. It concerns me now that even though the industry is growing, I see fewer career opportunities for retail workers.

—Louis Becker

Commissioned Sales Associate  
Macy's Herald Square  
Member, RWDSU Local 1-S



**Career in retail:** Many retail workers like their jobs and want to stay in the industry, but there are few opportunities for workers to advance from entry-level jobs to ones that require more skills or come with more responsibilities. Retail is often perceived as a low-skilled industry, yet countries like Germany and Denmark have training programs run jointly by employers, labor unions and government partners. Anyone who's spent the day selling on the job floor could share a long list of involved, labor intensive,

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emotionally exhausting duties that are simultaneously required of them each hour. The skills and experience of frontline sales workers must be re-valued in order to cultivate new opportunities for advancement and make the case once more of how retail can be not just a job, but a career. In order to create career ladders, Jobs for the Future advocates a strategy that includes training, working with employers to target occupations in Department of Labor Job Zones, developing certification systems, and public investment.<sup>36</sup>

**Public health gains through sick days:** With fewer than 25 percent of retail workers using paid sick days, the industry is allowing avoidable health risks to both consumers and workers. Ample research shows the wide benefits to communities and workers when paid sick days are available.<sup>37</sup> Paid sick day legislation has passed in a number of cities around the country, setting a basic standard for all workers. Yet, the battle is tough and most New York retail workers still go to work sick or stay home and suffer without pay. However, this legislation will only benefit workers who don't fear punishment for taking sick days. Thus, paid sick days legislation must include provisions for enforcement and protections for workers who use them.

**Enforcement and education to restore the wage floor:** Increasing public attention on wage theft, and the more active enforcement by government agencies in New York and Washington DC are necessary for restoring the wage floor for workers who have seen their minimum wage and overtime flouted for too long. This must include stronger enforcement of minimum wage and overtime pay, and making sure that workers are not working “off the clock.” It must also address misclassification of workers who perform full time hours but are intentionally labeled “part time” and denied access to benefits. Community groups and unions are strong partners in educating workers about their rights, monitoring industry practices and increasing the bargaining power for workers at their jobs.

**Updating government policies for today's workforce:** Unemployment insurance in particular could be updated to cover workers who lose their jobs due to scheduling conflicts, and offer additional protections for workers receiving partial unemployment. Childcare, in addition to being a prohibitive cost, is nearly impossible to secure with just-in-time scheduling practices or non-standard hours.

**Accountability for benefits and part-time parity:** A significant incentive for the rapid growth of a part-time workforce has been due to the cost savings associated with the lack of benefits for those workers. This will be exacerbated by the Affordable Care Act as discussed earlier, which needs to have firm employer responsibility provisions. The legislation could be improved by eliminating the link between hours and eligibility. In Ireland, a law mandates that part-time workers are not treated “less favorably” than full-time workers.<sup>38</sup> This policy aims both to improve the quality of part-time work and address the rise of involuntary part-time workers.

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# Scheduling for Work- Life Balance

Predictability, stability, and meaningful input are all important for scheduling that promotes work-life balance.<sup>39</sup> New research and policy development has suggested a path for retail firms that reduce the burden of unpredictability and “structured instability” for part-time workers. Lambert and Henly’s landmark study shows that 80 percent of retail schedules are consistent each week, thereby demonstrating a model for scheduling with both stability and flexibility. Many managers strive to honor employees scheduling requests, yet they are faced with tightening labor and profit ratios that encourage them to use strategies to avoid going over budget. Stability and predictability in scheduling needs to be a central priority for corporate headquarters,

## Stability with Flexibility in Scheduling: The Union Difference

Scheduling is really important to me because I am the caregiver for my elderly father. Thankfully, my hours are guaranteed each week because of the union, so my paycheck is steady even if my shifts change. Next year, I will get to choose several shifts 6 months in advance, and the rest I will get at least a week notice. Then I will be able to plan my family’s doctor appointments for my days off without having to take a personal or vacation day. I can even swap my shifts with co-workers if something unplanned comes up. During the holiday season, when the store is opened 24 hours, I’m never required to work overnight because those shifts are always voluntary thanks to our union contract. This kind of stability balanced with flexibility really makes a difference for balancing work with my family life.

—Debbie Ryan  
Sales Associate  
Macy’s Herald Square  
Member, RWDSU Local 1-S



not just a practice that is left to the managers. Corporate culture matters when it comes to work-life balance for workers. Retailers in Europe post their schedules as far as one year in advance, yet those same companies with a different corporate culture in the US will only give one week’s notice to their associates.

While scheduling software has fueled the spread of just-in-time scheduling practices that adjust labor costs to daily—and sometimes hourly—store productivity, it can also make it easier for workers to provide meaningful input into their weekly schedules. Scheduling procedures that accommodate shift preferences without reducing work hours are possible with new technology – though companies often have little incentive to give workers more hours or truly engage workers preferences as a priority. Unions clearly offer a pathway for meaningful input for

retail workers when it comes to scheduling and other work standards. Macy’s is among the retailers implementing a Flextime scheduling program whereby workers sign-up for shifts online. The union that represents New York City Macy’s workers, the RWDSU Local 1-S, was able to guarantee workers hours and shifts in exchange for allowing this new scheduling practice.

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Beyond the potential of new technology and retailers taking initiative for more worker-friendly scheduling practices, the pervasiveness of just-in-time scheduling practices have raised the need for new policies that incentivize stability and predictability. These policies are needed to protect workers against the most erratic practices. The retailer culture that demands open availability from its workers in order to maximize flexibility in the company's scheduling of hours results in many workers being penalized for requesting time off or scheduling adjustments. Laws that protect a right to request scheduling adjustments for parents have been successful in legitimizing work-life balance requests in England and Australia. Other promising policy suggestions from Lambert, Haley-Lock and Henly to improve the scheduling environment at retail firms include: <sup>40</sup>

- **Cross-training:** Employees who are trained to do multiple jobs are easier to schedule for more hours, as they can move from one department to another when business is slow. We found that over 25 percent of workers in our survey already do more than one task (such as sales and cashier, or sales, stock and visuals). However, multi-tasking did not translate into higher pay or greater hours for our respondents, so cross-training must be combined with other policies.
- **Advance scheduling:** This would not necessarily increase hours worked, but it would give employees more notice so that they can plan ahead. This is particularly important for employees with children or eldercare, but also valuable for those employees who try to hold another job or attend school.
- **Stable schedules:** While retailers want to keep hours flexible based on customer demand, there are always a number of hours that are mandatory to open, close and staff the store. Researchers have found that managers will keep some of these hours flexible even though they are, in fact, fairly constant. Although workers experience great variation in hours, Lambert and Henly found that total hours worked in stores do not vary nearly as much.<sup>41</sup> This suggests that managers have room to increase the number of hours assigned to a set schedule.
- **Guaranteed hours:** Unionized retailers like Macy's and Modell's offer guaranteed hours for part-time and full-time workers. Public policy that offers incentives for employers who guarantee hours and create more full-time jobs must be developed.

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# Conclusion

The retail industry is one of the few growing sectors in the United States. Yet, our study suggests that it has become harder than ever to build a “career” in retail. With unpredictable scheduling and low compensation levels it can be challenging for workers to even retain their jobs. The latest trends in retail managerial practices actively encourage turnover. This strategy can keep labor costs low in the short run, but it creates a low-service, low-quality sales environment that will disappoint consumers who can easily turn to online sales for a low-service experience or just direct their consumer dollars elsewhere.

The retail workforce is at a crossroads that mirrors the broader trends in the national economy. We are encouraged by an uptick of retail employment, but job creation that fuels a trend of underemployment is not the solution to our economic times. Will the retail jobs of the future be good, family-sustaining jobs or marginal, unsatisfying jobs that depend on public subsidies and workers willing to sacrifice other personal commitments? The tentative answer provided by this report is that the new retail jobs are majority part-time jobs that promise much less than a living wage, let alone a career.

The path toward a low-investment, contingent workforce is not inevitable. The future of retail jobs will depend on the choices made by industry leaders, policy players, and worker organizations that demand more. Implementing straightforward and sensible policies, such as a living wage and paid sick day legislation, would create a baseline for dignified work. New technologies like computerized scheduling software can be used by retail firms to precisely calibrate labor needs but they can also be coded to include employees’ family responsibilities and obligations as a factor. If industry leaders do not make accommodations to retain and invest in their workers, then workers must demand these things through a collective voice.

The research contained in this report provides a snapshot of the frontline workforce in just one city — but the sample is weighted toward regional and national players, so the lessons about job quality can be generalized to other states and cities across the country. Policymakers and advocates who look at the retail sector should examine and study the quality of the jobs created. So far, the sector has been understudied and overlooked as a source of economic opportunity. The fundamental question is whether or not the jobs in retail today will be able to sustain a middle class and create a stable workforce. By implementing some of the best practices introduced in this report, the industry can begin to create more stable and well-compensated jobs. As a leading industry in job-growth, creating family-sustaining jobs in the retail industry must be a part of any strategy to address the growing inequality in America.

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# Endnotes

- 1** The Retail, Wholesale and Department Store Union (RWDSU) is an affiliate of the United Food and Commercial Workers (UFCW).
  - 2** This is similar to data reported by the Fiscal Policy Institute in their report, “Low Wages, No Bargain: Retail Jobs in New York City,” New York, NY: 2008.
  - 3** Susan J. Lambert and Julia R. Henly, “Managers’ Strategies for Balancing Business Requirements with Employee Needs,” University of Chicago School of Social Service Administration, May 2010.
  - 4** Fiscal Policy Institute. “Low Wages, No Bargain: Retail Jobs in New York City,” New York, NY: 2008.
  - 5** U.S. Department of Labor, Bureau of Labor Statistics, “Occupations with the Largest Growth,” December 2010.
  - 6** We gathered 47 surveys in the Bronx, 66 in Brooklyn, 252 in Manhattan, 50 in Queens and 20 in Staten Island. We excluded unionized stores from our sample as staffing in these is governed by a collective bargaining agreement and internal rules, and therefore not as likely to be impacted by new trends in managerial practices. We included all the large stores and then drew a random sample of two store locations for each of the 148 chains. Interviewers surveyed up to three workers per store or six workers per chain, varying the days of the week and time of day of interviews.
  - 7** More detail on our methodology is available from Stephanie Luce.
  - 8** The majority of retail workers earn an hourly wage, but some earn hourly plus commission; commission only; salary plus commission; or commission plus “draw pay.” Commission rates can vary depending on managerial decisions, punishments or rewards.
  - 9** 12 NYCRR §142-2.3. Call-in pay. New York State regulations require that any employee who reports to work on any day shall be paid for at least four hours or “the number of hours in the regularly scheduled shift, whichever is less.”
  - 10** Nancy K. Cauthen, “Scheduling Hourly Workers,” Demos, March 2011.
  - 11** Julia R. Henly, H. Luke Shaefer, and Elaine Waxman, “Nonstandard Work Schedules: Employer- and Employee-Driven Flexibility in Retail Jobs,” *Social Service Review*, 80 (2006): 609-634.
  - 12** See note 16 for BLS data on the rise of involuntary part-time workers from 2006 to 2010 (employees working fewer hours than they would like).
  - 13** Henly, Shaefer and Waxman 2006; Susan J. Lambert, “Passing the Buck: Labor Flexibility Practices that Transfer Risk onto Hourly Workers,” *Human Relations* 61 (2008): 1203-1227.
  - 14** Kris Maher, “More People Pushed into Part-Time Work Force,” *Wall Street Journal*, March 8, 2008.
  - 15** Cauthen, 2011: 4.
  - 16** U.S. Department of Labor, Bureau of Labor Statistics. Current Population Survey, “Persons at work in nonagricultural industries by class of worker and usual full- or part-time status.” In 2006, the wholesale/retail trade sector employed 644,000 involuntary part-time workers, also defined
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as part-time “for economic reasons.” In 2010, the same sector employed 1,573,000 involuntary part-time workers.

**17** U.S. Department of Labor, Bureau of Labor Statistics, “Issues in Labor Statistics,” Summary 08-08, December 2008.

**18** 12 NYCRR §142-2.3. Call-in pay. New York State regulations require that any employee who reports to work on any day shall be paid for at least four hours or “the number of hours in the regularly scheduled shift, whichever is less.”

**19** Lambert, 2008.

**20** Chris Tilly, Françoise Carré, and Brandynn Holgate, “Competitive Strategies and Worker Outcomes in the US Retail Industry: Consequences for Jobs in Food and Consumer Electronics Stores,” Center for Social Policy Working Paper 2010-01, 2010.

**21** Chris Tilly, *Half a Job: Bad and Good Part-Time Jobs in a Changing Labor Market* (Philadelphia: Temple University Press, 1996).

**22** Francois Carré and Chris Tilly, “America’s Biggest Low-wage Industry: Continuity and Change in Retail Jobs,” 2008.

**23** Of the workers surveyed at this employer, the highest recorded hourly wage increase was 12 cents.

**24** Francois Carré, Chris Tilly, Maarten van Klaveren, and Dorothea Voss-Dahm, “Retail Jobs in Comparative Perspective,” in *Low Wage Work in the Wealthy World*, eds. Jerome Gautie and John Schmitt. (New York: Russell Sage, 2010).

**25** U.S. Department of Labor, Bureau of Labor Statistics, “Women at Work,” March 2011.

**26** Devah Pager, Bruce Western, and Bart Bonikowski, “Discrimination in a Low-Wage Labor Market: A Field Experiment,” *American Sociological Review* 74 (2009): 777-799.

**27** Tilly, 1996.

**28** In 2011, Wal-Mart announced significant reductions in health insurance coverage for its 1.4 million employees. Workers with less than 24 hours per week will no longer qualify for any company health insurance; new employees who average 24 to 33 hours a will no longer receive spousal coverage; and, full-time workers will pay increased premiums. Steven Greenhouse and Reed Abelson, “Wal-Mart Cuts Some Health Care Benefits,” *New York Times*, October 20, 2011.

**29** “When Work Doesn’t Pay: The Public Cost of Low-Wage Jobs in New York State.” The six programs studied in the report were: Medicaid; Earned Income Tax Credit (EITC); Food Stamps; Child Health Plus; Temporary Assistance to Needy Families (TANF); Subsidized Child Care. The only industry to come close in total government supports was the second-ranked health services industry, which totaled \$844 million. The study was based on data from 2001-2004. The dollar value of combined subsidies has likely increased since then.

**30** Economic Policy Institute, “Hundreds of Economists Say: Raise the Minimum Wage,” October 26, 2006.

**31** Timothy J. Bartik, “Incentive Solutions,” Upjohn Institute Working Paper No. 04-99, Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2004; Donald Spivack, “Testimony Before the New York City Council, Committee on Contracts,” May 12, 2011.

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- 32** Philip Mattera, Thomas Cafcas, Leigh McIlvaine, Andrew Seifter and Kasia Tarczynska, "Money for Something: Job Creation and Job Quality Standards in State Economic Development Subsidy Programs," Washington, DC: Good Jobs First, December 2011.
- 33** T. William Lester and Ken Jacobs, "Creating Good Jobs in Our Communities," Washington, D.C.: Center for American Progress, 2010.
- 34** John Schmitt, Margy Waller, Shawn Fremstad, and Ben Zipperer, "Unions and Upward Mobility for Low-Wage Workers," Center for Economic Research Policy, August 2007.
- 35** See Lance Compa, "Unfair Advantage: Workers Freedom of Association in the United States under International Human Rights Standards," (Ithaca, NY: Cornell University Press, 2004) (New edition of 2000 Human Rights Watch report).
- 36** Heath J. Prince, "Retention and Advancement in the Retail Industry: A Career Ladder Approach," Boston, MA: Jobs for the Future, 2003.
- 37** Rajiv Bhatia, Lili Farhang, Jonathon Heller, Korey Capozza, Jose Melendex, Kim Gilhuly, and Netsy Firestein, A Health Impact Assessment of the California Healthy Families, Healthy Workplaces Act of 2008. Oakland, CA: Human Impact Partners and San Francisco Department of Public Health, 2008.
- 38** "Protection of Employees (Part Time Work) Act, 2001." <http://www.irishstatutebook.ie/2001/en/act/pub/0045/index.html>. Accessed on December 15, 2011.
- 39** Workplace Flexibility 2010.
- 40** Lambert, Haley-Lock, and Henly, *Community, Work and Family*, in press.
- 41** Lambert and Henly, 2010.





The Retail Action Project (RAP) is an organization of retail workers dedicated to improving opportunities and workplace standards in the retail industry. RAP's growing network of retail workers strives to improve retail jobs through organizing, media, policy and creative action. RAP offers services and education to support members' path towards career security and advancement.

The Murphy Institute for Worker Education and Labor Studies was established in collaboration with New York City labor unions and the City University of New York. The Institute offers educational opportunities to union members and serves as an academic resource on issues of concern to the labor movement. The Institute includes The Center for Worker Education and the Center for Community, Labor and Policy Studies.

