# Low wages in the retail industry in the Netherlands

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# Low wages in the retail industry in the Netherlands

*Maarten van Klaveren*

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# Low wages in the retail industry in the Netherlands

## RSF project Future of work in Europe / Low-wage Employment: Opportunity in the Workplace in Europe and the USA

Maarten van Klaveren

*AIAS*

WP 10/100

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# Abstract

This Working Paper is basically a "source book", accounting the results of over five years of research into the retail industry and the sources used for that research. It originates from the *Future of Work in Europe* research project of the New York-based Russell Sage Foundation (RSF), in which the AIAS and STZ advies & onderzoek (consultancy & research) carried out the Dutch part, resulting in the monograph *Low-Wage Work in the Netherlands* (RSF, 2008). It also incorporates sources for the retail part of the project that subsequently compared low-wage developments in Europe and the US, resulting in the volume *Low-Wage Work in the Wealthy World* (RSF, 2010).

The Working Paper shows the development of Dutch retailing as an industry in which in the 2000s nearly half of all workers earn less than the low-wage threshold, that is, less than two-thirds of the national median gross hourly wage. In the 1980s and early 1990s retailing already moved towards low pay in the Netherlands. From the mid-1990s on, major factors worked toward the persistence of low pay, in particular in the supermarkets, where three in five workers earned less than the threshold: the slowdown or even decline of disposable income growth and the low consumer-spending share; price wars and the spread of discounting; economies of scale and deregulation of zoning regulations and opening hours, and the development of supply-chain management systems. The longer opening hours allowed by the 1996 Opening Hours (Shops) Act initiated changes in the logistical chain. The food chains replaced adult shift workers with young shelf-stackers; the long "tail" of low youth rates, also applied for prospective checkout operators, proved to constitute an exit option for employers maintaining a low-wage orientation. The supermarket price war of 2003-2006 strengthened employers' orientation on deploying youngsters, in particular secondary and tertiary education students, (initially, in 2003-04) at the expense of adult women and, structurally, at the expense of those youngsters who want to earn a living wage after leaving school. The official facility to combine work and study distorts parts of the youth retail labour market, effectively crowding out the latter category. In spite of the domination of "low roads" in product market and human resources strategies of food chains, functional flexibility proved to be widespread at shop-floor level -- almost inevitable as tight financial and personnel benchmarks do not allow idle hours.

Working time and scheduling issues stood out prominently in workplace relations in the supermarkets. Recurrent issues of complaint concerned employer decisions concerning working times and days-off, as well as low staffing levels and employers not paying according to hours worked. Discontent on these mat-

ters rose during the price war. In consumer electronics retail, the other retail sub-sector studied, nearly one in five workers earned less than the low-wage threshold. Yet, workers had to rely to a considerably part on bonuses and compensations paid for working overtime or unusual hours to reach an acceptable pay level. In consumer electronics the working time issue was much less prominent, partly because of the lower share of part-timers, partly because of higher wages, partly because of the compensation system. Without suggesting a too rosy picture, based on an assessment of shop-floor relations we may conclude that consumer electronics retailing contrasted indeed to a large extent with the supermarket branch, not least because this business is sales-based and knowledgeable salespersons have to be regarded as valuable assets.

# 1. Introduction

## 1.1. The Low-Wage Project

In 1994, the New York-based Russell Sage Foundation (RSF) inaugurated a major program of research on the nature, causes, and consequences of low-wage work and the prospects of low-wage workers, called *The Future of Work*.[1] In the early 2000s, the RSF developed plans to support a cross-national comparison of the quality of low-wage employment in Europe and the United States. Having completed and published *Low-Wage America: How Employers Are Reshaping Opportunity in the Workplace*, an extensive series of case studies of low-wage industries and jobs in the US carried out in partnership with the Rockefeller Foundation,[2] the RSF commissioned a set of comparable case studies for five European Union member states: Denmark, Germany, France, the Netherlands, and the United Kingdom. The Amsterdam Institute for Advanced Labour Studies (AIAS) of the University of Amsterdam and STZ advies & onderzoek (consultancy & research) in Eindhoven were chosen to undertake the study for the Netherlands. Wiemer Salverda, director of the AIAS, and the current author on behalf of STZ, were to act as national research team coordinators. In the *Future of Work in Europe* project, AIAS and STZ closely cooperated with research groups in the four other European countries. The focus was on five target industries and related target occupations that were low-wage in the USA, notably the hotel industry (room attendants), the retail industry (checkout operators and salespersons), the call centre industry (call centre agents), the food industry (food production workers like packagers), and hospitals (nursing assistants and cleaners).[3] AIAS and STZ have produced a monograph on Low-Wage Work in the Netherlands,[4] like the monographs for the four other European countries[5] published by the RSF in 2008. Besides chapters on the debate in the Netherlands on low pay, on low-wage work and the economy and on Dutch labour market institutions and low-wage work, this Dutch monograph includes chapters on the five industries.

1 For background see Solow, 2008.
2 Appelbaum et al, 2003.
3 From a Dutch viewpoint, partially other choices may have been conceivable, but the retail industry would anyway have been selected.
4 Salverda et al, 2008a.
5 Denmark (DK): Westergaard-Nielsen, 2008a; France (FR): Caroli and Gautié, 2008; Germany (GE): Bosch and Weinkopf, 2008; United Kingdom (UK): Lloyd et al, 2008.

In a second research phase the results of the RSF *Future of Work in Europe* project have been integrated in a wide-ranging international comparison, including the outcomes of *Low-Wage America* and more recent studies initiated by the RSF on wages and job quality in US industries. One of these studies covered the US retail industry, not represented in the original *Low-Wage America* publication.[6] In early 2010, the international comparative project resulted in the major volume published by the RSF, *Low-Wage Work in the Wealthy World*.[7]

This AIAS Working Paper contains a substantially more elaborated version of the retail chapter than that included in the *Low-Wage Work in the Netherlands* monograph.[8] Besides treating a number of isues more in detail, crucial information on the Dutch retail industry has been updated for the time period November 2006 – June 2010. Moreover, as the author co-ordinated the European retail research group and finally contributed to the Europe – US comparison for the retail industry, including on comparative statistics, it also draws on information allowing to compare labour and labour market issues of the development of the retail industry in the six countries at stake -- although for most issues at stake such information has been gathered latest for 2007.

The author bears sole responsibility for this text, but the underlying analyses and documentation are to a considerable extent result of a collective effort. The author likes to acknowledge a number of colleagues. Vyara Dimitrova, after being graduated at the University of Amsterdam on an interesting Master Thesis comparing labour markets in Dutch and Danish retail[9], in November – December 2009 made a substantial contribution by updating information for the time period between November 2006 and November 2009. She not only delivered updated statistics but also described recent developments in competition and institutions in Dutch retailing, like in vocational training. The general comparative low-wage statistics are to a considerable extent based on the work of Wiemer Salverda. Kea Tijdens (research coordinator at the AIAS and scientific coordinator of the *WageIndicator* web-survey) contributed a number of calculations with *WageIndicator* data. In various stages, retail industry drafts have won from the comments of the (then) colleagues of STZ, Theo Bouwman, Arjen van Halem, Ria Hermanussen, Wim Sprenger, and Anja van de Westelaken; they participated in the Dutch project as well. Anja van de Westelaken also helped with research for the first draft retail report. The same goes for the colleagues of the European retail research group, notably Dorothea Voss-Dahm (Institute for Work, Skills and Training (IAQ) at the University of Duisburg–Essen), Geoff Mason (National Institute of Economic and Social Research (NIESR), London), Lars Esbjerg

6 Carré et al, 2006; Carré and Tilly, 2007.
7 Gautié and Schmitt, 2010.
8 Van Klaveren, 2008a.
9 Dimitrova, 2008.

(Aarhus School of Business, Aarhus University), and Jean-Baptiste Berry (Ministry of Labour and Social Affairs and INSEE, Paris). The intensive cooperation in the Europe – US comparative project, with Francoise Carré (University of Massachusetts – Boston), Chris Tilly (University of California – Los Angeles) and Dorothea Voss-Dahm sharpened insights in the comparative position of Dutch retail and in the working of low-wage mechanisms. A workshop of the four researchers at the University of Massachusetts – Boston, in August 2007, proved particularly fruitful. Most recently, continued cooperation with Dorothea Voss-Dahm led to a detailed analysis of the role of the Youth Minimum Wage as an "exit option" for Dutch supermarket chains, respectively of the "mini-jobs" performing a similar role in Germany.[10] The Dutch part of this analysis built on the outcomes of a seminar with an invited audience of union representatives, employers and some expert organizations in the supermarket branch that Wiemer Salverda and the author organized at the AIAS in July 2008.[11] Because of the many configurations of researchers involved in the calculations included in this report, we refer to this work mostly under the plural "authors' calculations".

Basically, this Working Paper should be regarded as a "source book", accounting the results of over five years of research into the retail industry and the sources used for that research. The reader should keep in mind that, although information on the Dutch retail industry has been gathered until mid-2010, the main focus was on contributing to the *Low-Wage Work in the Netherlands* monograph.

## 1.2. Firm strategies: high road and low road

Like in all five industries included in the *Future of Work in Europe* project, eight establishment case studies have been central in the Dutch retail part. The selection of the cases has been based on agreement in the international RSF retail research group. The aim was to select four cases each in two sub-sectors, in supermarkets and in consumer electronics retail, assumed to contrast in employment structures, products and services, institutional settings, and firm strategies, the latter especially in the field of human resource management (HRM). As target occupations in these sub-sectors we chose the checkout operator (cashier) in the supermarkets and the sales clerk (sales person), showing and demonstrating merchandise, in consumer electronics retail. The other contrast chosen internationally was high versus low end market position, with the following as indicative yardsticks: product quality, service quality, price levels, and assortment offered. The role of the contrasts in the research design was to enable to relate variations in wages and job quality[12]

10 Van Klaveren and Voss-Dahm, 2011.
11 Cf. Salverda, 2008c, 316-21.
12 In this Working Paper we use, in line with the use in the US – European research project, "job quality", instead of "quality of work", although the latter expression is more current in Europe.

to differences in economic and institutional contexts as well as to differences in firm strategies. In addition to these international contrasts, some national contrasts were incorporated in the case study selection. These were: international / national ownership, high / low levels of process innovation, and tight / soft local labour markets.

Firm strategies provide a crucial link between factors that may influence wages and job quality, in particular worker characteristics such as union density, collective bargaining coverage, employment contract, level of education and length of on-the-job training, tenure and firm size,[13] and the outcomes for low-wage workers in terms of wages and job quality. In this respect the contrast "high versus low end market position" deserves special attention. In the Future of Work in Europe project the "high road" versus "low road" distinction in firm strategies and modes of work organisation was a key element. This was connected with the debate about the possible existence of different firm strategies within comparable competitive environments and product and service markets, and about the opportunities that high-road market strategies may offer for enhancing work organisations and improving job quality. This debate, in which some of our US reviewers and colleagues have played major roles, concentrates on the benefits of new, non-Taylorist forms of work organisation. In this respect, the international influence of the Scandinavian experiences cannot be overestimated.[14] When drafting the European Commission Green Paper *Partnership for a New Organization of Work* (1997), the main author drew considerably on these experiences. The green paper advocated a combination of flexicurity, security, and social dialogue in order to develop a high-road strategy for European firms. Even though there was no real policy follow-up to this EC initiative, research continued, and that allowed us to clarify the relations to be considered.

In the strand of literature dealing with organizational change, high-road market strategies are strongly associated with innovation, either in the field of R & D or in work organization. The outcomes of a UK research project, claiming evidence from innovation-based models of change grounded in workplace partnership, may typify this: "The high road (….) demonstrated clear benefits in terms of competitiveness, employment and quality of working life".[15] High-road forms of organization are supposed to be competitive in global markets, delivering better products faster, unleashing creativity, generating new knowledge, and promoting the convergence between improved competitiveness and improvements in job quality.[16] The argument is that management practices labelled High Performance Work Systems (HPWS) generate supe-

13 See for an overview of data for the five industries in the Netherlands: Van Klaveren 2008b, 138-9.
14 Deutsch, 2005.
15 UKWON Newsletter 6/2, 2001.
16 Huselid, 1995; Osterman, 1994; Totterdill et al, 2002.

rior market performance because employees are spurred to greater efforts when they are offered conditions of relative autonomy, participation in work decisions, and different material and intrinsic rewards. These practices include functional flexibility, working in self-directed teams, and investment in workers' skills. The development of high-trust relations between managers, workers, and their representatives eventually leads to the "mutual gains enterprise".[17]

The empirical evidence concerning the association of HPWS and related approaches with superior firm performance, however, is not unambiguous. Some US and UK studies found rather positive outcomes, but others showed more negative outcomes.[18] Notably researchers from these two countries have suggested that the actual economic, social and institutional conditions may work to favour the dominance of the low-road path in most industries. In particular, they point to the weakening of organized labour and the weakness of shop-floor worker representation. We would add the growing importance of short-term shareholder value considerations and related constraints connected with the exposure to global market forces. These conditions may also have a considerable impact on the effects of HPWS in terms of job quality, although here the picture is not univocally black.[19] Also based on own research,[20] we assume that negative effects like high work-related stress levels and feelings of job insecurity follow segmented patterns. Their incidence of such effects among low-skilled workers may be higher than among the high-skilled. The development of HPWS has diverted attention –-including that of researchers-- from the tendency to externalize employment, which is often related. By externalizing production, employers can avoid the trade-off between high performance and employment protection.[21] Indeed, as Arne Kalleberg has pointed out, "Studies of HPWS have tended to neglect flexible staffing strategies involving non-standard forms of employment".[22] As we will see, in particular in the retail industry the claim that a high-performance work system embodies a high-road firm strategies offering good job quality including long-term job security seems hard to substantiate. Ar least, differentiation between outcomes for various groups of workers seems justified.

The high-road versus low-road distinction has been a key element in our research. However, fields of application, variables, and criteria differed between researchers and practitioners involved, partly depending on varying national backgrounds. In *Low-Wage America* the distinction is particularly used in the last chapter, where differences between smaller manufacturing establishments in central New York are analyzed. Derek

17 Kochan and Osterman, 1994; see also Appelbaum and Batt, 1994, and Appelbaum et al, 2000.
18 Danford et al, 2005, 5.
19 Cf. Milkman, 1998; Freeman et al, 2000; Bauer, 2004.
20 Van Klaveren and Tom, 1995.
21 Altmann, 1994; Sprenger, 1995.
22 Kalleberg, 2001, 482.

Jones and his co-authors characterize the observed firm strategies as high road if basic wages and employment policies place the establishment in the top tier of plants in the relevant labour market, with a no-layoff strategy and in general low turnover rates; moreover, the incidence of HPWS should be above average, implying high levels of training, job rotation, multi-skilling, employee involvement, teamwork, employee stock ownership, and profit sharing. Low-road strategies are sought in the opposite direction where "systems of performance evaluation and compensation (pay grades) are traditional and quite bureaucratic, and job ladders have few rungs."[23] Most if not all such high-road criteria are accepted in Dutch research, but this seems more doubtful for some of the low-road yardsticks. Systems of job evaluation and grading in the CLAs, which may be bureaucratic, are regarded as elements of "high roads" by researchers and practitioners in the Netherlands, as they supposedly contribute to income security and shield the low-paid against arbitrary decisions. Job ladders with few rungs are also valued differently: researchers and unionists tend to recommend such ladders as a means to attain a more equitable organization and a smaller gender wage gap. These examples show that, apart from universally acknowledged criteria, some yardsticks ask for a specific national (and maybe even industry-based) operationalization. Moreover, it seems to us that the concept of a firm strategy as an independent variable needs a definition and criteria of its own, independent from job quality.

Therefore, we differentiate between four aspects of firm strategies with respect to high and low roads, with job quality as the dependent variable:

- product market strategies: high-road strategies characterized by comparatively high value-added production and servicing, aimed at distinctive and high-quality products and services as well ass more rapid innovation, versus low cost, low quality production and servicing as well as a slower pace of innovation;
- work organization: high-road, enhanced forms of work organization versus low-road organization based on traditional, strict divisions of labour, with outsourcing and offshoring of tasks and processes as a third distinction;
- human resource (HR) policies on recruitment, selection, staffing levels, training, contracts, outsourcing, use of temp work agencies, labour turnover, sick leave, maternity and other leave arrangements, job quality, and firing; high-road if contributing to sustainable, enhanced forms of work organization as well as to job quality by, among other things, challenging workers' skills and competences, limiting work pressure and health and safety risks, and offering ample training, career and "voice" (interest representation) opportunities;

23 Jones et al, 2003, 494.

- the job quality of the target groups of workers, by which we refer to skill use, autonomy at work, work pressure, risks of work stress, health and safety, working time, wages and compensations, training and career prospects, job security, and "voice".

In this setup, market and HR strategies / policies are the more dynamic aspects, while work organization is the restricted one. It is our conviction that mutual relations between these four aspects, as well as those with job quality, are often complex and rarely unambiguous. We are inclined to believe that the idea that firm strategies share robust common elements that lead to either a high road or a low road is often too simple to capture firm behaviour. Our study of the retail industry will deliver ample proof in this direction.

## 1.3. Research design and methodology

This Working Paper is partly based on desk research, partly on expert interviews, and partly on establishment case studies. These case studies were carried out between March 2005 and September 2006. These were basically grounded in the international templates for the industry reports and the guidelines for interviews with management, employees (individual interviews and focus groups) and employee representatives that were developed cooperatively by the five national teams for Denmark, France, Germany, the United Kingdom, and the Netherlands and that underlie all the country studies.[24] These templates and guidelines were somewhat adapted to specific national and industry conditions. Starting from here, the research developed in three phases.

In the first phase, exploratory desk research was combined with expert interviews to build up the story of the industry: the aim was to draw a comprehensive picture of the most significant characteristics and trends in the industry and to relate them to the national economy and the national institutions. Information was gathered from topical research reports; from industry, subsector and firm reports; from statistics of Statistics Netherlands, from the Industrial and Product Boards, from the *WageIndicator* and from management consultancies and university researchers, as well as from trade journals, union magazines, and related websites. Our observation of trends focused on changes in competitive conditions, in institutions, in firm strategies, and in low-wage employment and job quality. Already in September this phase resulted in a first

24 Maarten van Klaveren, Kea Tijdens, Jérome Gautié (France) and Karen Jaehrling (Germany) made major contributions to the international templates and guidelines.

draft report on the Dutch retail industry.

In the second phase, eight cases were completed in each of the five industries. In the retail industry, however, we met considerable problems in getting research access to establishments (stores). These problems were partly the result of conflicts in labour relations at the time of the research, although development in product markets also played a role. This diminished the enthusiasm for welcoming outsiders scrutinizing the industry. First, our research was just starting when the two supermarket CLAs expired on April 1, 2004; negotiations between the social partners for new CLAs were cumbersome and did not result in a new agreement until June 2005. As the supermarket chains dominated the employers' delegations in collective bargaining in retail at large, the deterioration of labour relations emanated to other sub-sectors too. In the autumn of 2005, labour relations were only slowly restored. Second, the supermarket price war initiated by Albert Heijn in autumn 2003 seriously hampered research access to notably supermarkets for a long time. Even simple orientation visits caused problems; repeatedly we were perceived either as union or as competitors' spies. Third, some consumer electronics chains withdrew earlier promises of access.

Nevertheless, between April 2005 and September 2006 eight cases were completed, although, unfortunately, not always with the official co-operation of firm headquarters. Six establishments studied carried the usual full range of products; the exceptions were the soft discount supermarket (SUP A) and the small electronic goods store, specialised in small household appliances (CER D). Most establishments cannot be located on the tips of the scale "low versus high end", but this can hardly be attributed to our case selection: as we will explain, it has more to do with the blurring of "classical" distinctions in market strategies and business formats in both sub-sectors. On the other hand, we succeeded to include the three national contrasts (concerning ownership, process innovation, and labour market conditions) in our case studies fairly well. In total, 47 people were interviewed. In three cases, we interviewed individual workers in the target jobs, in four cases we worked with focus groups of shop-floor workers, and in one case we did both.

Scheme 1 gives an overview of the most important "hard" characteristics of the retail cases.

*Scheme 1. Overview Dutch retail cases*

| | Supermarkets | | | | Consumer Electronics retail | | | |
|---|---|---|---|---|---|---|---|---|
| | SUP A | SUP B | SUP C | SUP D | CER A | CER B | CER C | CER D |
| market share NL | 5.5% | 1.2% | 1.8% | 7% | 11% | 7% | 2% | 3% |
| no. stores - NL | 89 | 49 | 45 | 380 | 22 | 41 | 29 | 112 |
| ownership (franchising) | NL | NL (franch) | NL | NL/FR | GE | UK | NL | NL |
| product / service strategy | low, soft discount | middle, fresh food | low | high | middle | middle | high | low |
| tot. workforce (internat./NL, hc) | 13,500 | 4,100 | 5,200 | 15,000 | 37,000/ 1,500 | 28,000/ 1,000 | 600 | 1,100 |
| store workforce (hc) | 84 | 87 | 95 | 31 | 93 | 22 | 16 | 10 |
| sales surface (sq mtrs) | 880 | 1,200 | 1,400 | 500 | 4,500 | 1,000 | 900 | 300 |
| share pt (hc) | 86% | 89% | 85% | 84% | 20% | 36% | 38% | 40% |
| share female (hc) | 74%*) | 88%*) | 83%*) | 81% *) | 14% | 4% | 13% | 0% |
| share target jobs (hc) | 45-51% | 48-57% | ca. 59% | 52% | 51% | 55% | 63% | 70% |

*hc = headcount*

**) = share of regular full-time/part-time workforce*

The chains owning or franchising the stores in which the supermarket cases have been carried out in 2005 had a combined market share of about 16%, while the consumer electronics chains had about 23%. We should acknowledge that our sample is very small: 8 stores out of 767 in the eight chains covered here, and out of about 9,000 supermarkets and consumer electronics outlets in the country as a whole. With so small a sample, we must be very careful in generalizing our case results. Especially because of the comparatively small sample size, industry and sub-sector information was of considerable importance.

Before proceeding with the interviews we visited the store in question. We tried to gather essential facts and figures about it and about the parent chain. Our interviews with managers (general and Human Resource) focused on the economic context and firm strategy, work organisation and job design, hiring and firing, skills and training, and wages and labour costs, including –if relevant—outsourcing and use of temp agency work. The interviews with individual employees and focus groups concentrated on personal characteristics, work organisation and job design, job quality, wages, skills, training and career prospects, job satisfaction, and collective action. Similar topics were discussed with works councillors and trade union officials. In these interviews, we paid special attention to employee representation, collective bargaining, and the perspectives of the parent firm, the establishment, and the employees. Wherever possible, we made specific arrangements concerning reporting on results to interviewees and providing them with other forms of feedback.

In the third phase of the Dutch research project, the results of the case studies were integrated into the draft industry report resulting from the first phase. Since over a year had passed, we incorporated information on the primary changes in economic and institutional contexts and firm strategies, together with more recent industry statistics. In this phase information was included gathered until December 2006. Agreements on feedback to unions and other experts consulted were fulfilled, and wherever relevant their comments were integrated. As indicated in section 1.1, the author subsequently took part in the Europe – US comparison for the retail industry. In this complex and varying research trajectory, the most essential information has been updated until the end of June 2010.

Chapter 2 presents a general overview of the Dutch retail industry, including sections on employment (2.2), competitive pressures (2.3), institutions and labour relations (2.4), and external and internal labour markets 2.5), ending up in a section on wages (2.6). Chapter 3 deals, in the same order of sections, with our first sub-sector, the supermarkets, Chapter 4 with the second sub-sector, consumer electronics retail. Chapter 5 contains a summarizing evaluation.

# 2. The retail industry

## 2.1. Retail: introduction

The regular customer in a Dutch supermarket usually encounters a rather segmented work organisation in the store: a lineup of checkout operators, most of them female; at various spots in the store, shelf-stackers, mostly boys, who are busy with physical distribution; and in a glass room or customer greeting area near the entry, a gentleman in a suit, the store manager. The visitor to a Dutch electronics store gets a picture of a completely different organisation: sales clerks who are nearly well-dressed gents, and all carrying more or less the same tasks, and sometimes a few ladies of a similar kind.

A closer look at the reality of the shop floor reveals a slightly different picture. Both *WageIndicator* data and case study evidence reveal that in the supermarkets those in the target occupation, the checkout operators, make up about half of the head-count supermarket workforce. Yet they are not the only ones carrying out checkout tasks. About one-third of the shelf-stackers occasionally also perform checkout duties, while a slightly smaller share of the checkout operators also fulfil shelf-stacking duties.[25] This overlap in duties often happens informally, however, and is sometimes hardly perceived by the store management. This kind of functional flexibility (or multiskilling) is flourishing under pressure: it is almost inevitable if the shop-floor organisation is pressed and tight financial and personnel standards do not allow idle hours. Such flexibility was never really promoted by the HR policies of the supermarket chains. In the late 1990s Albert Heijn took some steps toward promoting teamwork and functional flexibility in its supermarkets,[26] but in 2005-06 it looked that this attempt had not survived the supermarket price war. Now that the supermarket chains are rediscovering good customer service as a major competitive edge and labour supply problems seem growing and already acute, high roads in HR strategy and work organization will get a new change. However, HR management in retail generally seems weak and not very responsive to changes in the economic and social context.

25 Authors' calculations, based on interviews with FNV Bondgenoten union officials, case study evidence, and analysis of WageIndicator textboxes (September 2004 – September 2006).

26 Horbeek, 2003.

From the employees' point of view, the situation in consumer electronics outlets seems much more comfortable. In their daily functioning, sales clerks, accounting for 50 to 60% of head-count workforce, have built-in functional flexibility. Their professional attitudes often inspire them to stand in for colleagues, a practice strengthened by the importance of (higher) sales not only for the store but for their personal incomes. As in many professional organizations, however, the boundaries of such flexibility are often unclear; for the sales clerks in our case studies, flexibility repeatedly led to high workload and work-related stress. Moreover, the wages of electronics retail clerks are strongly dependent on bonuses and compensations, and the wage floor offered by the CLA is low. As far as we could trace, the HR policies of the main consumer electronics retailers hardly play a role in protecting their employees against excessive flexibility. These policies remain rather weak and mainly concentrate on training aspects.

## 2.2. Retail: employment

By the end of 2008, according to preliminary data of Statistics Netherlands the Dutch retail industry as a whole[27] employed 836,000 persons (headcount), of which 702,000 employees (wage earners, 84%) and 134,000 employers and cooperating family members.[28] Jointly they made up 9.3% of total employment in the Netherlands, whereas the employees represented 8.9% of those in wage and salary employment (both calculated headcount).[29] Table 1, containing comparable figures for retailing in the six countries, shows that in 2005 the share of retail in total employment (again headcount, by then 9.0%) in the Netherlands was lower than the shares in the UK and the US, slightly higher than the German share and substantially higher than the shares in Denmark and France. The picture remains basically the same if calculated in FTEs (hours-count, second row). (For the tables, see Appendix.).

After World War II, the retail industry in the Netherlands showed an impressive growth. Between 1947 and 2008 the country's total workforce about doubled but the retail workforce more than tripled. Remarkably, the share of employers and cooperating family members in retailing grew between 1947 and 1960, from 35 to 41%, but from then on a long-term demise of this share begun, to a low of 14.3% in 2003 (Table 3). Whereas in 1947 the share of retail employees in the total amount of wage-earners was 4.6%, that

27 Retail and repair, former NACE industry class 52, since 2008 NACE industry class 47.

28 CBS, Statline. The preliminary numbers presented by HBD, the Industrial Board, in recent years differ considerably from those of Statistics Netherlands; for 2008, HBD registered total retail employment of 772,000, of which 658,700 employees and 113,300 entrepreneurs and co-operating family members. HBD (2009) mentions for 2009 a retail workforce totalling 767,600.

29 CBS, Statline.

share grew to 8.9-9.0% in 2000-2008.[30] In 1947 there were no supermarkets in the Netherlands yet; by 1960 we estimated supermarkets to have 6,600 employees, growing to 58,000 in 1975 and to 124,000 in 1990. Consumer electronics stores also expanded. Whereas the 1947 and 1960 Censuses counted respectively 800 and 2,100 employees in these stores, we estimated their numbers to increase to 6,000 in 1975 and 16,000 in 1990.[31]

From the early 1990s until 2002, Dutch retail experienced a decade of prosperity, with continuous growth in sales and employment as well as substantial profit margins. The Industrial Board for the Retail Trade, *Hoofdbedrijfschap Detailhandel* (HBD), even characterized the 1990s as the "golden years".[32] Supermarkets and consumer electronics retail continued to grow noticeably. Between 1990 and 2000, the number of supermarket employees increased by 63%, that of wage earners in consumer electronics by 42%, whereas total retail employment grew by 27%, and wage and salary employment in retail by 32%. The growth of retail at large was stronger than in the US, Denmark, and France.[33] The increasing numbers of wage earners —in particular part-time workers-- were accountable for that growth. From 2005 on, however, according to Statistics Netherlands the self-employed and cooperating family members category showed a considerable growth in both absolute and relative terms, till 134,000 or 16.0% of the total retail workforce (headcount) in 2008 (Table 3).[34] Table 1 (third row) displays that in 2005 across the six countries the Dutch share of employers and co-operating family members was comparatively high; at the time it was only surpassed by the Danish share, equalled by the German share, and considerably higher than the shares in France, the US and in particular the UK..[35] In particular, the Dutch and German employment structures in retailing show remarkable similarities.[36]

Table 1 also shows that in all six countries under scrutiny the share of part-time employment in retailing is much larger than in total employment, varying from shares 1.5 times as much (the Netherlands) to over twice as much (Denmark). Yet, even against the backdrop of the relatively large share of part-timers in the Dutch economy the dominance of part-time work in the Dutch retail industry remains striking. In 2008,

30 Authors' calculations based on CBS, Census 1947, Part 10B; CBS, Statline.
31 See Van Klaveren, 2008b, Table 4.1, also for sources.
32 HBD, 2005e, 5. It has to be noted that even in the 1990s and more pronounced in the 2000s the average margins (return on sales) in Dutch retail seem relatively low in international perspective, at least compared with Germany, France and in particular the UK (personal communication with authors of RSF national retail chapters; Burt et al, 2008).
33 Authors' calculations based on data from CBS, Statline, and EU KLEMS.
34 HBD figures do not show this growth, and indicate for 2006-2008 a near-constant size of the self-employed and cooperating family members' category of about 113,000.
35 Based on EU KLEMS data, in 2005 12.1% on FTE basis. Table 3 shows that Statistics Netherlands figures on headcount basis for 2005 allowed to calculate a 14.4% share of employers and co-operating family members, rapidly increasing to 16.0% in 2008.
36 Cf. Van Klaveren and Voss-Dahm, 2011.

the share of part-time jobs in retail employment in our country reached a record 71.0%.[37] The FTE retail workforce was set for 2008 at 392,100, 55.8% of the number of headcount employees in the industry. Tabel 6A indicates that the retail FTE/headcount ratio already went down by 4.5%points between 1995 and 2000, followed by a decline of 5.2%points from 2000-2008,[38] confirming the continuous growth of the share of part-time jobs. Yet, in the 2000s this growth pattern was not linear. Table 5 reveals that in 2002-2004 the yearly decrease in FTE employment was (much) stronger than that in employment calculated in headcounts. In 2001 and 2002 headcount wage and salary employment growth in retail had slowed down, while in 2002 employment measured in FTEs already fell slightly; yet, calculated the decline in employment in 2003 calculated in FTEs was with nearly 6% substantial and came as a shock to retail industry organisations. 2004 witnessed a further decline in wage and salary employment, of 2.6% in FTEs and 2.0% in headcounts. Over 2005 the employee workforce grew slightly in FTEs, in headcounts the increase was 1.3%, implying a continuous increase of the share of part-time employment.

According to the official statistics, 2006 and 2007 saw a very strong recovery in wage employment in retailing (besides the substantial growth of self-employed and cooperating family members mentioned above), with 3.0% respectively 3.8% growth in FTEs and even twice 5.0% yearly growth in headcount employment. Following these statistics, in 2006 the headcount employment increase about equalled the increase of total retail sales, while in 2007 it surpassed sales growth by over 1%. Both are unlikely outcomes as firms will be hesitating to hire new staff when recovering from a dip. We assume that the employment growth registered between 2005 and 2007 was only partly “real”, and partly has to be traced back to changes in the statistical definition of employment. Most likely, auxiliary workers employed less than 12 hours a week have been included more consistently in the statistics.[39] An indication was that in 2006 FTE employment in retail grew by 10,900, against 31,400 headcount, implying an additional FTE/headcount ratio of less than 35%; the corresponding numbers for 2007 were 13,900 and 33,200, or a 42% ratio. The developments at sub-sector level confirm the likelihood of an improved counting of short part-time jobs: the largest headcount employment increases in 2005-2007 took place in sub-sectors with substantial shares of part-time workers, that is, in supermarkets and department stores (36,900), clothing and textile sales (13,400), and pharmacy, perfume and cosmetics sales (8,200) (see Tables 6A and 6B). The statistics for 2008 and 2009 suggest a return to logical patterns. In 2008, retail sales growth in the Netherlands flattened to 2.5%,[40] against an employment

37 CBS, Statline.
38 Authors’ calculations based on CBS, Statline.
39 Our repeated efforts to get an explanation at this point from Statistics Netherlands failed.
40 CBS, Statline; HBD, 2009.

increase of 1.2% (FTE) respectively 1.1% (headcount). Statistics Netherlands preliminary noted an increase in employment that fell down to 0.6% (FTE) and 0.4% (headcount). The 2008 and 2009 employment figures indicate a slight decrease in the share of part-time employment in these years.

As Tables 6A and 6B show, the supermarket sub-sector is by far the largest of the retail sub-sectors. In December 2008, the supermarkets employed 242,800 workers headcount (103,600 FTEs[41]): 34.5% of total retail employment, calculated headcount, or 26.4% of all FTEs in retailing. In the supermarkets part-time employment is even more widespread than in retail as a whole, and the share of part-time until quite recently grew. Detailed figures (not shown) indicate that the FTE/headcount ratio for the supermarkets fell drastically from 49% in 2002 to 41.3% in 2007, before rising to 42.7% in 2008. Thus, individual Dutch supermarkets –-though in international comparison on average rather small-- have a considerable workforce: in 2004-06 the average headcount number of workers in the stores of the national food chains varied between 50 and 115. Moreover, a much higher share of supermarket workers is working in shifts than in other retail branches.[42] As said, our estimate based on both *WageIndicator* data and case study evidence was that those in the main target occupation, the checkout operators, over-all account for about half of the headcount supermarket workforce (42-45% in FTEs). In the four case supermarkets the headcount shares of the checkout operators were between 45 and 59% of the respective staff. Managing the often complex co-operation and working hours' patterns of such a workforce is a major challenge for supermarket management.

Our second sub-sector, consumer electronics retail, is much smaller. In December 2008 the sub-sector employed 22,000 employees, or 3.1% of the retail workforce in headcount, and 16,500 FTEs (4.2%). Here, the incidence of part-time employment is rather limited. With 75%, the FTE/headcount ratio in 2008 of consumer electronics retail was the second highest in the retail industry. We estimated that those in the target occupation in this sub-sector, the sales clerks, account for 50 to 60% of the headcount workforce in consumer electronics; in the four case studies their shares fluctuated between 51 and 71%.

The figures presented for supermarkets and consumer electronics retail underline their different employment structures and staffing strategies. This was the main reason why these two sub-sectors in the *Future of Work in Europe* project were chosen as a contrast within retailing.

41 CBS, Statline (Kerncijfers detailhandel).

42 According to WageIndicator data, in 2007 and January-June 2008 73% of respondents from supermarkets worked in shifts, against 39% working in furniture and consumer electronics stores, 46% in specialized clothing stores, 48% in clothing and footwear stores, 51% in DIY stores, and 17% in "other"; the average for retail was 55%.

## 2.3. Retail: competitive pressures

We identified four main competitive pressures in the 2000s influencing employment, wages and job quality in Dutch retail:

- the slowdown or even decline of disposable income per capita growth, at the backdrop of low consumer spending;
- price wars and the spread of discounting;
- economies of scale and deregulation of zoning regulations and opening hours;
- the development of supply-chain management systems, linked up with front- and back-end innovations.

In the next sections, we will show basically the working of these pressures in Dutch retailing. The reader should keep in mind that firm strategies are the essential link between these pressures on the one hand and wages and job quality on the other.

### 2.3.1. Consumer spending

Consumption patterns affect the way the retail industry operates and organizes its labour force. The industry in the short run has to adapt to largely predictable peak-demand hours and in the long run to less predictable cyclical effects on incomes as well as market saturation. Since the early 1980s, real disposable household income in the Netherlands has fallen more often and more steeply than Gross Domestic Product (GDP), more also than in other developed countries. Private consumption per capita has lagged in comparison with the five other countries except Denmark, particularly in the 1980s. By 2006, the Dutch share of private consumption in the GDP (46%) was substantially lower than in the US, where it constituted 70% of GDP, but also lower than in Denmark (48%), Germany (55%), France (57%), and the UK (61%).[43] Such differences in per capita consumption partly explain international differences in retail employment levels[44], though differences in productivity also matter (see below). McKinsey consultants, in a 2007 report for the Dutch administration comparing productivity of the Netherlands and US economies, pointed at the mechanism that productivity growth in retail will be limited if consumer spending grows slowly. The American consultancy stipulated that in 1998-2004 US personal per capita consumption grew by 3.5% yearly, against only 0.9% for consumption in the Netherlands – obviously important in explaining that Dutch retail pro-

43 Salverda et al, 2010. In 2005, the share of consumer spending of food was 13.6% in the Netherlands, lower than in France (16.9%) and Germany (15.0%) but higher than in the UK (12.7%) (cf. Kremer, 2008, 27).

44 Glyn et al, 2007.

ductivity increase (0.8%) came to lag widely behind that of US retailing (4.7%) in the same period of time.[45] We may conclude that the low consumer-spending share of the Netherlands reflects consumer attitudes affecting the way the domestic retail industry, in particular food retailing, functions.[46] Over time, low-consumption patterns may have led to a greater focus on low prices[47] and low costs and, in turn, low wages, small assortments, and low quality of products and service provision. In the Netherlands the combination of rather small-scale supply structures with the prevailing low-price orientation of majorities of customers has led to tough competitive conditions with price competition as pervasive feature.[48]

In the 2000s the mechanism set out here once more affected employment and job quality in retailing. The period of abundant retail growth declined in 2002, initially because of the slowdown in disposable consumer income growth and hesitating consumer spending, influenced by restrictive government policies. Retail sales growth halved, from 6.3% in 2001 to 3.1% in 2002. The consumer trust index of Statistics Netherlands showed the crisis in consumers' trust: the index fell from –1 for 2001 to –20 in 2002, and then to an all-time low of –35 for 2003. The volume index of consumer spending (2001=100) still went up in 2002 (101.0), but fell back in 2003 to 100.4.[49] It took until the second half of 2005 before consumer spending started to grow again, and this recovery initially concentrated on durable consumer goods, not on food. From May 2006, food sales finally expanded: compared to May 2005, supermarket sales grew by 7%, of which volume effects accounted for 6%points.[50] Table 16 shows that in the next three years supermarket sales continued to grow, with sales each quarter surpassing those of the corresponding quarter of the year before. In the course of 2009 growth slowed down. The third quarter of 2009 was the first quarter in four years with diminishing price figures, with only volumes recovering strongly in the fourth quarter. As a result, supermarket sales grew in 2009 by slightly over 2%.

### 2.3.2. Price wars and the spread of discounting

In 2002-03, the Dutch retail industry was confronted with more than ailing consumer spending. The worldwide expansion plans of the largest Netherlands-based retailer, Ahold, ignited a major price war in the Dutch supermarket branch — although this war fit in the pattern of low-road market strategies that already

45 McKinsey 2007, 9-10.
46 See in particular Kremer, 2008, for the interplay between the low-price orientation of Dutch consumers and supermarket assortment and servicing in the Netherlands. Kremer, former Communications Director of the Laurus chain, grounds his attack on most Dutch food chains on their alleged "price fetishism". See also Baltesen, 2004b.
47 Eurostat research found for 2007 that the price level of food products in the Netherlands was about 10% below the EU level, and even lower compared to neighbouring countries (cf. Kremer, 2008, 23).
48 Cf. Van der Kind and Quix, 2008, 144-5.
49 CBS (Statistics Netherlands), Statline.
50 CBS, Statline, Maandstatistiek detailhandel; CBS press sheets, 14-07-2006, 22-12-2006.

prevailed in Dutch food retail. Albert Heijn (AH), the large Dutch supermarket chain of Ahold, had to generate the huge amounts of finance needed for the megalomaniac ambitions of its CEO. In the winter of 2002, decreasing consumer spending on food in particular turned against AH, as many consumers regarded its stores as too expensive. They switched to cheaper alternatives, such as offered by the German hard-discounters Aldi and Lidl. Shortly afterwards, in February 2003, it was revealed that Ahold's international expansion had partly been built on fraud and sales-boosting practices in the United States, Latin America, and Scandinavia. Banks and stock markets reacted strongly. Finally, AH was freed from its role as cash generator because the CEO was forced to quit. In October 2003 the firm lowered the prices of 1,200 top-brand articles to a maximum of 35%, starting a price war that went far beyond the usual price skirmishes in supermarket retailing and without precedent in this branch.[51] AH went on until October 2006, with 13 consecutive rounds of discounts, before announcing the end of this war. By then, AH had reached its main goals: mid-market positioning, a regained market share, and a record profit-margin level. In the three years that followed, competition in the supermarket sub-sector continued to be fought on price, but that fight included less articles and took the form of offering occasional bargains and baits (See for more details section 3.1).

Under the combined pressure of low or even lacking disposable income per capita growth and price wars, total retail sales in the Netherlands fell by 2.1% in 2003, 2.2% in 2004, and 0.4% in 2005. In 2003, negative volume effects dominated (a decline of 2.3%), but in the next two years price falls took the lead. Consumer food prices still boomed in 2001-2002 with 10%, rose by 1.6% in 2003, but deflated by 1.9% in 2004 and 0.6% in 2005. Statistics Netherlands suggested that by October 2006 without supermarket price war food would have been 8.2% more expensive.[52] Anyway, lower food prices mitigated the inflation rate in 2003-2005 and helped to keep Dutch inflation in these years 2%points under the EU average.[53] The effects of the supermarket price war were not limited to food retailing. It was the catalyst for Dutch consumers' preference for low prices, and on the sellers' side encouraged the practice of discounting for a range of goods, from bicycles and kitchens to do-it-yourself (DIY) products. Consumer behaviour, often characterized by lack of time for shopping, was paradoxically enough reacting much stronger than before on discounts and baits.[54] As of November 2005, official monthly statistics showed continuous food price increases, albeit small, indicating that the epicentre of the storm was left. In combination with consumer food spending picking up, this led to a renewed boom in supermarket sales: 2006 showed a rise of 5.2%

51 Cf. Kremer, 2008, 20, concluding that this war led to huge "collateral damage".
52 CBS, Statline, Maandstatistiek detailhandel.
53 Baltesen, 2006b.
54 De Volkskrant, 04-11-2003; Baltesen, 2005b; Quix and Hemmer, 2006. Our calculations show a slightly lesser loss, of about one quarter (cf. Table 17).

compared to 2005 (cf. Table 5).

The 2003-2006 supermarket price war has had a strong impact on competitive structures, profitability, employment, wages and job quality in Dutch retail as a whole. As we will treat more elaborately in Chapter 3, in the first half of the 2000s the competitive structure in the supermarket sub-sector went through important changes. The major loser of the price war has been the composite Laurus chain, in 1998 at par with AH and cherishing a market share of 28%. Mainly because of badly organised efforts to reposition its Konmar formula, Laurus lost a quarter of that share already before 2002.[55] In 2004, Groupe Casino took a 51% majority share, but this French retail giant was not able to prevent Laurus from getting rid of another one-third of its market share[56], before it was dismantled in mid-2006 when two of its three supermarket chains were sold to AH and family company Jumbo Supermarkets. The final act in the dismantling process took place in November 2009, when Laurus sold the activities of its remaining Super de Boer chain to Jumbo.[57] In particular through the acquisition of 177 Super de Boer stores,[58] Jumbo has grown into a major contender, owning nearly 350 establishments, even though AH remains on top with over 750 establishments and C1000 remains in second position, controlling about 450 supermarkets. In 2010, Jumbo is expected to have a major job in reconstructing the ailing Super de Boer stores into Jumbo supermarkets.[59]

Finally "hard discounters", notably the German-based Lidl (Schwarz Group) and Aldi, were successful in transferring their format in the Dutch market during the supermarket price war. In the Netherlands the market share of hard discounters, besides these two firms including a domestic Dutch retail chain using the same "big box" store format,[60] increased between 2002 and 2006 from 16.5% to 19.5% (Chapter 3). Recently, along with the growth of the Wal-Mart "big box" chain, grocery retail has witnessed the international expansion of Aldi and Lidl.[61] As we will explain in the next section, the format of large discount grocers is well placed to take advantage of economies of scale and of Information and Communication Technology (ICT) for supply chain magement and optimal staff scheduling. Nevertheless, under the conditions prevailing in the Netherlands in notably 2003-2006, the advance of the hard discounters was just one expression of the predominance of "low road" management strategies, with the main supermarket chains in the Dutch

55 Rutte, 2002.
56 Baltesen, 2005g, 2006c; Tamminga, 2006; Klok, 2006.
57 Haighton, 2009; Van Lent and Voormolen, 2009.
58 The original deal included 300 supermarkets (of which 176 franchised), but Jumbo re-sold 80 stores to Schuitema/C1000 and 43 to various other food chains, all members of the Superunie buyers' group.
59 Haighton, 2009; Van Lent and Voormolen, 2009.
60 Generally, hard discounting has been perceived as characterized by low pricing and minimal service levels, especially by the need for customers to unpack cardboard boxes themselves ("big box stores"). Yet, as will see in Chapter 3, in the Netherlands in particular between 2003 and 2006 the traditional distinctions between "servicers" and "soft" and "hard" discounters became blurred.
61 In the 2007 ranking of world's largest grocery retailers, Aldi had raised to the 6th rank (2005: 15th) and the Schwarz Group (Lidl) to the 8th (2005: 14th). Sources: 2005: Burt et al, 2008, Table 1; 2007: Van Klaveren et al, 2010.

market focusing on lowering prices, reducing labour costs, and increasing the numerical and functional flexibility of labour. These strategies were definitely not limited to discounters.

### 2.3.3. Economies of scale and deregulation

In the retail trade two kinds of (economies of) scale can be distinguished: scale on the sales side and scale on the supply (purchasing) side. The position of the retail employees in the target jobs is most directly influenced by economies of scale concerning *sales*.

In 2005, just over half of the retail workforce (51%) of the Netherlands was employed in firms with 100 and more employees. In 1980 this share of large-scale firms was only 27%, in 1990 36%.[62] The long-term increase in scale has been clear, in food and non-food retailing alike. In food retailing, the average store surface grew from 35 square meters ($m^2$) in 1968 to 172 $m^2$ in 2004; the comparable figures for non-food retailing were 85 $m^2$ in 1968 and 253 $m^2$ in 2004;[63] the overall retail average in 2004 was 223 $m^2$,, which by 2008 had increased to 243 $m^2$.[64] In 2000-2005 the employment share of retail establishments with 100 and more employees increased by 2.9%points, and between 2005 and 2008 by another 2.2%points; in both periods of time, this went at the cost of both the medium-sized (10-99 employees) and small stores (less than 10 employees). Concentration in particular affected small establishments in 2004, when employment (headcount) in this category went down by 21,900. In December 2005, 24.5% of all women in the retail industry worked in establishments of 10 or less employees (men: 23.8%), 24.3% in medium-sized establishments (men: 25.0%) and 51.1% in establishments with 100 and more employees (men: 51.2%). [65]

We were able to estimate the lower quartile (LQ), median and upper quartile (UQ) employment sizes of Dutch retail firms for 2002: LQ 3 employees; median 6 employees, and UQ 10 or more employees. Table 1 shows that this size distribution was about equal that in Danish retail; the lower quartile size and the median about equalized the French, the British and the American values, but the French, German and in particular the British UQ sizes were substantially higher – in other words, the stores in the category "large" were much larger in France (hypermarkets!), Germany and the UK..

Next to the comparatively small national market, a major explanation for the small scale of Dutch retail establishments can be found in the detailed retail planning system, based on a functional hierarchy of shopping centres, as designed and prescribed by the Dutch authorities after the Second World War. The first goal of this fine-meshed retail infrastructure was to supply consumers with daily products within

62 HBD, 1999, 2006b.
63 Evers et al, 2005, 31.
64 HBD, 2009, 17.
65 CBS, Statline.

walking distance of their residences, the second to preserve city centres. In the early 1970s, the national government published zoning and planning guidelines to restrict retail developments in urban peripheries (PDVs), widened in 1993 with guidelines allowing concentrated, large-scale retail locations (GDVs). Due to the restrictive PDV/GDV policy, the spatial retail structure is less decentralised than in most other Western European countries.[66] In the 1980s, fierce competition grew for locations to start new stores, notably supermarkets, within these limitations. Nevertheless, Dutch-based retailers continued to support these limitations, in contrast with property developers and (potential) new-entry international retailers like French Carrefour and Belgian Colruyt. Yet, the most outspoken pressure toward liberalization came from international consultancies and the Ministry of Economic Affairs. In 1997, McKinsey consultants argued that the PDV/GDV policy in spite of the 1993 liberalisation frustrated the economic performance of Dutch retailing and claimed that the Netherlands was lagging behind France, Germany, the UK and the USA in terms of retail productivity. This line of reasoning was also carried forward in working papers of the Ministry of Economic Affairs and by a deregulation working party of the same Ministry. On behalf of promoting dynamism in the retail sector, the working party recommended the decentralisation of planning authority to provincial (regional) and local levels.[67]

While in the late 1990s and early 2000s governments of various European countries took refuge to restrictive regulations for retailing,[68] in the Netherlands the political pressure for deregulation continued. In anticipating more liberal policies, property developers even constructed new retail formats, like factory outlet centres and "mega malls" outside cities.[69] The preliminary government viewpoint on spatial planning, published in 2002, broadly promoted deregulation. Following this line, in 2005 the governmental Spatial Planning Bureau (RPB) suggested that the coming of mega malls, "meadow stores" (hypermarkets) and "big box boulevards" was inevitable.[70] However, in the meantime the political tide had already changed towards re-regulation. The general association of retail employers, Council Netherlands Retail (RND, *Raad Nederlandse Detailhandel*), and the association of small and medium-sized enterprises (SMEs) in retail, more precisely their lobby organisation National Shop Council (NWR, *Nationale Winkelraad*), united in arguing against the deregulation proposals; on this behalf, they even created the Dutch Retail Platform (*Platform Detailhandel Nederland*, currently *Detailhandel Nederland*). The Platform argued in favour of the continuation of

66 Spierings, 2006, 603-4.
67 Evers, 2002, 110-1. Earlier simulations of the effects of liberalization of shop opening hours by the Dutch Central Planning Bureau (CPB) delivered rather moderate outcomes: an increase of 15,000 jobs (2.8%); 0.2% growth of sales volume, and moderate effects on turnover and price (CPB, 1995).
68 Boylaud and Nicoletti, 2001.
69 Spierings, 2006, 606.
70 Evers et al, 2005.

the existing retail hierarchy, with the careful addition of some new formats, and emphasized the importance of maintaining shopping infrastructures in inner cities.[71] The Industrial Board even held a plea for continuing the PDV policy while abolishing the GDV guidelines.[72]

In 2004 the government view on spatial planning[73] persisted to the principle of rough zoning guidelines, delegating the formulation of specific guidelines for retailing to the 12 provinces. In 2006 the provincial authorities jointly designed guidelines for the retail industry that were rather restrictive. The provinces argued that retail dynamics should only be allowed to take place in new (peripheral) retail centres if no suitable sites would be available inside or near existing shopping centres. When planning a large-scale retail location, an impact study should be needed to prove that the existing retail structure would not being disrupted.[74] These guidelines signalled the return to rather restrictive planning, aiming at preserving city centres in particular,[75] although, as the old guidelines have indeed formally been abolished, there is no specific regulation of large outlets left.[76] Most likely this outcome is not at odds with prevailing consumer preferences: Dutch consumers' propensity to accept a massive development towards hypermarkets and similar large retail formats seems rather low. For example, in a 2006 survey among 500 consumers, over 60% said not to expect to do their shopping in hypermarkets.[77]

In Tables 1 and 2 we present a number of indicators for the performance of the Dutch retail trade that allow for international comparison. A major yardstick is gross added value.[78] The comparable (PPP converted) value added per hour found for Dutch retail in 2005, €23.34, was considerably lower than the very high French retail productivity, somewhat lower than the German, UK and US figures, but higher than the figure for Denmark (Table 1). If one includes selling space (store surface) also into the comparison, Dutch retail productivity seems comparatively low. In 2002, the Netherlands had the largest selling space per inhabitant in the EU15 (nearly 1.5 square metre per inhabitant), leading to the lowest retail turnover per $m^2$ store

71 Platform, 2001. OECD chief economist Olivier Blanchard has argued along the same lines. In his view, the existing regulation of retail establishments in Europe may prevent firms like Wal-Mart pushing small companies out of the market and may mean a 20% inefficiency effect compared to the US, but also a higher quality of living because of preserved city centres (Jorritsma, 2006).

72 HBD, 2004h.

73 Nota Ruimte 2004, definite version agreed in Parliament in 2006 (website VROM).

74 Interprovinciaal Overleg (IPO), letter "Perifere detailhandel" to S.M. Dekker, Minister of VROM (Housing, Spatial Planning and Environment), 23-02-2006.

75 Spierings, 2006, 607-8.

76 Zoning regulations exist in various forms also in France, Germany, the UK, and Denmark. Sources: FR: Askenazy et al, 2008; GE: Wortmann, 2004; Seppelt, 2009; UK: Howe, 2003; Burt and Sparks, 2006b; DK: Esbjerg et al, 2008. For 2008, the OECD (website) did not count the Dutch and UK zoning regulations as specifically regulating large outlets; by contrast, it did so with the French, German and Danish zoning and related regulations.

77 Website HBD (accessed 29-05-2006).

78 Eurostat publications mostly use the value added per worker as a productivity indicator (cf. Sura, 2006), but in view of the relatively large shares of part-timers in retail, that also vary across countries, the value added per FTE or hour worked is a better yardstick.

surface. Yet, the extraordinary amount of space of gardening, DIY and furniture outlets, jointly taking 65% of all retail space in the Netherlands, forms a major part of the explanation.[79]

The relative performance of Dutch retail seemed to have been rather good until around 1990. Yet, between 1990 and 2000 the productivity *growth* per employee in Dutch retail and wholesale has been slower than the OECD, EU and US averages.[80] Notably the golden years between 1995 and 2000 showed a rather "lazy", extensive growth pattern of retailing in the Netherlands. In these years productivity per FTE hardly went up.[81] More recently, productivity increases in 2001 and 2002 totalling 5% were more than undone by decreases between 2003 and 2006.[82] We already noted that McKinsey consultants pointed at the relation between limited consumer spending and low productivity growth in retail. Yet, the American consultants concentrated on what they called structural reasons why retail productivity in the Netherlands was lagging behind that in peer countries after 1995: lack of space for large retail formats; comparatively less stores owned by chains; lower diffusion of best practices in distribution, in particular "lean retailing" (see the next section) and Information and Communication Technology (ICT). They also returned to the complaint about Dutch planning and expansion procedures, which they labeled as long, not transparent and creating "distorted competition." McKinsey recommended the government, by way of test, to allow the construction of some 50 hypermarkets of over 5,000 square meters in urban peripheries; that alone would speed up productivity growth in retail by 0.3% yearly. Because of the assumed economies of scale in sales, the growth of "productive chains" and the shrinking of the amount of self-employed would make the largest contribution to productivity growth (1.4% yearly), followed by the more rapid diffusion of best practices (0.5% yearly).[83] The Ministry of Economic Affairs embraced this analysis.[84]

In 2006, the OECD had also linked the assumed underachievement of the Dutch retail industry with the product market regulations for retailing remaining in the Netherlands: less liberalized opening hours and relatively high barriers to entry. Although with the 1996 Opening Hours Act (*Winkelsluitingswet*, June 1, 1996), also part of the deregulation offensive of the Kok I administration (section 2.4.1), the maximum

79 Reinhardt and Krägenau, 2003. In 2008, selling space per inhabitant of the Netherlands had increased to 1.6 m$^2$ (authors' calculation, based on HBD, 2009, and CBS, Statline). See for problems of comparing productivity in retail across countries: Griffith and Harmgart, 2005.

80 Creusen et al (CPB), 2006, 13.

81 Creusen et al, 2006, 27-8. Based on the EU KLEMS Database, we calculated 0.3% yearly productivity growth beween 1996 and 2000.

82 Authors' calculations based on EU KLEMS Database.

83 McKinsey, 2007, 11-12. McKinsey estimated labour productivity differentials by scale in food retailing as follows: hypermarkets €19 / hour, supermarkets €17 / hour, small-store chains €15 / hour and "traditionals" €11 / hour. By 2002, hypermarkets in the Netherlands had no market share in food; McKinsey assigned 67% of total working hours to supermarkets, 4% to small-store chains, and 29% to traditionals (Ministerie van Economische Zaken, 2007, 14, 16).

84 Ministerie van Economische Zaken, 2007, 1-2. The economic analysis of McKinsey was rather questionable, for example as it focused on productivity growth and neglected the existing high productivity levels in the Netherlands (cf. Kalshoven, 2007).

statutory store opening hours were increased from 55 to 96 per week[85], the OECD maintained that the Netherlands maintains less liberalized opening hours than other OECD countries.[86] However, after the 1997-98 high point most Dutch supermarkets backtraced and reduced their opening hours. As we will see, both labour supply problems and consumers' preferences contributed to a fall of supermarket sales in the evening hours, to a low point of 9% of total sales in 2004.[87] Concerning entry barriers, the OECD in its 2006 publication on the Netherlands focused on the planning and zoning regulations discussed before. These regulations were suggested to have prevented the development of big box stores in food and general merchandise, and thus reduced productivity growth. The OECD maintained in this publication that large retail formats, especially for daily shopping providing one-stop shop services and effectively using ICT, would offer greater convenience and lower prices.[88]

It should be noted, however, that the retail overview in the OECD International Regulation Database for 2003 rated the Netherlands as having a rather weak regulatory regime in retailing, ranking 10th of 30 OECD countries. At the time, according to this database the UK, Denmark, the US, Germany and France all had stronger anticompetitive regulations. Moreover, the score for the Netherlands had decreased from 2.0 in 1998 to 1.6 in 2003, indicating less regulation.[89] By 2008, the regulation score for the Netherlands had gone up somewhat, to 2.1,[90] though the country ranked 8th of 30 countries; by then only the UK (7th place) with 2.0 showed a slightly less regulatory regime, but the regulation scores attached to Germany (2.4, 11th), France (3.1, 27th), Denmark (2.9, 23rd) and the US (2.6, 15th) remained higher. The OECD in 2008 continued to attach the highest score on regulation (6.0) for shop opening hours in the Netherlands, but as the weight attached to this theme was only 10% (!), this was not quite disadvantageous for the country's total score.[91]

85 Stores are currently allowed to open from Mondays 6 AM till Saturdays 22 PM, and on 12 Sundays a year, unless in tourist destinations where shops are allowed to open each Sunday. In the course of the 2000s municipalities of hardly any touristic interest, under growing protest of politicians from religion-based parties, stretched the "tourist" regulation as to allow for more than 12 Sunday openings. Under pressure of the two Christian coalition partners, the Balkenende IV coalition took a restrictive stand on shop opening regulations, and by the end of 2009 launched a Bill with "substantial tourism" as a precondition for Sunday openings. According to the large retail employers' organisations and larger retail chains such limitations are neither in accord with EU arrangements nor with retailers' and consumers' interests, but SME-based MKB-Nederland regards the 12-Sundays' rule as a maximum (EFMI-website; Voormolen, 2009a).

86 OECD, 2006, 92.

87 HBD, 2005b, 6.

88 OECD, 2006, 94.

89 Conway and Nicoletti, 2003.

90 Because between 2003 and 2008 the scores on "Licenses and permits needed to engage in commercial activities" and "Price controls" went up, whereas that on "Protection of existing firms" fell (OECD PMR website).

91 OECD PMR website; Conway and Nicoletti, 2003.

### 2.3.4. Supply chain management and innovation

At first sight, a 2006 study of the Dutch Central Planning Bureau (CPB) supported the positions taken by the OECD and McKinsey reports discussed above in concluding to a positive and linear relation between competition and innovation in retail, although the CPB experts admitted that measuring innovation is particularly difficult in service-related industries.[92] A more fundamental point of criticism may well be that the CPB entirely focused on the *sales* side, while by the time of publication large-scale *supply* already gave a larger competitive edge for retailers than cost savings in sales. Manufacturers and wholesalers have been increasingly internationalized and integrated into buyer-driven global commodity chains, mainly controlled and coordinated by large retailers, in particular based in the US, France, Germany, the UK and the Netherlands. After starting up in the value chains of clothing and textiles and in "tropical" groceries, global sourcing in the course of the 1990s pervaded the supply of all kinds of labour-intensive produced consumer goods, in notably Germany and the UK speeding up concentration processes already under way in retailing.[93] Global sourcing has, in particular for Germany, been linked with the trend to replace top / national brands (called *"A merken"* in Dutch) with private labels *("huismerken")*, no-name brands that may be regarded as equivalents to the more expensive top brands.[94]

Control over global supply chains can be fully profitable if supported by supply chain management systems with low inventory and just-in-time delivery as ultimate goals, as well as by systems for optimal staff scheduling.[95] "Lean retailing" is the catchword that encapsulates the technological development currently taking place here. Its core logic dictates that production processes should be managed from the end of the supply chain, that is, from the point of sale, following the principle of just-in-time production. Maximization of economies of scale is the ultimate aim of lean retailing.[96] Though internationalisation in retailing is comparatively limited and often meets serious difficulties,[97] the cost advantages of controlling supply chains are well understood by supermarket chains. They continue to be found among those multinational enterprises in the industry most actively pursuing international expansion, developing into global buyers even more than into global sellers.[98] In the 2007 ranking according to sales, 14 of the world's 20 largest retail firms

92 Creusen et al, 2006, 38.
93 Wortmann, 2003; Coe and Hess, 2005.
94 Cf. Wortmann, 2003, 28. Yet, it is difficult to establish a causal relation here: instead of being part of an offensive strategy of large food retailers, this replacement may reflect a more defensive reaction when their margins come under pressure.
95 Dawson, 2007; Hoopes, 2006; Swoboda, Foscht and Cliquet, 2008.
96 Abernathy et al, 2000; Christopherson, 2001.
97 Giving rise to a considerable amount of literature on retail divestment i.e. on poor performance of retail multinationals' sales in various countries, f.e. Alexander and Quinn, 2002 (on Marks & Spencer); Wrigley and Currah, 2003 (on Ahold); Christopherson, 2007 (on Wal-Mart's failure in Germany); Aoyama and Schwarz, 2006 (on Wal-Mart in Japan and Germany), and Aoyama, 2007 (on Wal-Mart and Carrefour in Japan). See for barriers to global selling in particular Burt et al, 2006a, and Aoyama, 2007.
98 Burt et al, 2008.

were grocery-based. By far the largest of these grocery-based multinationals was Wal-Mart, the giant US "general merchandise" retailer, followed by Carrefour (France, 2), Tesco (UK, 3), Metro Group (Germany, 4), Kroger (US, 5), Aldi (Germany, 6), Costco (US, 7), Schwarz Group (Lidl, Germany, 8), Rewe (Germany, 9), and Ahold (Netherlands, 10).[99]

In particular American researchers have linked lean retailing with a high performance model, as supposedly perfected by Wal-Mart. They have emphasized that advances in logistical technologies largely drive the supply revolution: scheduling software, data warehousing, use of hand-held scanning computers for taking stock, et cetera.[100] In a seminal 1997 article, Thomas Bailey and Annette Bernhardt found for US retail that these advances, leading to "high-road" productivity in service, did not influence the nature of retail sales jobs positively at all; by contrast, wages remained low and opportunities for upward mobility scarce: "The high road can be low wage".[101] From their comparison of US and French retail as of 2000, Jean Gadrey and Florence Jany-Catrice found that US retail offers "higher quality and more services for the same average basket of goods sold", and that the additional value-added is "financed" by providing lower wages.[102] Thus, going even further than Bailey and Bernhardt to challenge the predicted relationship between high market performance and job quality, Gadrey and Jany-Catrice concluded that US high-road service advantage *depends* on low compensation. This dependency may be deepened with the advance of ICT in the area of labour management in retailing.[103]

In particular the large European food retailers have integrated the management of logistic chains in stock management with labour management, through technologically advanced systems integrating supply chain management software with programs supporting staffing strategies and personnel benchmarking. Optimal staff scheduling has become vitally important for both headquarters and store managers in order to manage the gap between fluctuating workloads and individual pay, skills and working hours most efficiently. The basic principle such computer-aided organization of working time is the exact adjustment of staffing levels to both fluctuating customer and stock flows. If well organized, this adjustment allows the reduction of labour costs to the utmost while increasing numerical flexibility and preventing idle hours.[104] As we will show, our retail cases add proof for the pivotal importance of such benchmarking in managerial decision-making. The combination of economies of scale on the supply side with intricate staffing and benchmark-

99 Klaveren et al, 2010; see for a 2005 overview of largest grocery retailers worldwide: Burt et al, 2008.
100 Abernathy et al, 2000; Petrovic and Hamilton, 2006; Strasser, 2006.
101 Bailey and Bernhardt, 1997, 195. See also Bernhardt, 1999.
102 Gadrey and Jany-Catrice, 2000, 26.
103 Cf. Wright and Lund, 2006.
104 Cf. Tijdens, 1998; Kirsch et al, 1999; Voss-Dahm and Lehndorff, 2003.

ing strategies most likely impacts more substantially on job quality then economies of scale concerning sales do. Especially the scheduling issue leads to the confrontation between constraints on the employer's side and constraints on the workers' side. Part-time work allows firms to match staffing to peak days and hours, reducing "excess" labour, but various categories of part-timers can be discerned. A useful division is that developed by Jany-Catrice and Lehndorff, between "gap fillers" and "time adjusters".[105] Gap fillers comprise those deployed on short-hour contracts but on regular schedules, with predictable time slots accordingly. They are particularly likely to be students or women with small children, with schedule constraints in other spheres of life. Time adjusters, on the contrary, are deployed at variable times and have variable total working hours. The Dutch supermarket cases will illustrate the more general outcome that it is the time adjusters that bear the main burden of long opening hours and demand fluctuations.[106]

Our more general assumption is that retail firm structures and governance are closely linked with firm strategies vis-à-vis both supply and sales markets. It is tempting to make a distinction between firms that are supply-based and will most likely be centrally governed regarding the sales side, and sales-based firms that are likely to leave more room for decentralised decision-making concerning sales. We will test this assumption in our chapters 3 and 4, assuming that this division runs more or less parallel with that between supermarkets and consumer electronics retail. We have to build in the restriction that firm structures in retail chains are often multi-layered and rather complex – and that access for researchers to higher layers remains difficult.

## 2.4. Retail: institutions and labour relations

### 2.4.1. Wage moderation and the (Youth) Minimum Wage

The Netherlands has a long history of commitment to wage moderation, and in the last three decades the statutory minimum wage (SMW) has been used to this effect with considerable success. Between 1945 and 1964, the government controlled wage negotiations between employers and trade unions. This phase, coinciding with extensive economic growth, ended in 1964 under pressure from a tight labour market and concomitant strike activity. In that same year, the social partners agreed on a national minimum wage of 100 guilders a week for "breadwinners". In 1969 a statutory minimum wage was established, applicable to anyone over the age of 24. A few years later, the threshold for the adult minimum wage was lowered to the

105 Jany-Catrice and Lehndorff, 2005.
106 Cf. Carré et al, 2010, 224.

age of 23, and finally in 1974 a youth sub-minimum wage (youth minimum wage, YMW) was introduced for 15-22-year-olds. Originally set at 40% of the adult minimum wage (for 15-year-olds), this rate was lowered to 30% of the adult minimum wage in the employment crisis of the early 1980s, rising stepwise to 100% of the adult wage at the age of 23. This scheme recalls the 1948 recommendations for youth wages by the Labour Foundation, the joint top body of union confederations and employers' associations in the Netherlands; whose reasoning was based on the presumed lower productivity and lower personal needs of younger workers.[107] The YMW scheme is still in existence. The "long tail" has never been shortened: the minimum rate for a 15-year-old currently is about € 2.90 an hour -- so that in the European Union the Netherlands has by far the lowest youth minimum wage and the highest age at which the full minimum wage starts to apply. This wage structure stimulates mutual wage competition between youths of different ages: and employers may feel tempted to reduce labour costs by substituting "younger" for "older" youths. Also, this structure till quite recently lacked any reward for experience and additional skill attainment for workers under 23 years of age.[108]

From 1980 on, the Netherlands entered into a long period of wage moderation. The SMWs were lowered even in nominal terms by various "freezes", lasting for a total of 13 years, most recently between July 2003 and January 2006. As a result, the ratio of the adult minimum wage to the adult average wage fell from 62% in 1979 to 45% in 2004, implying that relative to its 1979 value today's adult minimum wage has lost more than 20% of its purchasing power – lagging almost as far behind negotiated wages and 36% below actual hourly wages. The average[109] minimum wage (which integrates the long youth tail) has fallen even more. The steep decline in the minimum wage has stirred remarkably little public debate in the Netherlands, neither about the situation of the working poor, nor about the perspectives of young workers in industries like retailing or hotels and restaurants. [110] For quite some time, the leadership of the national trade unions seemed to go along with the productivity and lower personal needs arguments, in doing so neglecting the repeated demands of union youth groups to lower the threshold age for the adult minimum wage (gradually) to the age of 18. This lasted until 2005, when the presidents of FNV, the largest union confederation, and AbvaKabo FNV, the FNV-affiliated civil servants' union, stood up for the 18-years' YMW threshold[111] – to date with no result. Thus, the combination of a relatively low adult minimum wage with very low youth rates

107 Bloemen and Brug, 1982; Salverda et al, 2008b.
108 Salverda, 2008c.
109 Using 1979 weightings for minimum wage earners of different ages.
110 Salverda et al, 2008b; Van Klaveren et al, 2009.
111 Jongerius, 2005; Trouw, 06-09-2005. If wages for the 15-22 of age would had been on the level of the 25-30 of age, the average labour costs of Dutch supermarkets in 2004 would have been 12-13% higher (authors' calculations based on CBS, Statline, and Deloitte & Touche, 2002-2004; cf. Van Klaveren et al, 2007).

was well situated to constitute an "exit option" for employers maintaining a low-wage orientation.

However, for retail employers the flexibilisation of working hours was also essential. In 1964 opening and working hours started to fall apart in the Netherlands. In 1986, the main CLAs in retail had introduced the 36 hours' working week, but flexibilisation of working hours remained rare.[112] In 1994 the first Kok administration in the Netherlands announced broad plans for deregulation. Consequently, the large food chains and wholesalers united in the Central Bureau Food Trade (CBL) and led by Albert Heijn, lobbied intensively for an extension of shopping hours; they were followed by department stores and DIY outlets. These efforts were opposed by the associations of small and medium-sized retailers. The CBL argued that the proposed changes would offer advantages such as greater sales volumes and better consumer service. The large retailers clearly booked a victory when the 1996 Opening Hours (Shops) Act came into force, but they aimed at two preconditions still to be met as to fully profit from working hours' flexibility and the labour supply of young part-timers. First, they wanted the existing core of full-time employees to accept evening and Saturday work. Second, they argued for lower compensation levels for unsocial working hours in the two supermarket collective agreements. After tough negotiations with the unions, both goals were largely accomplished. In exchange for an extra 1% wage increase, compensations for working on Saturdays and between six and eight PM were removed from the CLAs between 1998 and 2000. Moreover, full-timers were allowed to compress 35 hours in four days – also an employers' goal, as in this way the core employees could be scheduled for evening work.[113]

The reorganization processes that followed in the logistical chain allowed the food chains to exploit the cost advantages of employing young workers. They integrated order reception and shelf-stacking (replenishment) into regular work schedules, replacing adults with young workers in the process. Previously, shelf-stacking had been carried out outside opening hours in overnight shifts by adult men[114] and in evening shifts by adult men and women -- work practices in the mid-2000s still reported from the UK.[115] As mentioned, the expansion of opening hours as such was not very successful. From 1999 on, supermarkets reduced their opening hours, for various reasons. The newly targeted young workers objected to late evening working hours, and potential consumers reportedly had feelings of being unsafe in the streets during winter evenings. Moreover, older full-time staff seemed to growingly oppose evening work because of shop theft and customer harassment.[116] Nevertheless, retailers were pointed the direction of how to use a major exit op-

112 Tijdens, 2005.
113 Miedema, 1998; Tijdens, 1998, 2005.
114 Until the new Working Hours' Act (1996) was passed, women's night work was prohibited in retailing.
115 Mulholland, 2009.
116 HBD, 2005b, 6.

tion: combined with the fragmentation of volumes of work, the YMW allowed to directly reduce the hourly rates of pay. Under these conditions, large retailers' optimal staffing and scheduling strategies fully paid off. The implication is that particular (age) categories of workers, mainly part-timers, are treated differently than others because of regulation.[117] Like in other countries studied, such as the US and Germany, existing exemptions on or the relaxation of labour legislation, combined with a vulnerable workforce, have enhanced retailers' ability to bypass features of national institutions supposed to protect low-wage workers.[118]

### 2.4.2. Employers' representation and Collective Labour Agreements

Multi-employer bargaining is important in Dutch retailing. The retail industry is currently covered by about 55 CLAs, of which 35 sub-sector based, mostly one for each (small) sub-sector. Some larger retail companies, in particular Ahold (office staff) / Albert Heijn (for distribution organization and store management), Hema, Maxeda / Bijenkorf (both department stores), and Bruna (book retailers) have own CLAs.[119] Normally the branch CLAs are mandatory extended by the Minister of Social Affairs and Employment. In 2005, they covered all but 12,000 retail workers, who were concentrated in some small branches,[120] implying 98% bargaining coverage. The job evaluation system, the basis of the wage structure, mostly is annexed to the CLAs; like in many other Dutch industries, the system in retailing is based on the ORBA method. The coverage rate is a mere formal figure: according to union representatives, compliance with CLAs in a number of retail sub-sectors is a major problem. In our case studies checkout operators mainly complained about the calculation of paid working hours, according to union officers indeed nuisance no. 1. Obviously differences in interpretation of "hours worked" were and are abundant (section 3.6.1).

Various employers' federations are active in Dutch retail trade. We already mentioned CBL, and RND as the central employers' organization. Retailers are RND members through their branch associations. Representatives of large retail firms are well represented in the RND Executive, its Board and its Steering Groups. Of the large supermarket chains, Albert Heijn and Dirk van den Broek are represented in the RND Executive.[121] Since 2000, RND maintains a special Bureau for Labour Affairs (*Bureau Arbeidszaken)*. Besides advising the RND membership, this Bureau represents the retail employers at sub-sector level in collective

117 The ability of employers to take recourse to this exit option is especially problematic since equal treatment of workers is anchored in employment legislation at both the national and the European level. In the Netherlands a law passed in 1996 prohibited different arrangements in employment contracts based on working hours. This also includes contributions to the social security and tax systems (Tijdens, 2005). Consequently, within the legal framework wage penalties for part-timers can only be implemented through the strategic use of the YMW by retail employers.

118 Cf. Carré et al, 2010; Van Klaveren and Voss-Dahm, 2011.

119 Sources: websites HBD; FNV Bondgenoten; Department of Social Affairs and Employment; http://www.detailhandelbanen.nl/cao/detailhandel.

120 HBD, 2005d.

121 From the large consumer electronics retailers, MediaMarkt Saturn Holding is represented in the RND Board. Source: website RND.

bargaining. Thus, the large chains rather dominate the employers' side in the industry at large. A main goal of RND in recent negotiations was the trimming down of collective labour agreements (CLAs) that supposedly contained too many rules. After a first effort in 2004, RND repeated this plea in April 2006. The employers' organisation suggested agreeing upon CLAs in main lines, but remarkably enough it opposed CLAs or other arrangements on wages with works councils.[122] The unions have continued to emphasize that the vulnerability and low wages of most retail workers left no room for "lean" CLAs.[123]

The Dutch organisation of SMEs (*MKB Nederland*) tries to defend the interests of SMEs in retail. Some years ago this organisation founded the National Shop Council (NWR) as a lobby organisation, with currently 40,000 retailers as (voluntary) members. As noticed, in reaction on the government plans to liberalise zoning regulations, RND and NWR jointly created the Dutch Retail Platform (*Platform Detailhandel Nederland*), later on broadened towards their lobby organisation more generally operating in The Hague and Brussels. However, *MKB Nederland* misses direct access to the collective bargaining table. Already for quite some years, this organisation aims at enlarging the numerical flexibility of SMEs, suggesting for example that the average working time should be calculated over three months. The unions, by contrast, remain strongly in favour of enlarging workers' influence on (short-notice) changes in working schedules, arguing that management already determines employees' working hours to a large extent.[124]

### 2.4.3. Employees' representation

Unionism is a difficult issue in retail – not only in the Netherlands, but also, for example, in Germany and the UK. Based on a comparison of these three countries, it has been argued that there is no specifically anti-union resentment amongst retail workers, but rather a lack of opportunity to join the unions.[125] The Dutch practice supports the thesis that union organizing meets structural constraints, especially the predominance of small workplaces, of part-time and contingent employment, and a high labour turnover. Union density in Dutch retail remains about 12%,[126] of which two-thirds are organized in *FNV Bondgenoten*. The *CNV Dienstenbond* may add another 2%. Mostly only the unions affiliated with the FNV and CNV union confederations have signed up retail CLAs. Yet, in 2005-2007 *De Unie*, a union affiliated with the third

122 See also website RND.
123 Interviews with FNV Bondgenoten union officers; various articles in Bondgenoten Magazine; De Volkskrant, 28-05-2004.
124 Grünell and Van het Kaar, 2004; interview FNV Bondgenoten union officers.
125 Dribbusch, 2003.
126 In 2005-06, union density in the retail industry could also be estimated at 12% in the UK (Mason and Osborne, 2008, 161); with 15% (estimate ver.di union), the German figure was slightly higher, while unionization in retailing in France (2%) (Azkenazy et al, 2008, 221) and the US (6.5% in 2007) (US BLS, 2008a) was even less. The Danish density level (in 2006 at least 50%) at the time was outstanding, not least because of a number of closed-shop arrangements, in 2006 declared illegal by the European Court of Human Rights (Esbjerg et al, 2008, 147).

(MHP) union confederation but with marginal activities in retail, tried to negotiate separate CLAs, if inevitable" without the FNV and CNV unions.[127] *De Unie* may contribute 1,500 – 2,000 unionized retail workers, mostly (assistant) store managers.[128] Union representation at the establishment level remains weak.

Works councils also have a difficult task in Dutch retail. Quantitatively, compliance with the Works Councils Law is one of the lowest of all industries: some years ago about 180 councils covered one-third of all retail employees, about half of all for which a works council was mandatory.[129] In 2004-06 most of the approximately 1,200 lay representatives of the FNV *Bondgenoten* union who were active in retail were works councillors, which means that 40-50% of all councillors were *Bondgenoten* members.[130] Well-informed (central) works councils are active in Ahold, as well as in the Hema and Bijenkorf department stores. Industrial conflicts mostly concentrate on these companies, mainly during collective bargaining rounds. These obviously are exceptions; union officers interviewed said to feel that many works councils in retail are largely under management control. Combined with weak union representation, this gives management a large amount of discretion in a majority of retail establishments.

### 2.4.4. The Industrial Board

In retail, as in two of the other Dutch industries studied, hotels (hospitality industry) and meat processing, a classical institution of Dutch corporatism plays a role: the Industrial Board for Retail Trades, *Hoofdbedrijfschap Detailhandel* (HBD), created in 1956. Each retail company is obliged to register as a member and pay a compulsory fee to the administrative branch of HBD, *Centraal Administratiekantoor* (CRK). In HBD employers' associations and the two main trade unions, affiliated to the FNV (*FNV Bondgenoten)* and CNV (*CNV Dienstenbond*) confederations, cooperate. HBD has the authority to lay down basic pay and conditions of retail workers not covered by a CLA in a regulation, and in the past it did so in the VAD *(Verordening Arbeidsvoorwaarden Detailhandel*). Like other industrial boards in the Netherlands, HBD retreated from wage determination; by mid-2004 the VAD mechanism has been abolished. Already before the price war of 2003-2006, a political debate had started about the usefulness of the Industrial Boards. In our view the price war confirmed the limited significance of HBD as a labour relations institution, although notably FNV *Bondgenoten* union officers that we interviewed did not go along with the suggestion that the price wars as such

127 In the course of 2005 Mitex, the employers' federation in fashion and sports goods retail, and De Unie had talks exploring "much larger flexibility in labour conditions". In 2007 they jointly (without the unions affiliated with FNV and CNV) agreed a CLA that was extended by the Minister of Social Affairs and Employment, but that CLA already expired by January 1, 2008 (website FNV Bondgenoten).

128 Sources: CBS, Statline, and interviews with union officers.

129 Dribbusch, 2003; Engelen and Kemper, 2006.

130 Dribbusch, 2003, 96; information FNV Bondgenoten.

eroded HBD. It is quite understandable that unionists would not give up the opportunities an institution such as HBD offers to act as a centre of expertise for the industry, monitoring the labour market and other social aspects and exerting some pressure on employers to behave not too short-sightedly.[131]

### 2.4.5. Vocational training

The Dutch national monograph goes into the regular secondary-level vocational education (VET) system of the Netherlands and its problems.[132] In the autumn of 2004, about 35,000 students followed the two dual-learning schemes for retail, about 14,600 the practice-oriented BBL (*BeroepsBegeleidende Leerweg*, with at least 60% "practice") and about 20,800 the more theory-oriented BOL (*BeroepsOpleidende Leerweg,* with 20-60% "practice") courses. BBL pupils have both a learning and a labour agreement with a teaching company (and are included in the retail workforce). In the years preceding 2004 the number of practice-oriented students had grown, especially at levels 3 and 4, while those following the theory-oriented curriculum had fallen, notably at levels 1 and 2. The vocational training institutions attributed this falloff to the lack of available internship posts. Yet, the difficult match between the supplied education and pupils' capacities and motivations obviously played a role as well. Drop-out rates were low in the more practice-based scheme and higher among theory-based pupils.[133] After 2004, the retail VET system has been restructured. Except tailor-made courses, courses for the retail trade have been integrated in regular lower- and medium-level vocational education, VMBO and MBO. VMBO offers basically three educational programmes aiming at the retail trade: commerce & sales; commerce & administration, and fashion & commerce. MBO offers five educational programmes: prospective sales person (level 1): salesperson (level 2); sales specialist (level 3), manager retail, and entrepreneur retail (both levels 4).[134] Obviously the popularity of the retail VET system with both potential students and employers remains rather low. Though the available figures are not fully comparable over time, it seems that the number of pupils in the BOL retail courses between 2004 and 2008-2009 has decreased by nearly 20%, to about 16,800.[135]

131 Interviews FNV Bondgenoten union officers.
132 Salverda, 2008b, 96-8.
133 Kenniscentrum Handel, 2004; HBD, 2005a, 27.
134 Source: website HBD.
135 Source: website Kenniscentrum Handel.

### The VET system in retail: a short Dutch – German comparison

Based on the RSF Low Wage in Europe project it can be argued that a similar production model is developing in retail across countries, in the direction of a high performance – low wage model. Yet, here similarities may already end: as the German version is developing into a high performance – skill-oriented – low wage model, we have to leave out "skill-oriented" for the Netherlands. Taking the various streams in and out the Dutch retail industry into consideration , we estimated that in 2005 about 85,000 retail employees, nearly 15% of all employees, had a "dual retail learning" background with at least two years of training completed. For the time being the coverage of the official (tripartite) vocational education (VET) system remains low, definitely compared to Germany, where over 80% of retail employees has two to three years of vocational training. Moreover, in spite of declining retail employment, the number of newly concluded training contracts has not declined in the last 15 years, and in 2004 the retail programme has been thoroughly modernized. The main argument in favour of the German VET system is that a broad medium-skilled segment allows only relatively small investments in human resources in order to firms adopting new technologies and changing product market strategies. A vocational training background may qualify for store management functions; stimulate behaviour along lines of responsible autonomy (German: "Rationalisierung in Eigenregie"), bring forward a core staff of "anchor workers" capable of running the daily business, and strengthen employees' positions in the labour market. In contrast, the two HR managers in retail we interviewed argued (independently from each other) that already the influx in the third and fourth years of the Dutch VET system in retail was too large to be absorbed by employers, and that a "German-type" VET system would lead to overskilling and to a too large wage bill.

## 2.5. Retail: external and internal labour markets

### 2.5.1. Gender distribution

The retail workforce has been feminized in the course of the 1990s, though less strongly than the Dutch economy at large. In 2000 64% of the retail workforce was female, against 60% in 1995 and 56% in 1992. The feminization process ended rather abruptly at the turn of the century, when the share of women (measured headcount) stabilized for some years at about 63%. In 2005, it even fell to 62.0%[136], before recovering in the next years, ending up at 63.3% in 2008 (Table 7). Table 5 shows the yearly changes. The table reveals that in 2002 measured in FTEs male retail employment already decreased whereas female employment

136 Or, according to the EU Labour Force Survey (authors' calculations), to 60.9% (basis for Table 1).

still grew. In 2003 the development reversed, with a stronger fall in female employment that continued in 2004. While 2005 for men and women alike showed a slight recovery, 2006, in particular 2007 and also 2008 showed a stronger growth in female employment (though, as FTE data is lacking, only measured in headcount employment). In a cross-country perspective, the Dutch 2005 female share in retail was not particularly high: it was nearly 10%points lower than in Germany, also lower than in France, about equal to the UK, and higher than the Danish and US shares (cf. Table 1).

In the Netherlands, the supermarket sub-sector is less feminized than retail at large: with 55.2% female workers in 2008, 8%points lower than in retail at large, it ranked only tenth out of 15 branches. In this respect, the Netherlands is an outlier: in the other five countries under scrutiny the female shares in the supermarket sub-sector were higher than the retail average, in particular in Denmark (17%points difference in 2005) and in the UK (15%points difference) (cf. Table 1). With nearly 86% female workers in 2008, pharmacy, perfume and cosmetics retail turned out to be the most feminized sub-sector in Dutch retail, closely followed by clothing/textiles and shoes/leather sales. By contrast, with 75.0% male workers consumer electronics retail showed up as the sub-sector with the largest male share (Table 7). If this latter figure is correct[137], this share would be high in international perspective; only the Danish consumer electronics stores displayed a higher male share, the others showed shares of 70% and lower (cf. Table 1). According to Statistics Netherlands, between 2000 and 2008 the female share in the supermarkets fell by 2.6%points, and in consumer electronics retail even by 15.7%points. As we will see, in the supermarkets deliberate policies to save on labour costs played a major role in this respect. The causes for the diminishing female share in consumer electronics are not fully clear but our case evidence pointed at the more vulnerable position of female workers, with a large share of temporary contracts, as a likely explanation.

### 2.5.2. Age distribution

Table 8 illuminates that Dutch retail relies heavily on young workers. In 2005[138] over one quarter of all employees in retail (26.6%) was younger than age 20, and about one in six (17.2%) was between 20 and 24 of age. Thus, employees under age 25 made up 43.8% of total wage-earner employment in retailing. For 2006, with 44.7% an EU survey (the Labour Force Survey) found an even higher share of this age group. In international perspective, this share was only surpassed by that in Denmark; the other four countries studied displayed much lower shares of young retail workers, with the lowest share (less than 16%) found

137 In particular the Dutch employment data for consumer electronics retail should be interpreted with caution as the official statistics display large differences by gender over time. Nevertheless, with 21% for 2005-2006, HBD data also show a low female share for consumer electronics.

138 The last year for which detailed Statistics Netherlands figures are available.

in Germany (Table 1). Table 8 also shows that the reliance of the Dutch retail industry on young employees has remained rather constant over time. In 1995, those younger than 25 of age made up 44.1% of all retail workers, in 2000 43.1%, and as said in 2005 they made up 43.8%. At the same time there was a clear shift discernible towards the youngest age category, the 15-19-year-olds. Whereas in 1995 they made up just one in five retail employees (20.1%), in 2000 their share had grown to over one in four (25.6%), to end up at 26.7% in 2005. In the 2000s the share of boys aged 15-19 continued to grow, while the share of their female peers fell slightly. The share of the young adults aged 20-24, diminishing in the second half of the 1990s, stabilized after the turn of the century, both for males and females. By contrast, the workforce share of the 25-29-aged continued to diminish, for males and females alike; while their joint share in 1995 was 16%, in 2005 it had fallen below 10%. Finally, in the decade between 1995 and 2005, the joint share of the female cohorts between 35 and 64 of age more than doubled, from 11.8% in 1995 to 24.6% in 2005.

Recent official statistics of the age distribution by retail sub-sector are lacking. Table 9 shows for 2004 a varying pattern of age distribution by sub-sectors. In that year the supermarket sub-sector employed by far the youngest workforce of all retail branches, with 61% under 23 of age against 38% for retail at large. Less than one in four supermarket workers (24%) was over 35 years of age; in all other sub-sectors this share was at least one in three. Consumer electronics retail with 23% employed a rather low share of the youngest workers' group, but showed the highest concentration of 23-35-aged workers (41%).

Whereas the long tail of the low youth minimum wage as discussed in section 2.4.1 is one relevant factor, the high level of youth employment is also related to the increase of student labour during the last two decades. Jointly with Denmark, the Netherlands makes up for the highest share of young people combining study and work among OECD countries. Whereas participation in education was about the same as elsewhere, with 62% in 2005 the Netherlands and Denmark had the highest employment-to-population rates of young people aged 15-24 in the OECD.[139] The high incidence of student labour cannot be separated from the Dutch financing of education. A national system of public grants is available for students aged over 18, with grants subject to a means test of the student's income, not that of the parents. Since 1986, when the system was put in place, the real value of a grant has nearly continuously declined, but subsidized students have increasingly been allowed to engage in paid work. In 1996 and 2000, the maximum net earnings allowed in the system (taxed as usual but not deducted from the grant) have been strongly lifted, and in recent years amounted to about 70% of the adult SMW.[140] In this institutional setting, and despite the relatively low

139 Mason and Salverda, 2010.
140 Salverda, 2008b, 92-3; Van Klaveren et al, 2009.

hourly wages mostly earned, many students obviously have to take refuge to work while studying. In 2008, 19-year-old students in 2008 on average worked 13 hours per week, increasing by age to 23 hours on average for 24-year-olds.[141] Official data in the early 2000s already indicated the popularity of the retail industry as a source of employment for students.[142] In 2008, this situation still existed, with 24% of the working students aged 19-21 and 14% of those aged 22-24 employed in stores.[143]

It can be argued that the official facility to combine work and study distorts the youth labour market for the retail industry, effectively crowding out those who want to build a career and earn a living wage after leaving school, in favour of those who work while studying. We calculated[144] that the latter category amounted to about 60% of all 15 to 19-year-olds and 20% of the 20- to 24-year-olds employed in retail in 2005. The fact that students in that year accounted for just a quarter of all newcomers in retail suggests that three-fifths of the young newcomers were rather low-skilled youngsters who may not regard a retail job as temporary.[145] The nonstudent category seems to contain predominantly those with no aspirations or opportunities for post-secondary education and training. Our case studies and other evidence suggest that many of those who turn to retail employment for a full income, particularly in urban areas, are young second-generation migrant workers. In Chapter 3 we will go into their position, arguing that they currently run a serious risk of getting stuck indefinitely in low-wage work.

Already back in 2004 HBD pointed at the smaller cohorts of youngsters entering the labour market and expressed its concern about the future of the retailing labour supply. The Industrial Board indicated that the migrant population would be the last main resort for retail, notably in the cities.[146] It referred to research proving that “ethnic supermarkets” were on average successful and quickly expanding.[147] Indeed, there are serious labour supply problems ahead, not merely for demographic reasons but also because the HR policies of retail employers have predominantly chosen low road options. The supermarkets will definitely be confronted with these problems; we already noted that their workforce is by far the youngest of all retail branches. In our case interviews supermarket (assistant) managers predicted that retail would rather soon encounter large difficulties in competing for (relatively) low-skilled labour supply. They mentioned as main competitors in this labour market segment (mobile) home and elderly care, but also security and cleaning work. Yet, obviously the HR management of the main chains has not been very responsive to warnings

141 Lok and Siermann, 2009.
142 Rienstra and Copinga, 2003.
143 Lok and Siermann, 2009.
144 Combining CBS, Statline, and WageIndicator data.
145 Cf. Dribbusch, 2003, 23.
146 HBD, 2005 e.
147 Cf. Van den Tillaart and Doesborgh, 2004.

about the demographic problems. It was striking that in 2004-05 retail employers concentrated even stronger on recruiting youngsters under 20, who filled two-thirds of all retail vacancies (2002-03: 37%). By then, employees younger than 17 filled 20% of these vacancies (2002-03: 11%).[148]

## 2.5.3. Job and educational levels

We now go into the job and educational levels at industry level. Tables 10A and 10B, showing the latest available breakdowns by Statistics Netherlands of job levels of the Dutch retail workforce, reveal that in 2005 a majority of all retail workers were functioning at the two lowest job levels used in these statistics: 54% of males and 71% of females. Moreover, it is striking that from 1996 to 2005 the average job level in retail fell, in particular for men (by 0.18%points), and to a lesser extent for females (by 0.03%points). Whereas in 1996 57% of males and 31% of females could be found at levels 3 to 5, in 2005 these shares had decreased to respectively 46 and 29% (Table 10B).

It is illuminating to compare job levels with the educational levels of the retail workforce,[149] like we have done in Tables 11A and 11B. These comparisons suggest the growing underutilization of workers with *completed* secondary and higher education -- in 2005, 62% of the sample) In that year, 57% of those with secondary education worked at levels 1 and 2 (double the national average of 27% working at these levels with secondary education), and 33% of those with completed higher education, against a national average of only 5%. After 2000 the gap with the national averages, already large, has even widened.[150] We assume that a considerable part of these rather qualified employees functioning in low-skilled and low-paid jobs are working students recruited by the supermarkets between 2000 and 2005, mostly as shelf-stackers (level 1).[151] Lack of labour market prospects may well explain their increase in this period of time, as many of them may have continued working in the supermarkets after graduation.

### 2.5.4. Working time

As said, a major feature of the Dutch retail industry is its large share of part-time workers. Between 1995 and 2005 part-time work in retailing has displayed a near-linear growth. In 1995, the share of full-timers in the male retail workforce was still 62%; in 2000 it was 55%, and in 2005 only 49%. As for the full-timers among the females, their share similarly went down, from 30% in 1995, via 25% in 2000 to just below

148 HBD, 2005a, 23-24.
149 Total workforce, as Statistics Netherlands does not specify educational levels at industry level for wage earners.
150 Source: CBS, Statline.
151 Yet, even if all shelf stackers are supposed to have completed secondary education and we leave them out from Tables 11A and 11B, the share of those with secondary education carrying out jobs at levels 1 and 2 remains about 33%, 6%points above the national average.

20% in 2005 (Tables 12 and 13). In the boom of 1995-2000, with the 1996 Opening Hours Act allowing for longer opening hours, the share of jobs of less than 12 hours per week among the 15-19 and 20-24 of age diminished in favour of the 12-19 hours' category. After 2000 a return to the small jobs pattern could be observed, not only among the youngest age groups but also among the males aged 25-34 and the females aged 25-29. We have indications that quite often the lowering of working hours took place rather involuntarily, under employers' pressure. Calculations on *WageIndicator* data for 2000-2005 showed that 30% of the respondents 15-24 of age working in retail preferred to work more hours a week, against 13% less.[152] In the end, the growth of retail employment from 1995 to 2005 can be attributed fully to the growth of part-time work for both sexes. By contrast, for both men and women the absolute numbers of full-timers were lower in 2005 than a decade earlier.[153]

The EU Labour Force Survey indicates that more recently both the Dutch share of part-timers in the retail workforce and the countries' share of part-timers in total employment clearly remain on top compared with the other five countries. Based on this source, for 2007 the Dutch part-time share in retailing could be calculated at 70.4%, over 18%points higher than Germany, the country that came next. The total part-time share in employment in the Netherlands, in 2007 46.8%, was 21-22%points higher than the corresponding shares in Germany, the UK and Denmark, while the differences with France and the US were even larger (Table 1). Recent Statistics Netherlands figures on working hours present average working weeks by age, but they do not separate retail and wholesale trade. Table 28 shows that for this large sector average working hours in 2008 were 27.2 per week: 31.7 for males and 22.1 for females. This gender difference was fully caused by the larger share of full-timers among male workers; by contrast, male part-timers had shorter working weeks (15.4 hours on average) than females in part-time jobs (16.9 hours). The table suggests that this is due to a composition effect, that is, from the relatively large share of young males (mainly 15-19 of age, but also 20-24-aged) with small part-time jobs. If male workers aged 30 to 55 were part-time employed, they worked on average in large part-time jobs, 23-26 hours per week, and in each age cohort on average three to five hours more than females in the same cohorts.

It is clear that there is a significant and enduring over-representation of young part-time workers in Dutch retail. Yet, it may look surprising that in 2005 working in small part-time jobs -- less than 12 hours per week-- was nearly equally distributed among the male (30%) and female wage earners (31% -- Table 12). It has to be recalled that the workers in question are largely auxiliary workers: the "men" in this age

152 Data gathered from October 2000 – April 2005 (n=1,901); calculations by Kea Tijdens.
153 Source: CBS, Statline.

category were mainly shelf-stackers aged 15-19, and the "women" of the same age group were (prospective) checkout operators in the supermarkets and sales assistants in other retail branches, in particular in clothing sales. Jointly the auxiliary supermarket workers made up 70-80% of all those working less than 12 hours in retail.[154] The difference in hours worked between men and women in the mid-2000s was mainly caused by the fact that nearly half the female retail workforce worked 12-35 hours, against only one-fifth of their male peers. A closer look at data on working hour patterns (Tables 12 and 13) clarifies that since the mid-1990s working less than 12 hours per week has been the dominant pattern for those aged 15-19 years, boys and girls alike. These figures confirm and refine the picture already derived from table 28 for wholesale and retail. Small part-time jobs were also important for the 20-24-aged category. Yet, already in this age bracket half of all employees, male and female alike, worked 20 hours per week and more. 85% or more of the male employees in the higher age brackets until the age of 60 worked 20 hours and more, while for women large part-time and full-time jobs only dominated among the 25-29 of age. Accordingly, the FTE/headcount ratios of the male five years' cohorts between 30 and 60 of age were oscillating around 90% and those of their female counterparts around 60%.

### 2.5.5. Flexible contracts and recruitment

At the end of the 1990s retail employers' strategies towards numerical flexibility were not that manifest. In 1998-2000, the share of retail employees with flexible contracts even diminished from 17 to 14%, only slightly above the national average.[155] This changed in 2001, when the share of retail staff working on a flexible contract increased to 21%.[156] In that year already 43% of the new entrants in the industry got such a contract, a share that went up steeply to 74% in 2004-05.[157] The main force behind this trend may well be the one more extensively discussed in our report on temp agency work (that was partly derived from the low-wage research project): the risk-avoiding behaviour of employers.[158] The Industrial Board also relates the growth of flexible contracts in retail to the larger risks for employers in case of sickness and occupational disability of permanent staff.[159] These risks were recurrent themes in all our interviews with local management. Most likely the fear of employers for extra labour costs resulting from sickness and occupational hazard payments based on new legislation has, jointly with newly developing working time and logistic patterns,

154 Author's calculations, based on CBS, Statline, and CGB, 2006, 9.
155 Dribbusch, 2003.
156 HBD, 2003, 21.
157 HBD, 2005a, 23. Two types of flexible contracts were distinguished: 48% got a fixed-term contract, 26% a contract with variable working hours / on call.
158 Tijdens et al, 2006, Chapter 2.
159 HBD, 2003, 24. After 2003, HBD did no longer publish figures concerning types of contracts.

contributed to a sharper division of labour in notably supermarkets. In our cases we hardly found any temp agency workers in the target jobs. Clearly, in Dutch retail the practice to leave logistics and shelf-stacking activities to young workers, employed on fixed-term contracts and to a considerable extent functioning as "gap fillers", provides a functional equivalent for the use of temp workers.[160]

As for recruitment channels, in 2004-05 informal channels counted for two out of three moves on the retail labour market: 28% of all new entrants came in by spontaneous applications, 20% via retail staff, 9% by advertisements in or near retail outlets, and also 9% by external relations. The roles of the regular intermediaries were quite marginal in retailing: in 2004-05 4% of the applicants came in via the official job centres (CWI, against 2% in 2003), and the share of temp work agencies was reported to be nil (2003: 1%). In 2000, the joint share of the official job centres and the temp work agencies still was 10%[161]. Thus, in the Dutch retail industry temp agency work is no longer relevant.

### 2.5.6. Labour turnover

According to Eurostat data, in 2006 just over 60% of the Dutch retail workforce had stayed in their current job for less than five years. In that year the percentage of annual leavers was 27% in the Netherlands. Across the five EU countries studied, turnover along this yardstick was highest in Denmark, followed by the Netherlands, directly followed by the UK, with France and Germany with the lowest turnover (20%). Yet, they were all surpassed by US retail, where half of the retail workforce left each year (table 1[162]). The latest detailed figures of Statistics Netherlands on tenure date from 2005 (Table 15). With 65% these figures show somewhat a higher tenure rate shorter than five years than the more recent EU statistics would show, but also with 24% a lower annual leave rate ("tenure 0 years"). This last change may be largely explained by the improved labour market situation in the course of 2005-06, giving a boost to labour mobility.[163] From early 2005 on, the number of open vacancies in Dutch retail and wholesale grew rapidly, and by mid-2006 this figure reached the record level of 35,000, nearly 6% of the dependent retail workforce, surpassing the earlier 2000 top level.[164] The higher turnover rate may also reflect the growing orientation of Dutch retailers on youngsters and the growing use of flexible contracts, as indicated above.

160 The same mechanism was found in the other five countries under scrutiny: Carré et al, 2010, 224.
161 HBD, 2003a, 26; HBD, 2005b, 24.
162 Sources: see under Table 1, Retail: labour turnover.
163 WageIndicator data for January 2004 - September 2006 (calculations: Kea Tijdens) indicated somewhat lower turnover rates for retail at large (n = 3,313): 18% tenure less than one year, 37% tenure between one and five years, 45% five years and more. The difference with the 2005 data of Statistics Netherlands seems largely caused by low turnover rates in 2004.
164 CBS, Statline. Vacatures.

The influence of the business cycle is clearly traceable over time in labour turnover, that is, in mobility patterns. Under the tight labour market conditions of the late 1990s, mobility went up quickly. In 1995, 36% of all retail employees had tenures of less than 2 years, a share that had grown to 49% in 2000.[165] With the economic downturn in the early 2000s this figure fell, and the 2005 tenure level equalled that of 1995. Table 15 indicates that between 2000 and the end of 2005 especially males ageing 20-24 years tended to stay with their employer. In this age bracket the share of those with tenures of 5 years and more grew from 4% in 2000 to 23% in 2005. The rates for females also showed an increase, but less outspoken. The table also reveals that the high labour turnover figures in retail have to be put into perspective: they are nearly fully attributable to the large shares of the youngest generations. In 2005, 51% of the boys 15-19 of age and 52% of the girls of the same age working in retail quitted their jobs within one year. In the category of 20-24 aged these shares already fell to 19 and 24% respectively, and retail figures for the higher age categories do not differ significantly from those for the workforce at large. In Dutch retail the large share of young workers in retail heavily influences the industry's turnover figures. Among their older retail colleagues, patterns of company loyalty and commitment seem quite "average".

## 2.6. Retail: wages

We already stipulated that the production model in European retail is developing towards a high performance – low-wage model. This definitely holds for production and employment structures in Dutch retail. Based on an international comparison covering the 1979-1996 period, Salverda *et al* concluded: "German retailers (and to a lesser extent French retailers) are roughly equally able to benefit from paying lower-than-average wages for particular types of employees. Retailers in the USA, but particularly in the Netherlands and the UK, gain more by focusing their labour force on particular categories that are paid less across the board, but these have been the inexperienced and particularly part-time workers rather than the least skilled".[166] In the period under scrutiny, retailing moved towards low pay in the Netherlands and the UK, and away from it in the US and Germany.[167] In the Netherlands the incidence of low pay in retail grew in the same period, from 34 to 37% under the low-wage threshold used in the RSF research project, that is, under two-thirds of the national median gross hourly wage. Moreover, wage inequality in Dutch retail (D9 : D1)

165 Authors' calculations, based on CBS, Statline.
166 Salverda et al, 2005, 53.
167 Salverda, 2005, 67.

increased substantially, from 2.48 in the end-70s to 2.97 in the mid-90s.[168]

In the aftermath of the "golden years" of Dutch retail, the industry's low-wage pattern has deepened. From 1996 to 2005 hourly retail wages lagged behind the national wage trend in the Netherlands, by 2%-points for male employees and by 5%-points for females.[169] Already by 2002, according to official statistics the share of those working in retail and earning under the low-wage threshold had increased to 46%, 9%points up compared with six years before.[170] As Table 1 shows, this low-wage share was also quite high in international perspective: it was only surpassed by the British retail share for 2003 (49%), but it was somewhat higher than the German and American shares (both 42%) and much higher than the low-wage shares found in Danish (18%) and French (23%) retailing. The low-wage share among Dutch supermarket workers was even 57%, 11%points above the retail average and by far the highest share among the five Dutch industries targeted by our research project. At first sight it may seem remarkable that, with 53%, the share of low-paid females working in supermarkets was somewhat lower, but as we will show the explanation can be found in the large share of low-paid male shelf-stackers. In Dutch consumer electronics a much lower share, 19% of males and females alike, earned below the low-wage threshold. Jointly, in 2002 32% of all employees (and 31% of all female employees) in the five targeted industries earned less than the low-wage threshold. In that year, the overall share of Dutch employees under the low-wage threshold was 17%, and 21% of all female employees.[171]

For 2005, official statistics showed that 37% of the male retail employees and 53% of their female colleagues had wages up to 130% of the Statutory Minimum Wage (SMW); 9% of the males and 11% of the females earned wages on or lower than the SMW.[172] Based on another source, the *WageIndicator* voluntary web-survey, we found also for 2005 that 39% of Dutch retail *and wholesale* employees jointly were paid under the low-wage threshold, a share only surpassed by that of the hotel and restaurant sector. This incidence was considerably higher than the shares of low-paid through the *WageIndicator* survey traced in Danish, German and British retail / wholesale.[173] Based on *WageIndicator* data over 2007 and the first half of 2008, we found that 50% of all respondents aged 23 and older working in the retail industry earned under the low-wage threshold that we estimated for the Netherlands for these years: 48% in supermarkets and department stores, and 51% in the other retail branches. The 2007-2008 low-pay incidence was 43% among full-time

168 Source: DEMPATEM project (courtesy Wiemer Salverda).
169 Authors' calculations based on CBS, Statline.
170 Authors' calculations from CBS Microdata EWL/EBB 2002.
171 Authors' calculations from CBS Microdata EWL/EBB 2002. Cf. Van Klaveren, 2008b, 135.
172 Authors' calculations based on CBS, Statline.
173 Van Klaveren et al, 2008, 82-3. France and the US were not included in this comparison.

retail workers; 36% in supermarkets and department stores and 47% in other retail. Among part-timers, with 67% the low-pay incidence was much higher, and here the incidence was highest in supermarkets (74%) compared with the other retail branches (63%).[174] Though this low-pay data is not strictly comparable with the outcomes presented earlier and were based on official statistics, they contribute evidence suggesting that between 2002 and 2008 the share of low-paid in Dutch retail has hardly or not diminished.

For the time period 2006-2008, based on *WageIndicator* data median gross hourly wages have been calculated for retailing by age: see Table 27. For the three years, we were able to calculate separate medians for supermarkets and department stores, while for 2006 we could add those for consumer electronics retail.[175] The median hourly wage found for retail at large was € 10.69 in 2007 and € 10.79 in 2008. The table shows that these medians have been heavily influenced by the youth wage rates paid, in 2007 and 2008 varying from slightly over € 5 for the 15-17-year-olds till € 8.74 – 9.36 for the 22-year-olds. For retail at large, *WageIndicator* data revealed a median hourly wage in 2007 and the first half of 2008 for workers aged 23 years and over of € 10.93, against a median € 4.88 for the workforce younger than 23 of age.[176] Similar differences were found for the supermarkets (€ 11.19 median hourly wage for those 23 of age and older, against € 4.73 for younger than 23 of age) and the rest of the retail (€ 10.77 against € 4.97).[177] In sections 3.6.1 and 4.5.1, we will treat into detail the respective hourly wages for the supermarkets and consumer electronics.

It is worthwhile to pay attention to the gender pay gap in retail. As recent official wage statistics, with 2008 as last year of observation, only cover the wholesale and retail industries combined, recent data also relates to this broad sector. Table 26, based on *average* wages, shows an unadjusted gender pay gap of nearly 30%[178], composed of 27% for full-time workers and 6% for part-timers – the latter mainly because of the large share of youngsters among the part-time workers, and related gaps of less than 4%. According to these figures the gap goes up quickly by age, until for age category 50-55 the largest differences have been reached. The *median* hourly wages based on the *WageIndicator* data for 2007 and January-June 2008 can also be divided by gender, thus enabling to calculate the gender pay gap solely for the retail industry. In retail

174 Van Klaveren et al, 2009, 430. Calculations: Kea Tijdens. Sample size: 6,521, of which 2,496 in supermarkets and department stores and 4,025 in other retail sub-sectors.

175 For 2007/January – June 2008, we had to combine data for furniture and consumer electronics retail.

176 According to WageIndicator data, across sub-sectors the overall median hourly wage in 2007/January – June 2008 was lowest in the supermarkets (€ 7.79) , followed by clothing and footwear stores (€ 9.01), furniture and consumer electronics retail (€ 9.58), DIY stores (€ 9.66), and specialized food stores (€ 9.90), with the highest median in the category "other" (€ 11.79). For the workforce younger than 23 of age, median hourly wages in 2007/January – June 2008 were lowest in the supermarkets, followed by DIY stores, specialized food stores, clothing and footwear stores, furniture and consumer electronics retail, and other retail, with much smaller mutual differences: the lowest median hourly wage was € 4.73 in the supermarkets, the highest € 5.36, in other retail; the median wage for young workers in furniture and consumer electronics retail was € 5.24.

177 Van Klaveren et al, 2009, 430. Calculations: Kea Tijdens. Detailed sample size: 1,495 of 2,496 (60%) younger than age 23 working in supermarkets, 1,213 of 4,025 (30%) younger than age 23 working in other retail sub-sectors.

178 Using the international standard formula for the gender pay (or wage) gap: ((wage men – wage women) : wage men) x100).

at large, the median hourly wage for males aged 23 and older was € 12.83, against € 10.09 for females, or a 21.4% gender pay gap; for those under age 23, the amounts were respectively € 4.90 and € 4.87, or a minimal pay gap of 0.6%. In the supermarkets and department stores, the gender pay gap was larger for those aged 23 and older (26.3%) but non-existent for those under age 23 (3.2% advantage for girls / young women); in the rest of retailing, the gaps were respectively 17.9% for workers aged 23 and older and 2.8% for those under age 23.[179]

The outcomes mentioned are by and large similar to earlier pay gap figures in retailing from Statistics Netherlands (latest for 2005) and *WageIndicator* (2005-2006), be it both based on *average* wages. The official statistics found a considerable gender pay gap in retail: in 2005 18.9%, or 0.6%points above the Dutch average. After diminishing from 1995 till 2003 (but still remaining above the 20% level), the gap in retail grew slightly in 2004 but fell by no less than 2.1%-points in 2005. In December 2005, the male average gross hourly wage was € 13.96, against € 11.32 for females. Again, according to both official and *WageIndicator* statistics the gender pay gap in 2005-06 in retail went up quickly by age; while being quite small for the 15-19-aged and sometimes even positive for girls over boys, the gap reached 25% and more for females versus males aged 40 and older.[180] Ironically, the policies of the main supermarket chains during the price war, to get rid of low-paid elderly women may offer at least a partial explanation for the decrease of the gap in 2005. The remaining gap can mainly be explained by the over-representation of women in low-wage subsectors (so-called sectoral sorting) and in particular in low-wage occupations (occupational sorting).[181] In retailing women, especially if working part-time, tend to be locked in such occupations because of the lack of promotion opportunities. Characteristically, in the *WageIndicator* survey in 2007 and the first half of 2008, only 26% of the part-time workers aged 23 and older in retail indicated to have ever been promoted with their current employer, against the double share (52%) among their full-time colleagues. Asked whether they had good career opportunities, 31% of the part-timers ticked "yes", against again 52% of the full-timers.[182]

179 Van Klaveren et al, 2009, 430. According to this WageIndicator data, across sub-sectors the overall gender pay gap in 2007/ January – June 2008 (13%) was largest in furniture and consumer electronics retail (20%), followed by clothing and footwear stores (18%), DIY stores (17%), other (14%), specialized food stores (10%), and lowest in the supermarkets (3%).

180 Detailed results in Van Klaveren et al, 2007, 52-60. As shown there, WageIndicator data for 2005-2006 indicated gender pay gaps over 30% for the 5-years' cohorts in the 40-64 of age category, in both supermarkets and other retailing. Surprisingly, it turned pout that in Dutch retailing female re-entrants were confronted with a considerable life-time wage penalty.

181 Van Klaveren et al, 2007, 18-24. Gender pay differences within occupations do exist in Dutch retail, but they are likely of minor importance.

182 Van Klaveren et al, 2009, 430.

# 3. The supermarkt sub-sector

## 3.1. Introduction: the Price War

Since 1996 Royal Ahold, with their Dutch supermarket chain Albert Heijn (AH) as a solid basis, obviously following market opportunities rather than a pre-planned strategy based on geographical or cultural proximity,[183] had taken over seven large US supermarket chains and foodservice suppliers, as well as gaining control over grocery chains in a number of Latin American and Asian countries. Its expansion ended up in 2000 by gaining a 50% share in the Scandinavian ICA group. In March 2002 the company was ranked world's no. 3 retailer.[184] Yet, in this single month large accounting irregularities in its US Foodservice subsidiary were discovered as well as the use of disputable side-letters in the joint-venture arrangements with ICA and Disco (Latin America).[185] Stock value fell from € 40 billion to 3 billion, and the banks temporarily took over power in Ahold's Zaandam headquarters.[186] February 2003 was a disastrous month for the firm. CEO Cees van der Hoeven had to resign, but the rumours about a € 10 million bonus for Anders Moberg, his successor, ignited a buyers' strike in the Netherlands. This aggravated the effects of shrinking Dutch food spending that came into the open in the winter of 2002-03, and that particularly turned against Albert Heijn.[187] Still in 2003, AH lost at least 1%-point market share (= € 265 million sales). The consumer and the shareholder crises reinforced each other, but the latter postponed the price war that AH had already planned for Spring 2003.[188] In August-September 2003, AH sales shrunk dramatically, but Ahold cut 450 headquarter jobs and bankers allowed the parent firm larger credit facilities.[189]

183 Burt et al, 2008, 86.

184 Be it based on its overstated turnover. IGD's global index, taking into account "international competence" factors, even ranked Ahold behind only Carrefour, and above Wal-Mart and Tesco (Seth and Randall, 2005, 91).

185 Wrigley and Currah, 2003.

186 Smit, 2004.

187 Algemeen Dagblad, 02-08-2003; Dick Boer, interviewed in Van der Kind and Quix, 2008, 241.

188 Mainly based on interviews with union officers and industry analysts. Clearly the main reason why Albert Heijn wanted to start the price war was regaining market share, and in the course of 2003 regaining credibility of Ahold came on top of that. "Breaking" Laurus, often mentioned in the popular press as a reason, is highly unlikely as a main goal, as success in this respect might have given way to foreign food retailers aiming at penetrating the Dutch market, like Belgian Colruyt (as the Dutch Competition Authority would have blocked a full take-over of Laurus by Ahold). An explanation of another University of Amsterdam-related institute, SEO, started from the assumption that the Dutch supermarket chains before the war formed a "super cartel", and that Superunie, Aldi and Lidl broke with this cartel before AH did so (Baarsma and De Nooij, 2004). An Erasmus University Rotterdam critique questioned the existence of such a cartel, emphasizing that Aldi and Lidl never took part in any form of inter-firm co-operation (Van Aalst, 2005).

189 Smit, 2004.

Finally, AH was freed from its role as cash generator for the expansion plans of Van der Hoeven, and in October 2003 the firm abruptly lowered the prices of 1,200 top brand articles.190 All competitors reacted with discounts. In the first four months of the price war, about 500,000 households swapped their supermarket, and in the next five months another 200,000 did so.191 AH went on until October 2006 with thirteen consecutive discount rounds. In October 2006, the firm announced the end of the price war after having reached its main goals: mid-market positioning, a market share of 28%, and a record profit margin level of 6.3% in the first half of 2006.192 Moreover, its performance was one of the grounds on which the parent company restored credibility for banks and shareholders (Another was the return to the supermarket format as the basis of the firm's business instead of a rather incoherent operation of various store formats193). In 2005, according to sales Ahold still took the no. 5 position among world's largest grocery retailers. Nevertheless, between 2000 and 2005, its number of stores fell by 28%, and the firm had to retreat to a considerable extent on its home market: the share of its domestic sales increased from less than 16% in 2000 to nearly 33% in 2005. By then, it served 11 national markets on three continents, instead of 27 markets on four continents.194 In the course of 2006, hedge funds aimed at a split up of Ahold, but the firm survived this attack.195 In 2007, the ranking of Ahold among the largest grocery retailers worldwide had fallen from the 5th to the 10th position, and the 13th position among all retail firms.196 From then on Ahold showed a remarkable recovery, mainly based on renewed expansion in the US; in the course of 2009, the autonomous expansion of Albert Heijn in the Netherlands slowed down.197

The supermarket chains succeeded to shift the burden of their lower prices to a considerable extent to food suppliers and farmers. Chains in the higher food retail segment, like Albert Heijn, C1000 and Spar, in this respect followed the strategies of the hard discounters Dirk van den Broek, Aldi and Lidl. After having intensified the replacement of top / national brands (*"A merken"*) with private labels *("huismerken")*, they pushed down the margins of the private-label manufacturers – since 2003 on average from 2.5 to 0.5%.[198] A major reason for this shift was that the net margins on private label products were much higher, about 10%

190 As a matter of fact, the recovery strategy of Albert Heijn was broader and included large investments in supply systems and in real estate (Boer in Van der Kind and Quix, 2008, 243).
191 Deloitte & Touche, 2004.
192 Baltesen, 2006.
193 Burt et al, 2006b.
194 Burt et al, 2008, also for an overview of Ahold's entry/exit in/from countries between 1976 and 2005 (Table 5).
195 Baltesen, 2006a.
196 In terms of sales; in terms of employment (headcount), Ahold ranked 20th (Van Klaveren et al, 2010).
197 Trappenburg, 2009; Hofs, 2009. The take-over of C1000 stores mainly attributed to AH's sales growth in 2009.
198 Koen de Jong, director IPLC consultancy, cited in Baltesen, 2006b. See also website RTL, messages 17-09-2004 and 01-10-2004.

instead of 2.5% on top brands like Unox, Pampers and Spa.[199] First, food manufacturers tried to survive by rigorously cutting labour costs, next they tried to postpone investments and lower R & D expenses. The Dutch dairy and meat-processing industries have been severely hit as in the supply chain they were squeezed between raw material suppliers and large retailers.[200] In 2005-06, the dominant retailers' strategy even hit large top brand suppliers. In the course of the price war, Albert Heijn did no longer maintain good relations with major suppliers: its strategy was heavily criticized by the CEOs of large manufacturers such as Unilever, Heineken, Friesland Foods, Campina (both dairy, merged afterwards), and Douwe Egberts (Sara Lee), all blaming the price war for their diminishing sales in the Netherlands.[201] A Dutch cake producer and a Dutch brewery, both medium-sized, even temporarily refused to supply Albert Heijn.[202]

The strategic responses of large Dutch food manufacturers varied. Some, for example CSM, reacting on the price war, sold their top brands, while others (Wessanen, Numico) got rid of their private labels and concentrated on top brands.[203] Unilever followed the strategy of Nestlé and prepared to supply Aldi and Lidl with "fantasy labels".[204] The tendency to concentrate on private labels has spread in Dutch retail beyond supermarkets and clothing retailers, for example to chemist and DIY chains.[205] Yet, it would be wrong to conclude that the traditional private label manufacturers benefited in the end. Because of the price reductions of the top brands, often sold below cost prices, small price differences between top brands and private labels were left and the high-end supermarket chains saw their private label "cash cows" endangered. Their efforts to enlarge their margins contributed largely to the fall of the margins of private label manufacturers mentioned above.[206]

199 Baltesen, 2005a. Traditionally, private labels jointly had a low market share in the Dutch food retail (2003: 21%, compare: GE 35%, UK 41%). Sources: HBD, 2004a, 6; Wortmann, 2003, 13; Levensmiddelenkrant, 16-07-2004.

200 See for effects of and reactions on the squeeze in the Dutch meat-processing industry Van Halem, 2008; also De Raat, 2008.

201 NRC-Handelsblad, 20-09-2004; 08-02-2005; 14-03-2005; website RTL, messages 14-10-2004 and 17-02-2005; Algemeen Dagblad, 29-11-2004; De Volkskrant, 08-12-2004; 28-02-2005; 23-03-2005; Groenevelt, 2005; Baltesen, 2006b. Sales of the 100 largest top brands fell in the Netherlands by 6% in 2004 and 2% in 2005, whereas 2003 had still shown 2% growth. The top-100 share in supermarket sales went down from 27.5% in 2003 to 25.8% in 2004 (www.zibb.nl/food, message 09-02-2006). Some industry analysts suggested that, as a consequence of the price war, the profit losses of the top brands were even larger than those of the supermarkets. Cf. Laurens Sloot, cited in NRC-Handelsblad, 17-11-2004.

202 Schouten, 2005a (the Peijnenburg case); Thijssen, 2006a (the Grolsch case).

203 NRC-Handelsblad, 28-02-2006.

204 Het Financieele Dagblad, 30-01-2006.

205 Baltesen, 2005 e.

206 Between 2007 and 2009, private labels continued to win market share of top brands. A comparison of IPLC consultancy learned that between 2003 and 2009, the price of a basket of 35 top brands increased 22%, whereas the price of its private label equivalents fell by 3.5%. As a result, prices in the Netherlands in 2009 differed nearly 40%, according to IPLC director Koen de Jong across countries an extremely large difference (NRC-Handelsblad, 16-04-2009).

## 3.2. Supermarkets: industry performance

### 3.2.1. Supermarkets: portfolio of the industry

Food retailing in the Netherlands in 2007 took place in majority through 4,330 supermarket selling points in 2007 (4,340 in 2008), in which 77% of all food consumption and 67% of all tobacco, alcohol, coffee and tea consumption in the market at large were registered, or € 17,778 million for food articles and € 8,970 billion respectively for the second group of goods, totalling € 26,748 million (incl. Value Added Tax=VAT).[207] Like elsewhere, supermarkets in the Netherlands are characterized by relatively high sales per employee (FTE) and sales surface. In 2008 total sales per supermarket reached € 4,926,000, about € 400,000 or 8% more than in 2005. Sales per supermarket employee (FTE) in 2008 amounted to € 267,000, € 11,000 or 4.3% more than in 2005; this sales level was 11% higher than the average sales per FTE in retail at large and 4% higher than the comparable average for food sales at large (cf. Table 2). Supermarket sales per square mtr store surface were € 7,600 in 2008, even over 2.5 times the $m^2$ sales level in 2008 of retail at large and 12% higher than the average for all food sales.[208]

The supermarkets are currently the largest retail channel in the Netherlands, attracting 10.7% of total consumer spending in 2008.[209] More than elsewhere in the EU they have remained predominantly *food* sellers. In cross-country perspective the share of non-food in Dutch supermarket sales is rather low, in 2005 only 14%, indicating a share of the supermarkets in total non-food sales of only 5%.[210] Already the 1970s witnessed efforts of some large Dutch supermarket chains to diversify, with investments in wine merchants, restaurants, tour operators, and DIY shops,[211] as well as to expand their assortment towards "general merchandise" (consumer electronics, clothing, et cetera). In 1974, Albert Heijn took the lead by starting the Miro hypermarkets. Yet, at the time the firm underestimated the societal and notably municipal opposition against such large stores: just one Miro store survived the 1970s.[212] Efforts of other food chains to diversify into non-food also failed. In the 1980s and 1990s, nearly all chains returned to their core business. They also outsourced their own manufacturing nearly totally. Albert Heijn, till deep in the 1980s maintaining sub-

207 In 2008 total supermarket sales reached € 29,365 million (CBS, Statline, Maatwerk - arbeids- en financiële gegevens, per branche, 2008).

208 2005 data: HBD, 2006; 2007 and 2008 data: HBD, 2009, 15 and 162-3.

209 Authors' calculation, based on HBD, 2009, and CBD, Statline Maatwerk 2008.

210 Sources: CBS, Statline; HBD, 2006a. For example, hypermarkets in France in the mid-2000s accounted for about 15% of non-food sales (Azkenazy, 2008, 212).

211 Notably Albert Heijn and Dirk van den Broek invested in these four categories. The latter chain still owns wine and liquor stores, chemists and a tour operator. Albert Heijn also owns a wine and liquor chain, but integrated chemist's articles in the assortment of its supermarkets.

212 Van Klaveren, 2002, 8; Smit, 2004, 60.

stantial manufacturing facilities, left the idea that vertical integration would result in substantial competitive advantage. As happened on a global scale,[213] dependency relations in the supply chain were reversed. The major retailers gradually took over power at the cost of food manufacturers, and in the main product markets the emphasis changed towards supply-based competition, with large profits to be derived from massive purchasing (merchandising) and lowering logistic costs.[214] Since the early 1980s, the Dutch supermarket branch can be characterized as a crowding market, with firm strategies concentrating on efficiency and economies of scale.[215] From 2001 on, a renewed (but rather modest) diversification move is going on in the Netherlands, led by hard discounters Aldi and Lidl, advertising cheap laptops, DVD players, cameras and the other non-food items as baits aimed at generating "store traffic" and reaching new customer segments. To a certain extent they have been followed by Albert Heijn, in its largest outlet format also aiming at a non-food share in sales of about one-fifth.[216]

### 3.2.2. Supply chain management and innovation

From the end of World War II until the early 1990s, major Dutch food retailers were comparatively advanced in product and process innovation. Their first steps were into front-end innovation. In 1948, small food retailers in mid-sized towns took over the American self-service formula; when they overcame their initial problems, larger competitors followed, like Albert Heijn in 1952. With the broadening of assortment towards fresh, meat, fish and dairy products, the name "supermarkets" was introduced; after smaller competitors had to swallow failures, AH opened its first *"supermarkt"* (the Dutch wording) in 1955.[217] In the 1960s, adoption of process innovations concentrated on supply and logistical functions, with the development of BAR coding based on Uniform Article Coding (UAC, in the USA Universal Product Code or UPC). Suppliers were going to produce on the basis of ongoing replenishment orders placed by the retailer, which in turn were based on real-time sales information collected via BAR code scanning. Albert Heijn III personally took the lead in spreading the gospel of UAC over Europe.[218]

213 Cf. Dawson, 2006, 373; Seth and Randall, 2005, 18-20.

214 Between 1999 and 2001, Albert Heijn sold its central slaughterhouses as well as outsourced the final manufacturing / packing of tea, cookies, biscuits, peanut butter, and chips. Most industry analysts took this as the proof that the retail giant had definitely reversed the classical dependency relationship with Dutch food manufacturing, even with large but still Dutch-based manufacturers (Van Klaveren, 2002, 6).

215 Sloot et al, 2001.

216 Both Aldi and Lidl maintained a non-food share in sales of about 20% (Distrifood Nieuwsblad, 20-04-2004). In February 2002, the first Albert Heijn XL supermarket was opened, also with a 20% non-food assortment. In 2005, Ahold's CEO announced to speed up the expansion of XL stores and double the non-food share in sales within five years, to 11% (Korteweg, 2005). In 2009, an AH spokesperson confirmed that there were only 30 XL stores and that expansion to the planned level of 50 XL stores remained difficult, partly because of the continuous resistance of municipalities (Voormolen, 2009b).

217 Rutte and Koning, 1998; De Jager, 1997.

218 De Jager, 1997, 189-90.

We already pointed at the importance of lean retailing and a number of related back-end innovations. In the course of the 1990s UK-based Tesco, French Carrefour, the German Metro Group but also Albert Heijn came at par with Wal-Mart in exploiting these innovations. Back in 1997 AH put automated order systems in place,[219] afterwards refining (as one of the first Dutch retailers) this system with Bonus Card inputs, enabling the tracking of customers' buying habits and bringing about a leading position as regards knowledge on customer behaviour. Linking these systems with frontline operations was the next essential step. Electronic Consumer Response (ECR) systems have been implemented in order to develop demand-led logistic chains, using real-time information from cash scanning terminals. Currently, supply chain management can be technically perfected by the introduction of Radio Frequency Identification Device (RFID) technology instead of BAR coding.

## RFID technology

Introduced in the early 2000s, RFID technology is keeping the retail trade on tenterhooks, since this technology, which can be used to track and trace individual goods through micro radio-antennae attached to them, holds out the promise of quicker and more efficient distribution processes than can be achieved with BAR coding. RFID tags are able to store much more information than BAR coding does. When RFID replaces BAR codes and each good is fitted with an RFID chip, customers will go through a gate and the goods in their carts or baskets will be registered in a fraction of a second, allowing to establish even more labour-saving technologies at checkouts than the self-scanning technology already in place in larger retail chains.

Wal-Mart, the Metro Group and UK-based Tesco are leading large retailers in this field. The Metro Group launched RFID applications in November 2004. Through study visits in summer 2005, we saw them in operation in the Metro Future Store i.e. the Extra supermarket in Rheinberg and in Metro's Innovation Centre in Neuss. In the high-end conditions of the Rheinberg store front-end innovations dominated, not only based on RFID but also on wifi and contentbus technologies, like smart scales, Personal or Mobile Shopping Assistants (PSAs or MSAs) on behalf of "narrowcasting" for customers and connected self-scanning stations[220], Personal Digital Assistants (PDAs) or tablet Personal Computers (PC's) for employees, smart shelves, electronic price indicators, and info terminals. Some applications may be of clear advantage for the consumer: smart labels based on RFID may be used to guarantee freshness and food safety; help reduce

219 Kirsch et al, 1999, 23.

220 In Rheinberg three different cashing systems were in use: self-scan stations (four simultaneously controlled by one checkout operator), cash registers based on PSAs, and the usual cash registers.

counterfeiting, and provide links to product information. Based on the Rheinberg experience, it has been suggested that consumer acceptance will be high provided that consumers can be assured of their privacy.[221] A number of conditions has to be met in order to realize a break through of RFID technology in the retail supply chain, that is to bring about its large potential cost advantages and have the technology fitting seamlessly in ECR concepts. We derived from the literature the following main preconditions: a. the substantial lowering of the prices of the RFID tags in order to be used on all kinds of goods; b. overcoming the limitations of the current ICT infrastructures of user firms, including the setting of new standards; c. technological improvements, bringing down the sensibility of the tags for metals and fluids and "reading" them; d. the use of RFID tags by the main manufacturers; e. solutions for distribution of the costs involved over the parties (manufacturers, retailers/servicers, consumers) involved, and f. safeguarding for viruses and for abuse in "identity management." The combined impact of these problems is still widely underestimated[222]. Current RFID use is rather broad but remains partial, in frontline operations of Wal-Mart, Metro and other retailers, (separately) in logistics and warehousing of these and other retailers, in health care, at airports, in passports and domestic ID cards, public transport (chip)cards, et cetera. However, the last decade predictions of a break through with true universal use of RFID have been falsified time and time again. For example, even "realistic" reports in 2005 projecting the full use of this technology in 2008-09 in the logistics – warehousing area[223], have been too optimistic. Projections of the spread of RFID use continue to vary widely; obviously, for many purposes BAR coding continues to be more appropriate and "cost-friendly" for another ten to 15 years

A 2003 survey on ICT implementation suggested that the Dutch supermarket branch was not very technologically advanced. In that year, 91% of the supermarket employers used computers: an increase of 24%points compared to 1998; yet, 9% still did not use computers. Only 17% of all supermarket companies had an own website, a rather low score in the EU. The 2003 I(C)T scan of HBD characterised only 13% of the supermarket employers as "technological forerunners" (retail at large: 7%)[224]. For the period between 2002 and 2005, industry analysts suggested that the large Dutch supermarket retailers also lagged behind in international perspective, showing a comparatively low use of ICT. The relatively small scale of Dutch

221 Philips Semiconductors, 2004, 9. However, a 2007 Dutch survey found considerable reservations concerning the use of RFID in individual consumer goods. For example, 58% of the consumers that responded wanted RFID tags switched off after the related goods being bought (Van den Heuvel et al, 2007). For more sceptical experts' views on privacy and security risks, see also Thijssen, 2004; Persson, 2006a, 2006b; Albrecht, 2008.

222 Cf. outcomes of the EU Bridge project (project website); websites of the Dutch RFID Platform, the German Informationsforum RFID, RFID Kenniscentrum Fontys Hogescholen, Rathenau Instituut.

223 Cf. Wilhelm, 2005.

224 HBD, 2004a.

retail, the lack of stimulating government policies, and the negative effects of the price war on the cash-flow of supermarkets are suggested to have played roles here[225]. This assessment may have underestimated developments already going on in supply and logistics. As said, Dutch food chains have sought and found major cost advantages here, and have developed advanced logistical structures. It is telling that the 2007 McKinsey report concluded to more advanced distribution centres in the Netherlands compared to the US and the UK, with pre-sorting in place in three-quarters of all[226]. In mid-2006 a number of supermarket chains (AH, C1000/Schuitema, Jumbo, Hoogvliet) already widely used back-end RFID applications. Though they have not been able, like notably Wal-Mart[227], to press their suppliers to massively invest in RFID technology, based on more co-operative efforts with suppliers they have been forerunners in integrating RFID applications in their supply chain management systems[228]. The McKinsey report cited earlier stated that by 2006 RFID was fully implemented in 25% of Dutch food chains, against in half of all US chains[229]. More recently, Albert Heijn has gained major competitive advantage in the Netherlands through its advanced "automatic store replenishment" programme, most likely saving about 2% on supply costs compared to other chains[230]. Five years after the 2003 assessment of ICT, the picture for the adoption of technology in Dutch retail seems to have been reversed or to be on the way of being reversed. In 2008, 93% of all Dutch supermarket establishments had more than two computers and used the Internet. In total, 98% of these establishments used computers. Between 2006 and 2008, the number of businesses in Dutch retail as a whole using more than two computers and an Internet connection grew from 5% to 41%: major progress. In 2008, 37% of Dutch supermarkets used an electronic cash register connected to controlling software and cash registers with sales registration and calculations, higher than retail in the Netherlands at large (30%), and across retail sectors the highest share. All supermarkets surveyed scanned articles at the cash-register. Electronic payment was also widely used in the Netherlands: 99% of the supermarkets allowed the use of debit cards for such payment. The only technological innovation of which the implementation lagged behind in supermarkets remained the use of an own website (58% in 2008). It is finally worth noting that by 2008 93% of all supermarkets used electronic systems for ordering goods, 71% for controlling of supplies, and 90% for pricing[231].

225 Cap Gemini's Van Schaik, cited in Thijssen, 2004; also: NRC-Handelsblad, 22-04-2004; Creusen et al, 2006, 20; Ministerie van Economische Zaken, 2007, 20.
226 McKinsey, 2007, 11. Also compared with Belgian supermarkets, well-developed logistics operations contributed considerably to the profitability of Dutch supermarkets (Van der Kind and Quix, 2008, 302).
227 Hoopes, 2006, 93-4.
228 Based on interviews with union officers and industry analysts, press messages and company websites. In particular Hoogvliet has been an early adapter (cf. Libbenga, 2002); Ahold/AH followed suit (Thijssen, 2004).
229 McKinsey, 2007, 11.
230 Sloot, 2010
231 HBD, 2008.

In the 1990s innovations on the supermarkets' sales side were rather incremental. They were also less related to the implementation of ICT than to work organisation. As said, in the late 1990s Albert Heijn took some steps towards a high performance work organisation model in its supermarkets, by promoting teamwork and "organized" functional flexibility. Frontline operations will constitute the next major rationalization area; their problems in recruiting in particular checkout operators push the food chains towards automation of the checkout function in the supermarkets – though the price war led to a temporary freeze of investments in this direction[232]. In June 2005, after pilots of C1000, Jumbo and Hoogvliet with self-scanning cash registers[233], market leader Albert Heijn announced the large-scale introduction of these devices. The firm suggested that the social outcomes would not be very negative because the redundant operators could stay on as "advisers"[234]. The FNV *Bondgenoten* union, on the other hand, expected the introduction of self-scanning to lead to the short-term loss of one-fifth of the checkout operator jobs involved. While being aware that such technological developments cannot be stopped, the union emphasized that forced lay-offs should be avoided[235]. An additional reason for the perseverance with which AH has fought the price war may well be the firm's expectation that the frontline in its supermarkets hides a large rationalization potential -- to be unleashed by the adoption of self-scanning *in combination with* RFID technology in each packing – a major constraint as long as an RFID tag costs about 10 Eurocents[236]. Moreover, a 2006 survey of Ernst & Young suggested considerable customer resistance against automation of the checkout: over 60% of Dutch consumers answered not to be in need of self-scanning[237]. Later experiences indicate that consumer appreciation may be higher if self-scanning is combined with MSAs (or "hand scanners"), allowing the consumer larger control over his/her shopping process[238].

A currently promising innovation in the sales field is the multichannel approach[239], where information search and eventually ordering are carried out via the Internet and the purchase is made in-store, or focusing on online selling / ordering is combined with delivery-at-home services. Most Dutch supermarket chains have adopted a waiting attitude vis-à-vis these opportunities, with Albert Heijn as the exception. Already in 1990 AH started a home service (*Thuisservice*) in the Netherlands. The first ten years only losses were accumulated. Concerning Internet selling, in 2000 Ahold acquired a majority share in the US internet-

232 Kremer, 2008, 55.
233 Based on interviews with union officers, own store visits and company websites.
234 Distrifood Nieuwsblad, cited on www.zibb.nl/food, 06-06-2005.
235 Interview FNV Bondgenoten officer; website FNV Bondgenoten.
236 Kremer, 2008, 56.
237 Bramer, 2006 (also HBD website).
238 Cf. website Bridge project.
239 Cf. Farah, 2006, 19; Van der Kind and Quix, 2008, 109-10.

supermarket Peapod. Again, initially this was a 'bleeder'[240]. It has recently been argued that Albert Heijn, like the other Dutch food retailers, is still slow in developing on-line retailing[241]. While recently the Internet sales of non-food and notably clothing are booming, food in the end remains for over 98% purchased in-store; in particular in the food branch the Internet continues mainly to be used as a source of information and orientation[242].

### 3.2.3. Sales and margins

Table 16 shows the effects of the 2003-06 price war on supermarket consumer price levels. During two years, from January 2004 until January 2006, the quarterly price level remained below the 2003 year level. From the start of the war in October 2003 till December 2005 supermarket prices fell by 3.5%. Stimulated by these falling prices, sales volumes grew with the same amount, and in 2004-2005 total supermarket sales after all remained stable.

According to consultancy reports, the average net margin (net profits: net sales) of the supermarket sub-sector throughout the 1990s was 2.75%. These reports show that concerning margins already in 2001 the "golden years" belonged to the past: by then the net margin had gone down to 0.9%. After a modest recovery in 2002 (1.9%), the margin fell again to 1.3% in 2003. The average gross margin rose from 17.5% on 1990 to 21% in 2003, but cost levels rose quicker.[243] The Industrial Board suggested that in 2005 the average net margin improved slightly to 2%.[244] In 2003-04 the price war certainly was detrimental for the average profit levels of supermarkets. One calculation indicated that they lost € 690 mln sales in 2004, which meant –without extra demand or lower costs-- a direct profit fall.[245] By contrast, Albert Heijn's CEO acknowledged that his company had gained extra profits through high pricing in the years before.[246]

A detailed analysis of a sample of five size groups of supermarkets learns that the two smallest categories of "neighbourhood supers", with yearly sales less than € 3 million, did remarkably well in 2003, and maintained the highest net margins (2.1 – 2.2%). At the same time, the small and medium-sized "full service

240 Bosgra, 2002.
241 Sloot, 2010.
242 Website Thuiswinkel.
243 Source: Deloitte & Touche, 2003, 2004, and website Deloitte & Touche, message 08-09-2004.
244 Website HBD.
245 Pleijster, 2004.
246 Industry analyst Sloot concluded from the growing price gap between top brands sold by Albert Heijn on the one hand and chains like Dirk van den Broek, Hoogvliet and Nettorama on the other (3-4% in 1995, 15% in 2002): "The consumers didn't care, as long as they had confidence in AH. Moreover, C1000 and Laurus went along". Consumer trust definitely peeled off in 2003. Concerning the price war that followed, Sloot observed "(….) a giant marketing trick: retailers and food suppliers loaned huge amounts of money from the consumers and are currently returning it with a lot of fuss". (Then) Albert Heijn CEO Dick Boer by and large confirmed this analysis, although he exclusively blamed the top-brand food suppliers (Tijdschrift voor Marketing, 18-10-2004). Another leading industry analyst, Spoon, reproached these suppliers to have concentrated on short-term profits and to have lost sight on consumer preferences (Tijdschrift voor Marketing, 22-11-2004).

supermarkets", with yearly sales of € 3 to 7.5 million, performed a lot worse with net margins of 0.5 – 0.8%. With 1.7%, the average margin of the largest supermarket category performed in between, although this category showed the largest sales growth. Although as a rule of thumb the largest cost advantages of food retailers are derived from lost-cost supply,[247] labour costs remain important -- and so does cost leadership in this respect. The available information showed that in 2003 labour costs made up for the largest differences in single cost items between the various supermarket size categories. Yet, the outcomes may be quite surprising. In 2003, the labour cost share in total operating costs of the largest Dutch supermarket category was with 48% (10.8% of net sales) by far largest, against 43-53% (9.4-10.4%) for the small and medium-sized full service supermarkets and an even lower share, 39-42% (7.1-7.4%), for the small neighbourhood supers.[248] The consultancy presenting these figures urged management of the larger supermarkets to focus on control over labour costs.[249] The question remains why these supermarket chains did not cut their labour cost share early in the price war. This may have been caused partly by institutional factors (pressure to live up to the CLA, the risk of tough negotiations with the unions and a bad press in case of lay-offs), partly by product market strategy considerations like the perceived necessity to maintain existing service levels.

The cost picture by supermarket size changed radically in the course of the price war. In 2004, the first full year of the war, large supermarkets (yearly sales over € 7.5 million) reduced their staff with 6.4%, against 3.8% in the middle-sized supermarkets. Staff cuts by the small supermarkets (less than € 3 million sales) were much smaller: 1.7%. Compared to a year earlier, sales patterns had developed the other way round and economies of scale popped up: sales went 2.1% down in the largest supermarket category, 2.8% in the medium-sized supermarkets, but 4.1% in the smallest.[250] These figures indicate a differentiation in labour productivity growth measured as the development of sales per FTE, with average productivity gains of 4.2% for the largest supermarkets and 1.0% for the medium-sized, against an average productivity *loss* for the smallest supermarkets of 1.7%. Heavy staff cuts were behind these figures. The leading supermarkets now clearly pursued cost-cutting strategies, concentrating on labour costs. From October 2003 till October 2004, cuts in supermarket staff were estimated to amount to 9,500 FTEs, or 19,000 headcount.[251] Over a period of 1.5 year –up to April 2005—two leading retail consultants estimated the staff cuts in supermarkets,

247 Indeed, the small supermarkets in this sample had the largest share of purchasing costs in net turnover (79.4% in 2003) and the largest supers the lowest (77.9%). Cf. Deloitte & Touche, 2004.

248 Source: Deloitte & Touche, 2004. HBD figures for 2004 and 2005 showed even larger differences in labour cost: shares of 35-39% for small and 50-52% for medium/large supermarkets (HBD, 2005b, 13).

249 Deloitte & Touche, 2004. Of course, labour cost cutting is not the only defensive business strategy; another is bringing down, postponing or cutting investments. In the first year of the price war 65% of all supermarkets followed the latter road too (Pleijster, 2004, 25).

250 Pleijster, 2004.

251 Pleijster, 2004.

in distribution centres and food manufacturing establishments related to the price war at 34,000 FTE.[252] Staff cuts in the first half year of the supermarket war have mainly been realised by the larger stores, with the small (family) firms often trying to postpone such measures -- unless in the course of 2004 cuts in the small stores' workforce proved to be inevitable. Union sources calculated that in 2004 Albert Heijn was able to cut labour costs by 10%, by national wage moderation, by getting rid of women re-entrants and temporary workers, and by pressure towards cuts in working hours for the remaining female staff.[253]

The above cost analysis does not differentiate adequately between various types of competitors. Growing competition by hard discounters tends to stress the importance of cost-leadership, focused on bringing down labour costs. Long before the price war started Aldi and Lidl were some steps "ahead" of soft discounters by operating with "undressed" outlets, selling from big boxes, but also without staff qualified in safety instructions and having followed safety training – for example, risking fines from the Labour Inspectorate. Moreover, in an initial phase of their expansion in the Netherlands they took profit from starting new stores, with staff in lower CLA scales and with less seniority rights.[254] In the early 2000s industry analysts estimated the labour costs of the hard discounters per € 1 million sales 30% lower than those of their up-market, full-service competitors.[255]

## 3.3. Supermarkets: overview of the industrial organization

### 3.3.1. Company and establishment size

The degree of concentration in Dutch food retail is much higher than in Dutch retail at large. In 2002, 80 from 14,260 food retail firms (0.6%) accounted for 48% of employment (in FTEs), 58% of total food sales, 67% of investments, but surprisingly for only 40% of profits before taxation.[256] For March 2006, we calculated that 97% of all Dutch supermarkets were branches and franchisers belonging to large chains, so-called voluntary branches or members of buyers' groups; at the time, 94% belonged to the 20 largest chains (with 29 sub-chains). A number of Dutch supermarket chains has been actively franchising stores; by March 2006, we counted at least 1,850 outlets franchised by the food chains with 20 or more establishments,

252 Laurens Sloot and Jan-Willem Grievink (CapGemini), cited in Baltesen, 2005d. Later on, Sloot added that employment for 30,000 headcount had not been realised in the supermarkets: 5,000 by staff cuts, 25,000 by not filling in planned expansion and/or vacancies (Erasmus Magazine, 09-03-2006).

253 Interview with FNV Bondgenoten officer.

254 Baltesen, 2004a.

255 Rutte, 2002; Baltesen, 2004a.

256 Van der Velden, 2003. These figures concern real ownership relations, not the formally independent legal entities counted by Statistics Netherlands.

making up 44% of all stores (see Table 18). An example is Albert Heijn: after a standstill in the 1990s, in the early 2000s AH franchisers were growing in number again.[257] Franchising can make a difference from an employees' point of view. For example, in many cases franchising from Albert Heijn meant a worsening in the terms of employment of the staff of franchised stores. Although most employees continued to operate under the old CLA, they had to abstain from "AH extras" like profit sharing, article discounts and premium savings – in the "golden years" before 2003 implying a lowering of gross wages of about 10%.[258]

As the available statistics show, economies of scale matter in Dutch food sales, definitely among supermarkets; analysts predict that they will continue to play a major role. A first decline in the amount of supermarkets of 2% between 1995 and 2000 was followed by a 9% fall from 2000-2005, slowing down to 1% in 2006-2008, to an amount of 4,340 supermarkets in 2008.[259] The larger supermarkets will survive. In 2003, supermarket establishments of over 1,000 $m^2$ accounted for 41% of total sales, supermarkets of 400 – 1,000 $m^2$ for 47% and supermarkets smaller than 400 $m^2$ for 12%. Market researchers expected these figures to amount in 2010 to 52, 41 and 7% respectively. Thus, they projected relative growth only to happen in the largest category. Hypermarkets (over 2,500 $m^2$) were predicted to account for 7% of total sales in 2010,[260] but by the end of 2009 their actual share is most likely much lower. By 2005, the average surface of an Albert Heijn store was 1,165$m^2$, and that of a C1000 store 867$m^2$.[261] In the early 2000s both (related) chains in the early 2000s had been expanding mainly in the category over 1,000$m^2$.[262] The stores of the main discounters were smaller, though with mutual differences: the average for Aldi was 546$m^2$, that for Lidl 719$m^2$.[263] The store surfaces that food retailers regard as minimal in efforts to acquire real estate or attract franchisers, varied depending on firm strategies and the related store formats: in 2005-06 from 400 $m^2$ for a Spar supermarket, 800 $m^2$ for an Aldi, Albert Heijn or Super de Boer outlet, till 1,300 $m^2$ for a Hoogvliet store or 2,000 $m^2$ for a Jumbo supermarket.[264] The trend in terms of the headcount workforce was similar. In 2003 establishments with over 100 employees employed 69.5% of the Dutch supermarket workforce; just 4% worked in establishments with 10 or less employees. In 1999-2003, employment in the small and medium-sized categories each had lost 1%-point to the "100 and more" category.[265] These figures do not

257 In 2004, the franchised AH supermarkets had on average 40% lower sales than the full AH-owned stores (www.zibb.nl/food, message 06-09-2005).
258 Van Klaveren, 2002, 13.
259 1995-2005: CBS, Statline (figures as of January 1); 2006-2008: HBD, 2009.
260 Deloitte & Touche, 2004, using figures of ACNielsen.
261 Ministerie van Economische Zaken, 2007, 17; source: Ruimtelijk Planbureau.
262 Evers et al, 2005, 35.
263 Ministerie van Economische Zaken, 2007, 17. These figures indicate that Aldi and Lidl stores in the Netherlands, like in Germany (Wortmann, 2003, 8), are not quite large.
264 Cf. franchise offers on website De Nationale Franchisegids, and company websites.
265 1999: CBS, Statline; 2003: authors' estimate based on reports of ACNielsen and Deloitte & Touche.

imply that the prospects of small supermarkets are necessarily bleak. They may even be good on average for those run by migrants, actually covering 20% of all food stores.[266]

The average establishment workforce also varies widely across supermarket chains. In 2004 these averages (headcount) in a number of chains went from about 50 employees in Coopcodis and Jan Linders supermarkets to about 113 in Dirk van den Broek stores.[267] We estimated for 2003 the lower quartile (LQ), median and upper quartile (UQ) employment sizes (headcount) of Dutch supermarkets as follows:[268]

| | |
|---|---|
| LQ | 3 employees |
| median | 5 employees |
| UQ | 20 employees |

Except the UQ size these figures were equal to the Danish; the French, German and the UK size outcomes were substantially higher.[269] Excluding the supermarkets less than 400 m$^2$, our estimate of the 2003 size distribution was:[270]

| | |
|---|---|
| LQ | 48 employees |
| median | 64 employees |
| UQ | 102 employees |

In this category of larger supermarkets, especially LQ is rather high, even higher than in the UK. Most likely this high figure is related to the comparatively large share of part-timers employed in Dutch supermarkets.

### 3.3.2. Main competitors

In Table 17 we have compiled the available reliable[271] information on the development of the market shares of the largest supermarket competitors between 2002 and 2006; this compilation asked for a painstaking effort and has been based on many sources. There are two issues of varying interpretation here.

First, since 1993 Ahold owned a 73% share in Schuitema. Schuitema's former CEO in the early 2000s liked to stress that its C1000 chain operated independently from Ahold/Albert Heijn, but in 2005-06 the space for own C1000 policies seems to have been limited to the operational level.[272] The joint bid, in May 2006, of Albert Heijn and Schuitema/C1000 on Laurus' 23 Konmar stores confirmed this subordinate

266 Van den Tillaart and Doesborgh, 2004.
267 The exact figures were: Coopcodis 48, Jan Linders 51, C1000 67, Albert Heijn 83, Deen 85, Laurus 86, Jumbo 99, Dirk van den Broek 113. Sources: company websites (see Table 18). As far as possible, workforces of headquarters and distribution centres have been excluded.
268 Sources: CBS, Statline, and company websites.
269 Personal communications of Lars Esbjerg (DK), Jean-Baptiste Berry (FR), Dorothea Voss-Dahm (GE), and Geoff Mason (UK). Sources mainly for 2002; see Table 1, row Retail, establishment size.
270 Partly based on Deloitte & Touche, 2004, partly on more detailed figures per chain as cited.
271 As far as could be judged. Most reliable public data seem data of ACNielsen, published yearly in Distrifood Magazine. Starting point were the market shares for June 2002 and 2003, revealed in Baarsma and De Nooij, 2004.
272 Thijssen, 2006b.

position.[273] In 2006, Albert Heijn alone gathered more than a 27% market share, but jointly with C1000 the Ahold market share would have been nearly 42% (Table 17), growing to nearly 45% in 2007. Finally, with the sale of AH shares of Schuitema to CVC Capital Partners in mid-2008, Schuitema / C1000 succeeded in gaining its independence back and got the opportunity to differentiate its format from that of Albert Heijn.[274]

Second, Superunie is a buyers' group (Dutch: *inkoopcombinatie*). Buyers' groups have strongly developed in the Netherlands in the 1930s; Superunie is the main survivor, in itself being a "group of groups" (of for example Sperwer). If we follow again most analysts and treat Superunie as an entity, the share of the top-5 in total sales (Albert Heijn, Schuitema, Superunie, Laurus, Aldi) was 87% in 2006,[275] and that of the top-7 (including Dirk van den Broek and Lidl) 97.5% (see again Table 17). This meant that, counted this way, the 2005 top-5 share was 2%-points higher than that of 1997,[276] although in between the top-5 actors have changed drastically. However, there are good reasons to break up Superunie in statistics on market shares, because of the fact that its members compete fiercely on sales. If we do so, we have to include the largest Superunie member, Sperwer Group, the last remaining co-operation of independents in the Netherlands exploiting the PLUS and Spar formulas, ranking no. 5 in 2002 and (after the Dirk van den Broek group) no. 6 in 2003-2005. In 2005 the joint market share of foreign-owned chains in the Netherlands that we calculated was 26.4%, and in 2006 24.5%. It concerned Laurus, with the majority share of Groupe Casino, and Aldi and Lidl. By the end of 2009, after the divestment of Casino, the latter two are the only foreign food chains active in the Netherlands; their joint market share, in 2006 over 13%, at the moment could be estimated at nearly 15%. A major event was in October 2009, when Superunie expelled the Jumbo chain from its ranks after Jumbo had announced to start a new buyers' group with Schuitema/C1000.[277] After this step, Superunie comprised 15 chains, and –if we continue to count buyers' groups as entities-- it lost its no. 2 position to the Jumbo/C1000 combination.[278]

Table 18 provides detailed information on the 20 main supermarket chains that were active in the Netherlands in 2004-06. This table shows that in March 2006 31 sub-chains owned or controlled 4,158 establishments, three-quarters of the Dutch total. The chains with the largest numbers of establishments were, in

273 NRC-Handelsblad, 31-05-2006.
274 Company website Schuitema; Van der Lugt, 2008; Berkeljon, 2008; Fleischmann, 2008; De Witt Wijnen, 2008. The final takeover proved to be complicated, due to minority shareholders' resistance to the CVC bid, and lingered on till deep in 2009.
275 Concentration in food retail in the Netherlands is comparatively high. If the Dutch top-5 share for 2005-06 is set at 87%, this is only surpassed by DK (95%), and higher than the top-5 shares in FR (85%), UK (70%) and GE (69%). Sources: Table 1, Food retail, share top-5 firms in sales.
276 Kirsch et al, 1999, 19.
277 De Volkskrant, 06-10-2009.
278 NRC-Handelsblad, 07-10-2009.

this order, Superunie, Laurus, Ahold, Schuitema/C1000, and Aldi. By then, nine sub-chains (owned by six chains) had full national coverage, with stores in all 12 Dutch provinces. In December 2004 32 sub-chains owned 4,266 establishments: 2.5% more than 15 months later. By March 2006 approximately 1,850 establishments, or about 45% of all stores belonging to the 20 largest chains, were either franchised or independent members of a buyers' group.

Already in 2004 Albert Heijn regained market share and surpassed its 2002 share. Schuitema/C1000 stabilized its position. From 2002 on the chains co-operating in Superunie jointly rapidly won about 3%points market share, but the picture varied: on the one hand losers like Boni, Nettomarkt and De WitKomart[279], on the other winners like Jumbo, Hoogvliet and Deen. During the price war the latter three expanded their numbers of stores substantially. Laurus, once the ambitious result of the 1998 merger between Vendex Food Group and De Boer Unigro,[280] continued to loose market share. In May 2006, Casino / Laurus sold their 223 Edah stores to a consortium of Sperwer Group and Sligro,[281] the next day followed by the sale of the large Konmar stores to Albert Heijn (23 stores) and Jumbo (12).[282]

If the members of Superunie are counted separately, the fall in the shares of the top-5 and the top-7 firms between 2002 and 2004 has to do with the rapidly eroding share of Laurus and the diminishing shares of some Superunie members. The developments in market shares correspond largely with publicly available evidence on numbers of customers. In 2004, Albert Heijn won about 120,000 new customers, adding another 180,000 in 2005. AH took clearly the lead in the share of all Dutch households doing (some) shopping in its stores: 68% in the first quarter of 2006, followed by Aldi (48%), C1000 (46%), and Lidl (45%). In 2004-05, nearly half of all Dutch consumers did some shopping in the discount stores of Aldi and Lidl.[283] Table 17 suggests that in 2004 Aldi lost market share but recovered strongly in 2005 and 2006, while from 2003-2006 Lidl expanded more modest but steadily. We traced a market share of over 6% for a third, genuine Dutch discounter: the parent firm of the "Dirk"-related chains.[284] According to our data, the joint market share of the food discounters increased by nearly 3% points between 2002 and 2006, from 16.5% to 19.4%. This share remained lower than that of discounters in Germany and Denmark, but came at par with

279 In May 2005, DeWitKomart (31 shops) split up and was taken over by CoopCodis (11 shops), Deen (12) and Hoogvliet (8).
280 Rutte, 2002.
281 Analysts suggested that Lidl and the Belgian discounter Colruyt were also candidates (Van Lent, 2006; De Volkskrant, 30-05-2006). Sperwer and Sligro are both voluntary branch organisations with a background in wholesale.
282 The transaction enlarged AH's market share by 1.1 % (NRC-Handelsblad, 31-05-2006).
283 Sloot in Erasmus Magazine, 09-03-2006; De Volkskrant, 30-05-2006 (based on data of AC Nielsen and GfK).
284 The parent company claimed for 2004-2006 a market share of 7.5 % (company website), but this seems exaggerated.

that in the UK and was higher than that in France around 2006.[285]

Yet, the relevance of this finding diminished because in the price war the traditional distinctions between the various supermarket formats, notably between "servicers" and "soft" or "hard" discounters, became blurred. In the two years before the price war the distance in price levels of top brands between Albert Heijn and the cheapest chain selling these articles (mostly Dirk van den Broek) grew from 8 to 16%points[286] -- a distance that Ahold management came to regard as too large. As a consequence, the price war that AH initiated in the beginning started as a "top brand war". In the first year, AH lowered the prices of (samples of) both top brand articles and (to a lesser extent) private label articles with 11%.[287] However, by the end of 2004 AH still had the smallest price differences between top brands and private labels, whereas Nettorama, Dirk van den Broek, Aldi and Lidl offered discounts up to 40% on baskets of comparable private label products. Thus, with 16%points the gap between the AH price level and that of the cheapest in the comparison at the time, Dirk van den Broek, remained the same.[288] Faced with this situation, the next step of the up-market supermarket chains was predictable. In the course of 2005 AH and other servicers followed the strategies of the discounters, eating into their assortment and replacing top brands by private labels with their much higher margins. As a consequence, by January 2006 the gap between the price levels of AH and Dirk van den Broek had decreased to 11%points.[289]

The outcomes of the comparisons of supermarket article prices, undertaken from time to time by the Dutch Consumers' Union, adds proof to the observation of most retail analysts that in the course of the price war Albert Heijn succeeded in getting rid of the position of most expensive chain and achieved a middle-market position. Based on October 2009 price levels[290], we divided the supermarket chains into 3 leagues (A, B, and C), where League A stands for the most expensive in the market; league B represents those with middle-range positions, with league C offering the lowest average price levels for all categories of products. The prices observed by the Dutch Consumers' Union included those of 80 top brands, 65 private labels, and 30 products at bottom prices. We compiled the data and produced the averages for all products

285 Sources: GE: EHI, 2007 (41%); DK: Esbjerg et al, 2008, 144 (30%); UK: Burt and Sparks, 2006b ("about 20%"); FR: Askenazy et al, 2008, 217 (13%).
286 Consumentengids, April 2001, May 2001, March 2003, August 2003.
287 Research of IPLC (International Private Label Consult), from September 2003 – September 2004 (www.iplc.nl/persbericht, 09-09-2004).
288 Consumentengids, March 2003, November 2004; www.iplc.nl/persbericht, 09-09-2004. Yet, regional price differences between private label articles within the same chain showed up much more frequent than with top brands. This points to heavy regional competition, often strengthened by discounters providing "lowest price guarantees".
289 Authors' calculations based on Consumentengids, March 2006.
290 Consumentengids, December 2009.

and supermarkets, with the following outcomes[291]:

- League A (4% or more above average price level): Poiesz and Coop (both 8%); Sanders (6%); Super de Boer (5%); MCD and Em-Té (both 4%);
- League B: Super Coop and Plus (both 2% above average price level); C1000, Jan Linders and Albert Heijn (all at average price level);
- League C (4% or more below average price level): Boni and Nettorama (both -4%); Dekamarkt (-5%); Jumbo (-6%); Hoogvliet, Deen, Dirk van den Broek, and Vomar (all -8%).

Aldi and Lidl seem to have a comparatively high price position vis-à-vis their competitors. They shared the same place with Nettorama with lowest priced products 8% below average. Yet, in a cross-reference Vomar, the cheapest contender, offered products positioned 12% below the average. Still, a basket of private label products will cost the customers here 20% more than similar products in Aldi and Lidl.[292]

In the October 2004 price comparison of the Consumers' Union, Albert Heijn still had the highest average price level, falling to the no. 2 position in January 2006.[293] Between 2006 and 2009, Poiesz, Super de Boer en Coop remained in League A; C1000 and Linders maintained their positions in League B; Vomar, Deen and Dekamarkt went from League B to League C, whereas Hoogvliet, Jumbo, Nettorama and Dirk van den Broek maintained their positions in that "low price" League. Evidently, in the Netherlands the low end of the supermarket competitive structure has become rather crowded.

## Service levels and job quality

The RSF European retail group early in the research project decided that a common distinction in market strategies of retail firms should be *high service versus low service*. It turned out to be far from easy to develop yardsticks in this respect. At least in the Netherlands the blurring of product market strategies in the supermarket sub-sector has not been helpful. In the end we divided between five yardsticks, which are partly related to service density, partly to service quality:

1) service in the sense of *convenience*: easy to park, easy to find what you want (part of service quality), adequate product information (part of service quality), short queues at the checkout stand (part of service density);
2) *lots of assistance*: many sales clerks and assistants on the floor (part of service density);
3) *quality of assistance* (part of service quality): knowledgeable staff;

291 Lidl and Aldi are not included since they hardly sell top brands.
292 Authors' calculations based on Consumentengids, December 2009.
293 These comparisons only included top brands ("A merken").

4) *good price – quality relationship* (good value for money);

5) *broadness of assortment* (part of service quality).

It may be relevant that single service yardsticks relate to job quality. In particular the first factor can be of relevance for the job quality of checkout operators: shorter queues can diminish work-related stress. There is empirical evidence as well that these operators often derive motivation from direct customer contacts, which short lines may allow.

Clearly a number of service aspects have to be included, such as broadness of assortment. Before the price war, assortments varied from 24,000 to 32,000 articles in the large Albert Heijn and Jumbo stores, 12,000 to 18,000 articles in the full-service supermarkets of for example Super de Boer and Plus, 5,000 in the small Coop or Spar shops, to 700-900 food articles in the Aldi outlets and 1,400 in those of Lidl.[294] In the second year of the war restrictions on assortments became part of the sales strategies of all major supermarket chains. Obviously, the interplay between demand and supply pushed in the same direction. The preferences of most Dutch consumers seemed to match with this strategy: consumers felt encouraged to strengthen their price-conscious behaviour. In 2004 many middle-class consumers started visiting other shops just to buy a few discount articles. By the time consumer loyalty in the Netherlands, in cross-country perspective already low, seemed to have arrived at an absolute minimum. Buying patterns were crossing socio-economic divisions to an extent most likely only equalled by Germany.[295] However, the low price / lean assortment sales strategy reached its limits rather soon. The (assistant) store managers we interviewed gave indications in this direction, saying that more and more customers explicitly showed their discontent when it turned out that products were no longer available. Indeed, the Industrial Board stated that in the course of 2005 growing numbers of customers were annoyed that supermarkets were reducing their range of products.[296]

A debate is going on among retail watchers whether or not the "low road" in food retailing, that is in the first place. the low price / lean assortment orientation, may be reversible. The growth of consumer spending in 2007-08 seemed to leave room for a strategic reorientation. Some food chains seemed to counteract recent consumer displeasure by strategies that combined comparatively low prices with good quality and broad assortment, especially focusing on fresh products and ready-to-eat meals, the product groups with the

294 Sloot et al, 2001; Rutte, 2002; Kremer, 2008; for Aldi: Brandes, 2005 (1998), 20; Van der Kind and Quix, 2008, 40; various messages in Distrifood.

295 Van der Velden, 2004, 49, supported by AC Nielsen, 2004, and Deloitte & Touche, 2004.

296 HBD, 2005b, 5-6.

highest margins.[297] With varying intensity, AH, C1000, Jumbo, and Super De Boer followed this road. The outcomes of the pilot store that AH opened in December 2005 were a first major test; there were watched Argus-eyed by company headquarters, competitors, and analysts. In the pilot store an assortment of private labels was offered twice as large as normally in AH stores; top brands, stacked near comparable private label articles, were sold with an average discount of 4%, and the non-food share was considerably enlarged.[298] The internal evaluation of the first four months of the pilot store showed a lot of criticism; the number of clients was much lower than envisaged. In the course of 2006 AH amended the concept, in particular softening its "low price" image.[299] C1000, according to one manager provoked by the low price levels in the AH pilot store, opened a similar store but explicitly aimed at labour cost saving[300] -- indicating one of the inherent contradictions still in this kind of strategic reorientation. Jumbo seems to pursue the high product quality – high service skills orientation more consistently.[301]

A crucial prerequisite for the success of a high road strategy will be heavy investment in up-grading the sales and product expertise of staff. If such strategies gain ground, they may –under the pressure of the unions, training institutes, and so on-- generate positive effects on the quality of supermarket jobs, including improved career opportunities for checkout operators. From this perspective, the announcement, in 2006, of Albert Heijn that the customer service skills of its front-line staff needed improving and that the company for that purpose was launching training programs for 50,000 Dutch employees,[302] was an interesting sign. Yet, at the same time the market leader made clear that it would drive back functional flexibility between checkout operators and shelf stackers maintaining, as it clarified later in 2006, the goal to curtail their wages.[303] This is just one example of the inherent contradictions that still make it far from clear whether the leading retail companies' headquarters will give full weight to high road HR policies.

297 Cf. AH's CEO Boer, cited in NRC-Handelsblad, 24-12-2005. Notably these product groups meet the needs of two-earner families with perceived shortages of time.
298 Baltesen, 2006f, and author's store visits.
299 Baltesen, 2006b, 2006g, 2006h; Boer in Van der Kind and Quix, 2008, 244.
300 Six of 12 C1000 checkouts were self-scan registers. Cf. Baltesen, 2006g; Stoker, 2006.
301 Baltesen, 2006i, and store visits of the author.
302 Baltesen, 2006h.
303 Featuring prominently in the new AH store control model was that shelf-stackers would have to operate in greater isolation from the customers (Baltesen, 2006i).

## 3.4. Supermarkets: institutions and labour relations

### 3.4.1. Labour relations

Eighteen large supermarket chains, including all major nation-wide operating firms, maintain their own employers' organisation, VGL *(Vereniging Grootwinkelbedrijf in Levensmiddelen,* Association of Grocery Multiple Stores). Over the years, VGL has transferred most of its activities to the Central Bureau Food Trade (CBL, *Centraal Bureau Levensmiddelenhandel*), of which the major retail chains *and* wholesalers are members. This Bureau is carrying out programs concerning food security, including the maintenance of food standards; labour supply, and maintains lobbies in The Hague and Brussels. VGL negotiates the CLA Large Grocery Retail Companies (*CAO Grootwinkelbedrijf in Levensmiddelen)* or "VGL-CLA" with the two unions involved, FNV Bondgenoten and CNV Dienstenbond. More recently smaller, independent grocery retailers have started an organization of their own, *Vakcentrum*, with as main goals improving the image of the independents and enlarging their innovative capacities. Sometimes the *Vakcentrum* explicitly clashes with their larger competitors of VGL; *Vakcentrum* and the Dutch farmers' organisation LTO were the first to start a lobby against the supermarket price war. However, in collective bargaining they follow VGL closely. With the same FNV and CNV unions, *Vakcentrum* and the older *Nederlandse Vereniging van Cooperatieve Werkgevers* (Dutch Association of Cooperative Employers) negotiate the CLA for Grocery Companies (*CAO voor het Levensmiddelenbedrijf*). Smaller firms follow this CLA, which is mandatory extended. Actually, the two CLAs are nearly identical; the VGL-CLA has a few extras for early retirement and child care and contains an additional protocol on changes in employment and a (small) training fund.

Although he characterized the main supermarket chains as tough opponents, one union officer pointed out that more than more than other retail employers they are inclined to maintain a minimum level of regulated labour relations.[304] Their backgrounds and interests work in this direction. First, they have reached higher levels of professionalism than other retail businesses, employing quite some professionals in fields like HR management, Public Relations and technology, and providing an infrastructure for branch activities. Second, for the chain owners and larger franchisers the golden years 1995-2000 led to high personal incomes and related societal standing, resulting in widespread aversion and even public scorn of the "greedy grocers". As a result, all food chains worry about their public image. It is not inconceivable that a bad image results in lower sales. In 2004 several clashes occurred between Aldi and the unions, for example over dismissals of "talkative" workers, and a leading industry analyst saw the related negative publicity reflected

304 Interviews with FNV Bondgenoten union officer.

in the lowering of Aldi's market share.[305] In 2005 and 2006, Aldi's Dutch headquarters avoided conflicts with the unions. A third factor contributing to regulated labour relations at the supermarket chains is the outside threat of the potential penetration of the Dutch food market by foreign competitors.

### 3.4.2. Employee representation

Within the food retail sub-sector, union membership is unevenly distributed. In the small and medium-sized enterprises in food retail union density in 2005-06 could be estimated at about 5%. Within the scope of the CLA for the large supermarket chains density was 9 - 10%, of which FNV *Bondgenoten* density reached 6-7%.[306] This union acknowledges considerable differences in density between outlets, with 40-50% of the workforce organized in some supermarkets and others without any members. These differences have largely been attributed to the activities of lay activists. In large retail firms union density is between 15 and 20%; here the well-organised distribution centres —strategic points in the logistical chain-- add considerably to union membership and the deployment of union power.[307] The Ahold distribution centres repeatedly functioned as union spearheads, like in mid-July 2006, with strike threats before a new CLA was agreed.[308] Yet in the majority of supermarkets and electronics outlets, union consciousness is low, as the eight cases we investigated confirmed. Representative seems here what one supermarket checkout operator in a focus group said: "We don't have any contacts eith union officials, and nobody here is a union member – if anybody is a member, she better keep ot secret. About a year ago, a union guy visited our store. He only spoke with the manager and was not allowed to contact us. Yet we would like to discuss some pressing problems with unionists, if necessary ouside the store, especially the short-notice messages on our working hours."

Indeed, at the time of our research, a recurrent worker complaint was that of unilateral employer decisions concerning working times and days-off, low staffing levels, high work pressure, and in particular employers who did not pay according to hours worked. As we well argue in section 3.6.1, the latter practice is essential to keep hourly wages of adult supermarket workers low. Union officers and laypeople also got a lot of complaints about violations of the strict terms of notice for changes in working hours laid down in the CLAs. These practices could not be separated from inconsistencies in the instrumentation of HR management between the various management layers in most Dutch food chains. They often seem to neglect policies and procedures to link formal HR strategies with their implementation, that is, with compliance at local level. The obvious outcome is that, without much guidance, they pass on the burden of finding work-

305 GfK director Joop Holla, cited in Thijssen, 2005.
306 Information from the responsible FNV Bondgenoten officer.
307 Dribbusch, 2003, 249; information from the responsible FNV Bondgenoten officer.
308 Website FNV Bondgenoten.

able HR arrangements to local management.[309]

Under pressure of a union mobilization campaign and after 11 rounds of negotiations, in June 2005 new supermarket CLAs were agreed upon for the period April 1, 2004 - April 1, 2007[310]; the 15 months in between were 'CLA-less', meaning that only the basic regulations in the CLA were pending.[311] Developments in labour relations mirrored the positions taken in product markets, and old distinctions were blurred.[312] Since 2003, Albert Heijn, for many years the "social face of Dutch retail", has lost this aura. Labour relations in and with AH deteriorated, partly because of the unions blamed the firm for starting the price war. Even the chairman of the moderate CNV confederation called the role of AH in this respect "outright disgusting".[313] The market leader still maintained professional HR policies and related standards in matters of pay, training and working conditions, but between 2003 and 2006 the gap between expectations and reality has widened. Headquarters' demands for strict cost control often clashed with practices that AH store managers wanted to pursue.[314]

On the other side of the spectrum, union – management relations at discounters Aldi and Lidl seemed to have left the low point behind. In April 2005, the responsible FNV *Bondgenoten* officer charged Aldi to neglect arrangements allowing lay union activists to act without managerial impediments, arrangements that were agreed after a strike in the Aldi distribution center.[315] Being interviewed, he argued that the strictly hierarchical, near-military Aldi structure hardly allowed for any co-determination or employee participation. We noted that Aldi's Dutch branch had been confronted with the negative effects of a bad public image. By the time, Lidl also seemed to have learned from the Aldi experience, and –adapting to the prevailing Dutch labour relations-- entered into some dialogue with the Dutch unions.[316] Union officers characterized the union – management relationships in other Dutch supermarket chains as "rather laborious." They said that union activism in some family-owned chains, notably Dirk van den Broek, Hoogvliet and Vomar, met quite some management obstruction. Other family companies, such as Jumbo, scored considerably better on labour relations.[317]

309 Interviews FNV Bondgenoten officers. Cf. Brouwer and Borsboom, 2006, 26.
310 Sources: FNV Bondgenoten website; union leaflets.
311 As during the same time period the government had frozen the national SMW, the gap between CLA wages and SMW remained the same.
312 Sources: interview FNV Bondgenoten officer, case studies.
313 Doekle Terpstra, cited in NRC-Handelsblad, 29-12-2004.
314 Sources: interview FNV Bondgenoten union officer, union leaflets.
315 Bondgenoten Magazine, April 2005.
316 In Germany the labour relations reputation of Aldi and Lidl varies. Aldi is frequently said to be a reliable employer, but Lidl is notorious for its ruthless treatment of employees (cf. continuous campaign on Lidl of the Verdi union, see www.lidl.verdi.de and www.verdi-blog.de/lidl). Yet, both have a proven record of union hostility (cf. Wortmann, 2004, 435).
317 Interview FNV Bondgenoten union officers.

Irrespective of the specific labour relations at firm level, two impediments for unionization continue to be highly relevant within the supermarkets: the prevalence of part-time and contingent employment, and high labour turnover. Like in retail at large, the high churning rates cannot be separated from the large share of young employees. Anyway, that share proved to be a bottleneck in the Shopping Center Project, an effort of the FNV Services Union (*Dienstenbond*) and its successor *FNV Bondgenoten* to organize supermarket staff (1992-98). With union teams in 122 centers, consisting of 250 activists, this project reached its limits.[318] In 2006, FNV *Bondgenoten* started an organizing campaign aiming at youngsters working in the supermarkets, partly connected to the "supermarket learning job" scheme described earlier. VET pupils up till 19 of age were offered a membership for free, older pupils major discounts on the membership fee.[319]

Finally, it should be mentioned that in the early 1990s the FNV Services Union initiated a project aiming at improving the working conditions of supermarket checkout operators, focusing on organization development and ergonomic improvements of cash registers.[320] With the support of the Labour Inspectorate and some "leading edge" cash register suppliers, some improvements turned out into a reality. However, in our field research we got quite some indications that in the course of the price war management attention for job quality and ergonomics faded away to a considerable extent.

### 3.4.3. Vocational training

Vocational training activities for the supermarket sub-sector are undertaken by the branch organisation CBL. CBL takes a more active stand concerning vocational training than the industry training fund SOD. CBL has developed close ties with especially the medium vocational education institutions to prepare students for their regular MBO diploma and at the same time for the CBL retail diploma, delivering about 10,000 graduates annually.[321]. Training manuals produced by the CBL Educational House (*Opleidingenhuis*) are used for in-company training by commercial training institutes as well as by the ROCs for regular vocational training. All Dutch chains recognize these manuals. The ROCs provide the majority of secondary-level courses. CBL courses, additional to the ROC courses, cover the four job levels to be distinguished in retail at large as well as in supermarkets:

318 Dribbusch, 2003.
319 Union leaflets Welkom op het werk! Welkom bij FNV Bondgenoten! and Tijdelijke contracten en leeftijdsdiscriminatie (Temporary contracts and age discrimination).
320 Meerman and Huppes, 1993.
321 Source: website CBL.

- checkout operator / sales assistant (level 1), duration 1,5 - 2 years. The competencies achieved at this level encompass selling products and providing service for the clients; receiving of the products, if necessary, processing and displaying them; and performing as a check-out operator. To follow this course, a candidate is required to have a minimum of VMBO thinking and educational level;
- salesperson, assistant department manager (level 2). Entry requirement is to have attained CBL Level 1 or ROC 2. Previously completed education at the first CBL level shortens the duration from three years to one year. The students acquire skills and knowledge which allow them to carry the responsibility for employees in a particular store department and coach them. Competencies here are somewhat broader compared with the level 1 course. Apart from receiving and processing articles as well as selling, and providing services for the clients, salespersons at the second level are supposed to be able to be in operational control of a department;
- assistant supermarket (store) manager / department manager (level 3). The entry requirement is graduation as a CBL assistant department manager or ROC level 3. The aims here are acquiring knowledge in managing a part of the store, like the fresh products department. Main competencies learned are carrying out the policy of the organisation, controlling the flow of goods and supplies, and performing operational tasks in the store. Course duration depends on the tracks chosen by the learners. If the previous level has been reached, it takes only a year; if not, the educational track rounds up to four years.
- entrepreneur/manager, store manager: higher vocational education in retail management (level 4). This education is performed at HBO level. The learners are required to be able to successfully perform tasks in personnel management, financial, strategic, operational and commercial activities at establishment level. Course duration is four years, but if a student has completed the third level, his/her years of study are taken into account.[322]

In April 2006, the FNV *Bondgenoten* union, the CBL employers' federation and CWI, the official employment agency body, launched the "supermarket learning job" -- a dual learning-working scheme for youngsters under 20 of age without certificate, based on a two years' contract. One day per week the pupils have to follow ROC courses, enabling them to obtain a level 2 certificate. The supermarkets involved are paying for the education, receiving subsidies amounting to €4,000 per trainee. CWI is offering support to apply for a job if after two years the supermarket job may end. Although the goals do not seem to be overly

322 Sources: website CBL; CBL, w.y.

ambitious,[323] the project looks highly interesting from both a labour market and a labour relations viewpoint. FNV *Bondgenoten* stresses the need to reduce the substantial number of dropouts that do not complete basic vocational training, while the employers' federation emphasizes the importance of the scheme as one of the solutions for their labour supply problems. Both feel the need to improve the image of the industry.[324]

The CBL end terms are certified, and are growingly also used by ROCs for their daytime education. Some chains are known to be active users of CBL manuals, notably Albert Heijn, C1000, Dirk van den Broek, Coop, DekaMarkt, Super de Boer, and Jumbo. According to the CBL website, the educational offeris gradually gaining in popularity among supermarket workers; obviously, the programmes have proven their practical relevance.[325] Moreover, the Industrial Board offers e-learning opportunities. Additionally, the board mediates subsidies from the European Social Fund (ESF) for employees willing to follow HBD training courses. These subsidies account for at least 32% of the training fees. [326]

## Vocational training in supermarket chains

In recent years various supermarket chains have taken own initiatives concerning vocational training, that go beyond on-the-job training. In April 2005, Jumbo announced ambitious plans for starting an Academy of its own, with 15 permanent teachers. These plans have been realised, and the numbers of teachers and establishments involved have grown. The programme includes three tracks, and completion is certified by a diploma. In addition to this rather ambitious set-up, Jumbo offers to every new employee an introductory training plan. Tailor-made courses for specific educational or training needs are also available. Super de Boer, the chain recently largely acquired by Jumbo, owns an educational institute promoting programmes for functions in its stores, logistics and administration taught in over 100 modules. C1000 offers 2, 3 and 4 level medium-level vocational education; students obtain the so-called C1000 diploma. The pride of this programme is its fully digitalised learning environment; every learner receives a laptop which remains in the student's possession after education is completed.. Sligro Food Group's Em-Té chain seems to have taken a different approach, with training efforts partly run by specialised bureaus. In all its establishments, internships are possible for learners in MBO programmes. Similarly, Albert Heijn is actively supporting workers following MBO or HBO studies in retail, including offering internship opportunities Aldi and Lidl seem

323 The main goal was to have 1,400 – 1,700 youngsters employed under this scheme by the end of 2007. At the start, nine supermarket chains were involved, including Albert Heijn, C1000, and Lidl (De Volkskrant, 12-04-2006).

324 Interview FNV Bondgenoten union officer; Kester, 2006; www.jeugdwerkloosheid.nl; leaflet Welkom op het werk! Welkom bij FNV Bondgenoten! In this leaflet and on the FNV Bondgenoten website, the union rather explicitly claims to have negotiated the supermarket learning job scheme – although correct, a rather uncommon practice for Dutch unions.

325 Website CBL; also: www.supermarkt.nl. Unfortunately, these sites lack statistical overviews.

326 Website HBD.

outliers concerning vocational training in the Netherlands. Both German chains concentrate at supporting high-level careering, by targeting higher vocational education leavers and other young professionals. Shop-floor workers merely receive on-the-job training.[327]

## 3.5. Supermarkets: external and internal labour markets

### 3.5.1. Gender distribution

The food price war clearly went at the cost of female employment, for a short while in absolute figures and for a longer term relatively. The largest share of women was attained in December 2000 (57.7%). After a low of 53.5% in December 2006, by the end of 2008 this share returned at 55.2% (Table 19). In the heat of the price war most supermarket chains preferred any young workers, in particular over "expensive" adult women.[328] Notably women re-entrants have been victimized. Already in the spring of 2004, many elderly female checkout operators in an *FNV Bondgenoten* survey complained that they were "bullied away" and replaced by youngsters. Women with family responsibilities reported that employers often made unilateral decisions about days off and holidays, frustrating them and sometimes forcing them to give up their jobs. Over the course of 2004-2005, store managers admitted these practices, stating that they "had to do this in order to survive".[329] We did not find any counter-efforts from HR managers at company headquarters. Moreover, many supermarket chains till deep on 2006 continued concentrating their hiring policies on the youngest workers, for example through the practice of not renewing the fixed-term contracts of 18- to 22-year-olds. These rather ruthless hiring and firing policies generated bad press and accusations of age discrimination (See below, under "Labour turnover").

Another employers' strategy of bringing down labour costs is to urge for the individual lowering of working hours. During the 2003-06 price war, a number of supermarket chains clearly practised this strategy. Statistical evidence at this point supports our case study evidence and experience of union officers. In 2003-2005 the headcount number of supermarket workers fell by 1.8%, while the number of FTEs decreased considerably more, with 4.5% -- implying a lowering of the FTE/headcount ratio from 48.5 to 47.1% and growing part-timisation.[330] At the same time, the female share in the supermarket workforce fell by 2.0%, three-quarters of the total decrease of this share taking place between 2000 and 2008 (see section

327 Sources: company websites, see Table 18 (accessed 25-11-2009).
328 The same shift in recruitment pattern has been reported from food retailing in Denmark. Cf. Esbjerg et al, 2008.
329 De Volkskrant, 24-06-2004; NRC-Handelsblad, 01-05-2004; Bondgenoten Magazine, July 2004.
330 Authors' calculations, based on CBS, Statline (headcount figures) and website HBD (FTE figures).

2.5.1).[331] We have good reasons to assume that, like in retail at large (section 2.5.4), the lowering in working hours took place rather involuntarily, and that this lowering mainly took place among females. In the Netherlands, employers may prefer this practice as neither the unions nor the works councils are endowed with adequate means to counteract it.

In a cross-country perspective, the share of women in Dutch supermarkets is not particularly high. At first sight, this is astonishing considering the female share in the target occupation: in the Dutch supermarkets 85 to 88% of the checkout operators turn out to be female[332], or 5 to 10%points higher than in the UK, France, Germany, and Denmark.[333] The conclusion seems inevitable that Dutch supermarket chains allow themselves a comparatively large male staff in management and logistics; the shop-floor workforce is predominantly female. In our four case stores, women accounted for 74 to 88% of that workforce.

### 3.5.2. Age distribution

The supermarket price war led to an even stronger impetus on employing youngsters, more precisely: younger youngsters. In 2004, over three in five supermarket workers were younger than 23 of age, with wages based on the youth wage scales of the CLAs (61%, Table 9), the same share as in 2001.[334] In both years, also three-fifth of all employees younger than age 23 and working in retail could be found in the supermarkets.[335] The 2004 figures clarify that the shares of the other three age groups were relatively small: 15% in the age group 23-35, 12% aged 36-45, and 12% over 45 of age. All three shares were much smaller than those employed in the other sub-sectors.

*WageIndicator* data allowed for combining occupations and age groups in the supermarkets over September 2004 - September 2006 (Table 20). This data indicated that 65% of the supermarket respondents was under 25 of age: 63% of the checkout operators, 52% of the sales assistants and 78% of the shop assistants / shelf stackers. Accordingly, 59% of the supermarket workforce resorted under the CLA youth wage scales (38% being 15-19 of age): 56% of the checkout operators (36% aged 15-19), 43% of the sales assistants (only 14% aged 15-19), and 74% of the shop assistants / shelf stackers (54% being 15-19 of age). The data supported the HBD figures cited in chapter 2, indicating that employers from 2003 on have been shifting recruitment towards the 15-17 years of age. Combining the available sources, we estimated for 2005 the supermarket workforce aged 15-19 on 74,000 headcount (37%), those aged 20-22 on 44,000 (22%), and those

331 Authors' calculations, based on CBS, Statline.
332 Authors' calculations, based on WageIndicator data and case studies.
333 UK: Mason and Osborne, 2008; FR: personal communication of Jean-Baptiste Berry; GE: personal communication of Dorothea Voss-Dahm; DK: Esbjerg et al, 2008.
334 Rienstra and Copinga, 2003.
335 2001: Rienstra and Copinga, 2003; 2004: authors' calculations based on Table 9 and CBS, Statline.

aged 23-24 on 12,000 (6%) – totalling 130,000 or 65%. Thus, approximately 118,000 or 59% were under 23 of age, with wages on the youth wage scales of the CLAs. A large majority of about them, about 110,000 or 55% of the headcount workforce, formally functioned as auxiliary workers.[336] It is relevant to note our finding here that a substantial minority of these auxiliary workers did not only carry out shelf-stacking duties; about one-third of them may have functioned under an internal flexibility regime, occasionally also performing checkout duties. This regime may to a considerable degree have informal features. It seems characteristic for co-operation patterns at shop-floor level that more recently in the *WageIndicator* survey a high share of Dutch retail workers indicated that they could swap shifts with colleagues. In 2007 and the first half of 2008, 69% of respondents working in supermarkets ticked this possibility (retail at large: 67%).

### 3.5.3. Educational levels

The *WageIndicator* data also enables a division over September 2004 - September 2006 of supermarket occupations by educational level (Table 21). Striking are the relatively high educational levels. In this sample, 66% of the supermarket staff at large had at least completed medium-level secondary education (level 4): 63% of the checkout operators, 69% of the sales assistants and 68% of the shop assistants / shelf stackers. These outcomes confirmed once more that substantial shares of the supermarket workers were students; if these outcomes would be representative, most likely 40% or more of the shop assistants / shelf stackers, but also at least one in three checkout operators.

### 3.5.4. Working time and contracts

According to HBD, in 2003 15% of the headcount supermarket workforce had a full-time contract, slightly over 50% a regular part-time contract and 33% a flexible (fixed-term) contract.[337] We derived from these figures that in 2003 80% of the supermarket workforce worked part-time.[338] Yet, from then on supermarket employers growingly offered part-time contracts, and consequently the share of part-timers in the supermarkets has increased further, most likely to 83% in 2005-6. The share in our four case supermarkets was even higher, with part-timers making up 84-89% of their respective headcounted workforces. In terms of FTEs, in 2005 one-third of the 94,500 FTEs in the supermarkets was related to full-timers, one-third to

336 Authors' calculations, based on CBS, Statline; CGB, 2006; HBD, 2005a; WageIndicator data, September 2004-September 2006.

337 WageIndicator survey outcomes over 2000-2004 suggest that the share of those on flexible contracts was higher than average for checkout operators and shop assistants / shelf stackers, and average or lower for salespersons / sales assistants. Among checkout operators, 53% had a fixed-term contract (n = 321), as had 64% of the shop assistants / shelf stackers (n = 103); by contrast, 31% of salespersons / sales assistants had a fixed-term contract (n = 304) (calculations: Kea Tijdens).

338 Authors' calculations based on HBD, 2005a, 20, assuming that 10% of the workers with flexible contracts worked full-time.

regular part-timers and one-third to auxiliary workers.[339] Cross-country comparative studies found for the early 2000s that in many Dutch supermarkets 50% or more of the employees worked less than 12 hours per week.[340] Dutch case studies gave the same indications. For example, the share working less than 12 hours was even over 60% in the 10 Albert Heijn supermarkets Horbeek analyzed in the late 1990s.[341] A survey in early 2010 indicated that 10% of the supermarket staff 23 of age and younger worked full-time (32 hours per week or more), 35% part-time (13-31 hours), 50% as auxiliary workers (2-12 hours), whereas 4% worked on call. Four in ten (41%) of these young workers had a permanent contract, just over half (51%) a fixed-term contract;[342] six in seven of the first group had "deserved" their permanent position via one or more temporary contracts; only one in six (17%) got a permanent contract directly when entering the firm.[343]

As we already noted in Chapter 2, the supermarket workforce younger than 23 of age is in majority made up of second-generation migrants, notably in the large cities in the Randstad conurbation. Most of this group run the risk of being stuck in the low-wage segment, but it would be too simple to connect that risk simply with the discrimination issue. Discrimination of youngsters from ethnic minorities applying on vacancies has been reported, and in the past at least one HR officer openly argued that the supermarket staff of his chain in the large cities was going to be "too black".[344] Yet, especially general managers of food retailers have denied that this is valid reasoning and have claimed that their firms promote career opportunities for migrant workers and minorities.[345] In our case study interviews, the store managers of the two supermarkets located in areas with a large migrant population emphasized that their workforces should as far as possible mirror the composition of the local customer population. We estimated that between 50 and 60% of these workforces were second-generation migrant workers.

### 3.5.5. Labour turnover

As might be expected, the dominance of the youngest age groups and the magnitude of labour turnover are closely linked. Moreover, hiring and firing of the large, young "auxiliary army" is a rather haphazard and highly cyclical process: fierce hiring efforts in the economic upswing, followed by firing efforts of the same magnitude if business goes downhill.[346] In the case supermarkets, yearly turnover in the target job in the low

339 Authors' calculations, based on CBS, Statline, and CGB, 2006, 9, assuming that the auxiliary workers on average worked 10 hours per week and the "regular" part-timers on average 23 hours per week.
340 Voss-Dahm and Lehndorff, 2003; Dribbusch, 2003.
341 Horbeek, 2003.
342 "Don't know" scored 7%.
343 MWM2/CNV Dienstenbond, 2010.
344 Cf. Dirk van den Broek's HR manager: Stielstra, 2004.
345 Cf. Ahold's CEO Moberg, though he added that career opportunities for ethnic minorities in Ahold's US subsidiaries were better than in his Dutch organisation (Korteweg, 2005).
346 Rightly observed by Kremer, 2008, 49-50.

tide of 2004-2005 varied between 20 and 35%. This is rather low, as since the mid-1990s its national level has been about 40%. The Industrial Board attributed the latter figure largely to the flexible labour market behaviour of the youngsters working as shelf stackers.[347] Yet, one may wonder whether such behaviour reflects their free will. The unions maintain that from 2003 on they have received many complaints of young supermarket checkout operators and shelf stackers, fired after three temporary contracts.[348] Supermarkets were allegedly systematically withholding new fixed-term contracts to auxiliary workers over age 18. In May 2005, five dismissed young supermarket employees instituted proceedings at the national Equal Treatment Commission concerning age discrimination. In February 2006, the Commission judged the dismissals at stake unlawful and issued a general judgment against such discrimination in the supermarkets. The employers' federations argued in favour of the need for cost control and flexibility, but the Commission responded that these goals could also be attained in offering auxiliary workers permanent contracts.[349] Nevertheless, union officers have argued that this verdict does not per se mean an improvement for young employees: it may well be that employers offer them only one or two temp contracts or take refuge to contracts on call, practices that can be legal in the Netherlands.[350] Most recently, a survey covering supermarket workers aged 15-23 found that 13% had stayed with their employer less than six months, 19% between six months and one year, 25% between one year and two years, and 44% two years or more.[351] These outcomes come close to the official statistics for retail at large in 2005 (Table 15) – surprisingly, as one might have expected tenures of young supermarket workers to be shorter.

### 3.5.6. The young workers

Since young workers are so important for the supermarket branch, we devoted a special analysis of *WageIndicator* data on their situation and preferences.[352] Basic questions were: why are the supermarkets a rather attractive source of employment for these workers? Do they earn more in the supermarket, do working hours fit them better, or is it that supermarkets are located so nicely close to home? Between January 2002 and April 2005 9,323 youngsters between ages 16 and 23 filled out the *WageIndicator* questionnaire; 621

347 Dribbusch, 2003, 64; HBD, 2004a.
348 The Dutch Flexicurity Act allows this practice after the third half-year contract, but under certain conditions this can be judged as age discrimination (CGB, 2006).
349 CGB, 2006; website CGB. Also Schouten, 2005b; De Volkskrant, 31-05-2005.
350 Interviews FNV Bondgenoten officers. In a 2010 judgement based on the complaint of a young supermarket worker, the Equal Treatment Commission concluded that discrimination by age is allowed under certain conditions, for example if the employer is able to prove that it concerns a starter's job (Heijne, 2010; CGB, 2010).
351 MWM2/CNV Dienstenbond, 2010.
352 Van Klaveren and Tijdens, 2005. Just over one third (36%) of the young supermarket workers surveyed were working students, against one of five (21%) in the other industries, also outside retail (calculations Kea Tijdens, based on WageIndicator data).

(6.7%) of them worked in a supermarket.[353] We found that their hourly wages were on average 20% less than elsewhere; this gap was largest for the 16-year-olds. The 18-year-olds formed the exception, gaining per hour somewhat more than those of the same age working in other industries.

The young supermarket workers on average had a 23 hours' working week: considerably shorter than their peers elsewhere that made average weeks of 32 hours. As a result, a 19-year-old on average earned € 130 per week in the supermarket (wages level 2004), against € 183 elsewhere, or 41% more.[354] Obviously, earnings are not that decisive; are working hours? The survey data shows that much more than other juvenile workers, the youngsters in the supermarkets worked according to schedules, had split working days, and had their starting and ending times much more registered. Moreover, they worked more on Saturdays. By contrast, they worked much less night and Sunday shifts. Moreover, it was remarkable that youngsters working in the supermarkets wanted to work more hours than they actually do. This was especially so for boys, less for girls. The younger the supermarket workers, the more hours they preferred to work.

How important is commuting time? Indeed, youngsters working in the supermarkets spent less commuting time than their peers working elsewhere. Three-quarters of the young people employed in supermarket lived less than one-quarter of an hour from their workplace, compared to fewer than 50% of those working in other branches. Thus, we may conclude that the supermarkets are offering youngsters interesting workplaces outside the traditional opening hours but not at unappealing hours such as at night and or on Sunday, and that they also present young people with more opportunities to work closer to home, perhaps even in their own neighbourhood. Against these advantages, many young people obviously take the low supermarket wages for granted.

## 3.6. Supermarkets: wages, work organisation and job quality

### 3.6.1. Wages

Typical larger supermarkets show five job levels and four hierarchical levels -- if a formal hierarchy is absent between shelf-stackers and checkout operators (the functional groups of the CLAs between parentheses):

- shelf stacker / prospective checkout operator / sales-assistant (A);
- checkout operator / sales-assistant (B);

353 Compared with official statistics, the supermarket workers were under-represented among the youngsters. Yet, this is not a substantial problem as we only compare between youngsters working in the supermarkets and those working elsewhere.

354 However, young people virtually pay no taxes on such low incomes.

- assistant department manager / first checkout operator (C);
- assistant store manager / department manager (D, E, F);
- store manager (F, G, H, I).

In Table 22, we present the wage scales annexed with the supermarket CLAs for 2008-2010.[355] We have indicated the functional levels relevant for our research project, A to I. These wage scales are characterized as follows:

- a rather flat wage structure, with in the A to D range rather minor differences between the wage levels;
- short scales and thus rather low seniority rights: scales contain a maximum of five yearly steps, with a largest difference of 80%;
- the youth scale A wage at age 15 (€ 528 monthly as of July 2008) starts 21.5% above the YMW as of January 1, 2009;
- the adult scale A wage (€ 1,688 as of July 2008) starts 19% above the SMW as of January 1, 2009, and 5.5% under the low-wage threshold, that we estimated for 2009 at € 1,780 (In Table 22, wages above this threshold are indicated in *italics*).

We first present the available statistical evidence on supermarket wages. In Chapter 2 we noted that in 2002 according to official statistics 57% of the Dutch supermarket workers had wages below the low-pay threshold, by far the highest share among the industries targeted by the Dutch part of the RSF research project. The share of low-paid females (53%) working in supermarkets was somewhat lower, with the most likely explanation to be found in the large share of low-paid male shelf-stackers, bringing the share of the low-paid among the male supermarket workers at 60%. Across countries, the low-pay incidence in the Dutch supermarkets was also quite high; it was only surpassed by that in the UK supermarkets (64% in 2001), while this incidence was considerably lower in the other four countries ; in German and the US it was even lower than in retail at large (Table 1).

Calculations on Dutch *WageIndicator* data confirmed that the target supermarket jobs are definitely low-wage. Based on January 2004 - September 2006 data, the average gross hourly wage (level 2006) came at €8.54 for checkout operators, €9.63 for sales assistants, and €6.83 for shop assistants / shelf stackers -- the lowest averages for the occupations selected in the Dutch part of the RSF project. These averages still included youth wage rates. Isolating the wages of the 25-44 of age, the *WageIndicator* outcomes for the three occupations in question, overall averaging €11.23, turned out to be close: averages of €11.28 for checkout

355 In these figures compensations are not included. Compensations for working unusual hours are: Monday-Friday between 20-21 PM 33.3%, between 21 PM-6 AM 50%, Saturdays between 18-24 PM 50%, Sundays 100%.

operators, €11.11 for sales assistants, and €11.21 for shop assistants / shelf stackers. Nevertheless, these averages again were the lowest in this adult age category across the sub-sectors under study.[356] Assuming that these adult employees, grouped together, were equally divided over the CLA scales A and B and that their tenures were divided in this age group like in retail at large (Table 15), their average CLA wage at the time might have been €10.55, 6% lower than the reported average of €11.23. The distance between the wages reported through the *WageIndicator* survey and the CLA wages was in 2004-2006 much larger for the 15-22 of age. Assuming that they were all classified in scale A, the reported average hourly wages of the 15-17, 18, 19 and 20 of age were 15%, 16%, 20% and 15% above the respective CLA levels. The real wages seemed to have characteristics of efficiency wages: employers tend pay somewhat more than the market-clearing wages in order to increase productivity and encourage worker commitment. Yet, by age the situation changed: the reported average hourly wages of the 21 - 24 of age were only 2 to 8% above the respective CLA – scale A levels.[357]. These outcomes once more suggest that the supermarket employers were mainly interested in employing the youngest youths in the checkout and shop assistant / shelf stacker jobs, and that the labour market position of in particular those in their early twenties was weak, with both conclusions holding for 2004-06 and for 2008.[358]

We already presented some of the *median* gross hourly wages calculated on *WageIndicator* data for 2006-2008 (Table 27). The median hourly wages found for the supermarkets and department stores were total € 9.58 in 2006, € 9.79 in 2007 and € 9.96 in 2008. These wage medians were lower than the overall retail, consumer electronics and "other retail" medians found, but the figures detailed by age clarify that the low youth wage rates played major roles here. And even developments in these rates ask for some nuance. First, in 2008, except for the 15-17-year-olds, the youth rates in the supermarkets had become higher than those in other retail. Second, though the wage increases turn out rather volatile for some ages, notably for the youngest group, over 2007-2008 supermarket wages of the 15-22 of age as well as of the 23-aged showed a somewhat more consistent increase than wages in the "other" category. It is also interesting to note that the supermarket wage medians in two of three age categories over age 23 in 2007 and 2008 were higher

356 Admittedly, the sample sizes for the 25-44 aged were rather small: checkout operators: n=191, sales assistants: n=59, shop assistants / shelf stackers: n=53, total n=303. Calculations: Kea Tijdens.

357 Again, under the (unlikely!) assumption that they all remained in scale A, step 0.

358 A reiteration of this exercise for 2008 was not fully comparable as we needed to use median WageIndicator rates for approaching real wages, but the results suggest that the same mechanisms as described were still in place. In 2008, the reported median wages were respectively 39% (15-17 of age), 21% (18), 22% (19), 20% (20), and 7 -13% (21 – 23-year-olds) above the CLA levels.

than the medians in the other retail branches; for whatever reason, the 35-44 aged made up the exception.

We also presented the finding, based on *WageIndicator* data over 2007 / first half of 2008 and again using *median* hourly wages, that nearly half (48%) of the respondents aged 23 and older working in supermarkets and department stores earned less than the low-wage threshold estimated for the Netherlands for these years, with a large divide according to working hours: a low-pay incidence of 36% among full-timers and 74% among part-timers. Combination of the available figures, though at a different statistical basis, suggests that in the course of the 2000s the low-wage share in the supermarkets and department stores has fallen somewhat, contrary to that in retail at large.

We now go into developments concerning the supermarket CLAs. In the first phase of our field research, that is, in the 15 months following April 2004 after these CLAs expired, the supermarket workforce had to do without wage increases. Yet, as at the same time the Dutch government had frozen the SMW, the distance between CLA wages and SMW remained the same. Afterwards, the employers' associations tried to keep unions on the "zero-line", but their efforts failed: the nominal wage increase in the two 2004-2007 supermarket CLAs was 3.5%. All four case food chains adhered to the supermarket CLAs, including the wage scales. During our field research in 2005-2006, as far as we could trace the mutual differences between the paid wages were minimal.

The supermarket CLAs running from April 2008 – April 2010 and agreed in September 2008 may mark a break in employers' strategies, with some arrangements that suggest an effort to improve the image of the branch. First, the CLAs envisaged increasing wages by 6.75% in two years, slightly above the national average. Second, the CLAs recognized that the youth wage rates did not provide enough of an incentive for young workers, and introduced a form of experience rating for 17- and 18-year-olds. In the new pay scales tenure started to pay off and careering received a financial stimulus. Third, though scales remain rather short, seniority rights were expanded: scales had a largest difference of 80% instead of only 11% in the 2004-2007 CLAs. These three elements may constitute steps toward a re-professionalization within the industry.

Compliance with the CLA in practice will remain the crucial factor. Currently, all adult CLA scales are above the estimated low-wage threshold; adult checkout operators / sales-assistants start in scale B at € 1,807, or 1.5% above the threshold (According to the 2004-2007 CLAs, they reached the threshold through the first yearly step). This seems in flat contradiction with our finding that for 2007 and the first half of 2008, a period partially overlapping with the term of the new CLA, based on hourly wage rates 48% of the

*WageIndicator* respondents aged 23 and older working in supermarkets earned less than the low-wage threshold. The main explanation for this outcome may well be employers' curtailing of worked hours, in particular of the extra time worked after closing time. Consequently, in answering the *WageIndicator* survey, the respondents may have divided their monthly wage by a relatively high number of effective hours worked, thus ending up with a relatively low hourly wage.[359]

As for the gender pay gap in the supermarkets and department stores, based on the median hourly wages calculated on the *WageIndicator* data for 2007 and January-June 2008 we found a substantial pay gap for those aged 23 and older (26.3%), but for those under age 23 a 3.2% wage advantage for girls / young women).[360] These outcomes were rather similar to pay gap figures for the supermarkets based on the *WageIndicator* survey for 2005 and 2006, though these were based on *average* wages. In these years, the gender wage gap was rather small for the age groups under 25 age, grew to 12-14% for the 25-29 of age, to 15-24% for the 30-39 of age, and to over 34% for the 40-64-year-olds.[361] We already pointed to the lack of career opportunities for in particular part-time working women as a major explanatory factor for the gender pay gap in retailing at large; this explanation definitely holds for the supermarket branch. In the *WageIndicator* survey in 2007 / first half of 2008, only 33% of those aged 23 and older working in supermarkets and department stores ticked to have ever been promoted in the current firm, a share that nearly doubled (61%) among their full-time colleagues. Asked whether they had good career opportunities, 40% of the part-timers ticked "yes", against again 62% of their full-time colleagues.[362] Female role models are lacking: female store managers remain quite rare in Dutch supermarkets. Their share in nearly all large supermarket chains continues to be less than 10%.[363] It remains remarkable that women are nearly totally absent in higher management ranks in an industry strongly aiming at female customers.[364]

359 We calculated that, even if respondents overestimated their monthly hours worked by 10%, the share of adults working in supermarkets and earning less than the low-wage threshold was still nearly 30%.

360 Cf. Van Klaveren et al, 2009, 430.

361 Van Klaveren et al, 2007, 54.

362 It should be noted the shares for the other retail branches jointly as well as separately were consistently lower: in all other branches only 22% of the part-time workers aged 23 and older ticked to have ever been promoted in the current firm, against 46% among their full-time colleagues. Asked whether they had good career opportunities, 25% of the part-timers in other retail ticked "yes", against again 46% of their full-time colleagues. Sources: Van Klaveren et al, 2009, 430, and WageIndicator data (not shown).

363 Sources: company websites, store visits. Roorda (2006, 142) observed that the only exception in this respect were the Jumbo supermarkets.

364 Cf. Roorda, 2006, 141.

### 3.6.2. Work organisation and Human Resource strategies

In dealing with issues of work organisation, managerial HR strategies and job quality, we will integrate results from our supermarket cases, thus placing "cases in context". Therefore, in Scheme 2 we first present an overview of these results. Subsequently we will treat work organization and HR strategies, job quality, and finally recruitment, training and careering in the supermarkets.

*Scheme 2. Overview HR strategies, work organisation and job quality in Dutch supermarket cases*

| | Supermarkets | | | |
|---|---|---|---|---|
| | SUP A | SUP B | SUP C | SUP D |
| HR strategy HQ | emphasis on training /careering | emphasis on training /careering | fragmented, technical orientation | restoring trust |
| HR strategy store management | idem | training OK, careering not clear | idem | idem |
| local labour market target job | tight | tight | tight | soft |
| local unempl. rate 2005 total/female | T: 10% , F: 10% | T: 7%, F: 6% | T: 5%, F: 5% | T: 7.5%, F: 9% |
| recruitment problems for target job | yes, training offer | yes, training offer | yes | not urgent |
| work organisation store | hierarchical, low formal FF | rather informal, FF rather high | hierarchical, FF depending on shift | rather informal, FF rather high |
| quality of work (problems) | inflexible working hours; work-stress from long lines | payment hours worked; checkout equipment ergonomy | payment hours worked | payment hours worked |
| labour turnover target job / year | 30% | low-25% | 25-35% | 22% |
| pay | according to ind. CLA | according to ind. CLA | according to ind. CLA | according to ind. CLA |

*FF = functional flexibility*

As we indicated earlier, in many supermarkets store management is burdened with considerable organizational problems. The extremely high share of young part-timers plays a major role, jointly with employers' strategies toward numerical flexibility. Here, in tackling the scheduling issue, constraints of employers are confronted with those of workers.[365] From the viewpoint of the organization of supermarket work, numerical flexibility seems to have broadly reached its limits. Notably in the supermarkets in the cities in the Randstad conurbation, the share of the core staff –the "anchors" in everyday practice-- is only about 8-10% (headcount). The employment structure of most large supermarkets, with majorities of part-timers and auxiliary workers, has given rise to growing criticism from the unions and the Labour Inspectorate, both pointing at potential dangerous situations in case of emergencies (robbery, fire, et cetera). A union officer we interviewed in 2006 added risks of lack of supervision of auxiliary workers, including internal fraud and

365 Cf. Carré et al, 2010, 220.

shop theft. He welcomed the idea of maintaining a core staff of minimal 30% of the workforce. At the same time he emphasized that smaller food chains and franchisers would encounter serious problems in realizing such goals, since the price war had diminished their workforce to minimal levels and minimized their margins as well.[366] In our interviews in four supermarkets, three (assistant) store managers uttered fears in this direction even before we were able to pose the relevant question. They also pointed at the hardships in guiding, scheduling and controlling an inexperienced, very young workforce, as well as to maintain certain levels of tidiness and order in the stores; they stressed the large efforts it took to recruit and train considerable amounts of newcomers. These managers said that these efforts distracted them from their main tasks in supplying foodstuff and in "regularly" scheduling the workforce.

For store managers indeed combining the various local management tasks, including recruiting, training and guiding the young workforce and in particular scheduling, is a tough job, even more because, first, they have to operate in centrally structured organizations that maintain strict personnel and financial benchmarks, and second, the supermarkets they run are –at least formally-- hierarchically structured. Only in two case supermarkets (C and D) had the store management been left some discretion concerning assortment and discounts, allowing managers to adapt to local preferences. In all four cases, store managers, within the discretion left by the financial and personnel benchmarks, were allowed to make recruitment, promotion and dismissal decisions concerning frontline staff. Except for the smallest one, the supermarkets in our sample used optimal staffing computer programs, although as a matter of fact their reliance on IT applications respectively on shop-floor feedback varied widely.

In supermarket A, with little shop-floor feedback, the store manager and his assistant judged producing working time schemes a "tough job". It did not help that the workforce was highly fragmented, in working hours, but also culturally. In the focus group, check out operators complained a lot about mismatches between management decisions and their working time preferences. In supermarket B, of about the same size, the store manager was quite satisfied in producing working time schemes, supported by a computer program and sometimes by a female first (full-time) checkout operator, "the one who knows everything here". In this second case, complaints of the checkout operators we interviewed concerning staffing problems were minor and definitely less pronounced than in A.

In chapter 2, we pointed at the importance of optimal staffing strategies in retail, notably in supermarkets. We also came across the 1996 Opening Hours (Shops) Act as a specific impetus for the development of such employer strategies. In 1997, the (then) FNV Service Union carried out a survey on the effects of

366 Interview FNV Bondgenoten union officer.

the extended opening hours and compared the results with those of a survey from 1995.[367] The perception of evening work was closely related to workers' influence on work schedules: the less influence, the lower evening work was valued. Although in 1997 the willingness to work in evening shifts turned out to be higher than expected before the introduction of the new law, most supermarket workers regarded compensations for evening and weekend work and a say in work scheduling as necessary prerequisites. Both had their rationale. First, most workers --except the young shelf stackers-- perceived evening and weekend work as "uncommon". Second, discontent with short-notice changes in working times and work schedules was widespread. These perceptions aggravated employers' labour supply problems, and calling on young workers proved to be only a temporary relief. We already noted that, under pressure of renewed recruiting problems, many supermarkets soon backtracked concerning their evening openings. Our case interviews suggested that in 2005-06 in urban areas the pool of potential young workers, notably students, was near exhaustion. (Assistant) store managers fully agreed with our suggestion that it was difficult to find youngsters, in particular "time adjusters", for evening work. Consequently, the scheduling process grew ever more complex.[368]

Against this backdrop, it is not exaggerated to suggest that allowing functional flexibility would be a relief for scheduling, maybe --under the Dutch conditions-- even decisive for the success of any staffing strategies. An analysis of the strategies that Albert Heijn in the late 1990s followed concerning organisation and scheduling working hours already pointed in this direction. AH's store and team managers had got, within budget constraints, considerable discretion in organisational and staffing policies. Concerning scheduling, differentiation strategies could be traced: store managers avoided full-time workers with compensation rights and relied on uncompensated workers, working less than 12 hours, for staffing in the evenings. Worker strategies tended to work out in the same direction, as workers cooperating for quite some time stuck to old working time patterns. As a consequence, the "new" working hours were assigned to new workers. In case of fewer workers with compensation rights, managers chose more generic strategies. The introduction of functional flexibility was a second element. With the introduction of the new opening hours, AH tried to change the store organisation towards team-based structures, in this way promoting job enrichment. This strategy seemed top pay off: establishments with the largest investments in courses and on-the-job training showed the best results. Yet, a number of stores did not acquire the budgets needed for such investments.

367 Van der Linde, 1996; Miedema, 1998.
368 Evidence of such labour supply problems also in HBD, 2005b, 6. Moreover, we got indications that older full-time staff growingly opposed evening work because of shop theft and customer harassment.

Moreover, in the checkout areas the required high speed of action was a major constraint.[369] The analysis of the mechanisms at stake in a hierarchical organization revealed that these mechanisms constrained the spread of responsibilities, like solidarity in the peer group,[370] but first of all it clarified the need for more discretion of store management and for adequate budgets to invest in on-the-job training.

Managers who apply optimal staffing strategies in hierarchical organisations may encounter a fair number of practical problems, as overtime in retailing for females illustrated. In October 2005, the frequency of overtime among females in retail was more than twice the national average: 6.5% against 3.1%.[371] The unpredictability of consumer behaviour may play a role here, but our field experience also provided ample proof that full reliance on numerical flexibility often just does not work. The second last resort for management concerning numerical flexibility in slack times is to exert pressure on the individual lowering of working hours, and curtailing the payment of all worked hours is the very last resort (and potential most conflictive) in this respect. Most likely, in particular overtime payments are not included in headquarters' benchmarks, which explains why saving on these payments obviously is a widespread practice. In all four supermarket cases we heard complaints related to working times and hours worked; about the inflexibility of the store management with respect to personal wishes concerning working hours (case A); about late notice concerning requested changes of working hours (cases C and D), and, both most common and assessed as most disadvantageous, about not being paid according to hours worked (cases B, C and D). A widespread nuisance was that employers even did not pay (or swap for time-off) for a special kind of overtime, that is, the quarter to half hour worked after closing time, mostly in times of pressure of business (in Dutch *"afwerkkwartiertje")*. Obviously, curtailing payment of worked hours was a widespread practice among store managers that helps them to live up to the benchmarks set by headquarters. This practice also contributes to the explanation why, based on *hourly* wage rates, a substantial share of *adult* supermarket workers indicates to earn below the low-wage threshold.

There are ample indications that probIems of scheduling and notification of shifts remain widespread in the supermarket sub-sector. A 2005 internet survey based on the *WageIndicator* revealed relatively high discontent among supermarket workers with (manifold) changes in working time and (unexpected requests for) overtime, and a lack of workers' say on working time, days-off and holidays.[372] A recent representative

369 Horbeek, 2003.

370 Also in two of our supermarket cases some workers refused more responsibilities, especially if accepting them implied leaving their peer group. Like interviews in the German supermarket cases revealed, consciously refraining from efforts to get promoted may go back mainly to a combination of maintaining a work-life balance and avoid the onerous management responsibilities linked to escalating performance benchmarks (cf. Voss-Dahm 2008).

371 Source: CBS, Statline.

372 Dragstra and Van Rij, 2005.

survey among supermarket staff 23 of age and younger, on behalf of the *CNV Dienstenbond* union, found that for one-third of the young workers in practice schedules deviated from those agreed. About 85% of the respondents did not receive pay if scheduled hours were not worked (in case workers were called off shortly before their service or send home earlier). Over one in four (28%) reported that the extra time worked after closing time was not paid for (or swapped for time-off).[373] Most of these deviations were outright violations of the supermarket CLAs. An important regulation is that the CLAs require the employer to post schedules at least one week in advance.[374] *WageIndicator* data for 2007 and the first half of 2008 indicated that compliance at this point was rather low: only 46% of the supermarket respondents ticked that they knew their schedule at least one week in advance.[375]

Even if the store management has little discretion in staffing policies because of headquarters' strict personnel benchmarks, they may find some room for organisational discretion in view of recent market trends. We already indicated that about one-third of the auxiliary workers in supermarkets is functioning under an (informal) internal flexibility regime and is also performing check out duties. Such multi-tasking is imposed by the immediate need to run the store and satisfy customers. Purely informal arrangements, however, can well work out negatively for employees. For example, in autumn 2006 supermarket managers were reported to classify flexible checkout operators in the lowest CLA grade (A), arguing that they functioned as auxiliary workers. Albert Heijn's top-level management interpreted the CLA rules in this direction, which led to a long-lasting conflict with the FNV *Bondgenoten* union.[376] Such management actions may be regarded as rather ill-considered, definitely in tight labour markets. Allowing some functional flexibility is definitely needed if supermarkets chains commit themselves to minimizing lines for the checkout. Recent demands on improved service may add commercial arguments and allow local management more discretion to stimulate *and* reward functional flexibility of frontline staff. Among the case supermarkets and their parent chains different strategies could be observed. Yet, in 2005-06 even "advanced" supermarket managers seemed to deny the necessity to pay for (workers' efforts connected with) functional flexibility.

373 MWM2/CNV Dienstenbond, 2010.

374 Collective agreements in retailing in Germany and Denmark contain much tighter rules: they require retailers to post schedules respectively 26 and 16 weeks in advance (with in Denmark the possibility to change the work schedule with four weeks' notice – Esbjerg et al, 2008, 147). However, the German and Danish case studies revealed that breaches of these mandates were rather common, especially in smaller stores (Carré et al, 2010). The French national branch agreement for retail contains the same rule as in the Netherlands; the French researchers observed quie some workers being informed just a few hours ahead (Askenazy et al, 2008, 235-6).

375 The share of those knowing their schedule at least one week in advance was even much lower in the other retail sub-sectors, varying from 20% in furniture and consumer electronics stores to 29% in DIY stores.

376 Website FNV Bondgenoten / supermarkten, message of 15-09-2006.

Supermarket A had no clear policies on customer fluctuation and lines for the checkout. Frontline staff was slow to adapt to the number of customers lining up at checkouts as they opened. If this was inevitable, it was informally settled within cultural peer groups, often without informing store management. In contrast to this case, the store manager of supermarket B explained: "We maintain clear policies to keep lines short through the flexible opening of new checkouts. If necessary, we ask staff from counters and from the ranks of experienced shelf-stackers to join. Yet, we don't feel the need to formalize or reward these practices".

### 3.6.3. Job quality

Regardless of the trend towards functional flexibility, the typical supermarket checkout job has a narrow job profile, and scores mainly on the executing tasks of the job description. Except for the small supermarket in our sample, in our case stores checkout operators had no preparing tasks, limited supporting tasks (cash control, simple maintenance of cash register), and very limited organizing tasks (contacts with first cashier, participation in employees' consultation). This target job scored low on autonomy, especially in those supermarkets where management had no policies to limit the lines before the checkout (A, D and to some extent C). It has to be noted that in our field research we did not come across the (computerized) application of productivity norms for checkout operators, like found in the French field research in retailing.[377] Yet, this lack of strict and formalised productivity measurement does not improve the job as such, it merely keeps one of the most ugly forms of psychological strain away. Helping with bagging is not a formal task element, although in all four stores checkout operators regarded that as "normal" on behalf of senior or handicapped customers.

In supermarkets, limited task variety and autonomy of checkout operators do have consequences for employees' workload and work-related stress levels. This was already convincingly demonstrated in the early 1990s when union-initiated research compared the workload and work-related stress of supermarket checkout operators and department store cashiers. The latter were in jobs with a broader function, usually including showing merchandise. The outcomes were in line with expectations. Workloads and stress were consistently worse for the supermarket checkout operators, who experienced significantly higher levels of headaches, tiredness, and other symptoms of work-related stress. The researchers pointed to the health risks of this short-cycled, repetitive work under heavy constraints. They advocated organizational development, job enrichment, and ergonomic improvements of check out equipment.[378] Earlier, a government publica-

377 Askenazy et al, 2008, 234. Obviously, in the software used in our case supermarkets only standard assumptions were used considering the productivity of checkout operators.

378 Meerman and Huppes, 1993.

tion had recommended the same kind of measures.[379] As mentioned, in the 1990s a Dutch union project contributed to ergonomic improvements of cash registers and to better working conditions. Since then, in nearly all supermarkets in the Netherlands standard checkout equipment has been improved ergonomically, although modern equipment does not prevent ergonomic problems and RSI (repetitive strain injury) risks per se. In our field work, we only noted minor complaints concerning the checkout design[380]; in one supermarket the focus group of checkout operators had substantial complaints about draught and incidental cold in the checkout area. We should emphasize that modern checkout equipment divides the weight of heavy loads more evenly, but the loads that a checkout operator has to manipulate repetitively remain high, most likely up to 300 – 500 kilograms per hour. Thus, the risks of injuries, in particular musculoskeletal disorder, remain considerable, and task variety, job rotation and regular pauses continue to be essential for the job quality of checkout operators.[381]

In the 2003 and 2005 Dutch Surveys on Working Conditions, employees in the retail trade asked whether one *always* felt work pressure, scored below the national average.[382] Our case experiences suggest that work pressure for checkout operators is more a matter of "often" or "sometimes", that is, that pressure is greatest during peak hours and when there are long lines – a near-universal outcome, found in the other countries participating in our project too.[383] Our cases also indicate an interesting positive relationship between higher service levels and improved job quality: shorter lines tend to diminish work pressure and work-related stress. Our focus groups emphasized that checkout operators are motivated by direct customer contacts, which are eased by short lines. Moreover, we found some evidence that customer harassment can be related to the incidence of long lines. In this respect, it is interesting to note that in the course of 2005-06 efforts to limit the lines clearly grew in importance in food retail competition.

In supermarkets A and C, checkout operators pointed to customer harassment as contributing considerably to work pressure. In supermarket A situations with harassment were explicitly linked with long lines, but that was less clear in supermarket C. In the latter case, complaints included customers reacting with lack of understanding and irritation on the self-scanning equipment. In this store at the time of our research the orientation of this food chain towards a relatively high level of process innovation was not linked up with policies of training and accompanying staff in adopting new technology.

379 Pot et al, 1989. Also Looze and Sonneveld, 2000.
380 In contrast with notably the French case supermarkets: Askenazy et al, 2008, 238.
381 Cf. Shinnar et al, 2004.
382 TNO Arbeid, 2004; Smulders and Van den Bossche, 2004; Houtman et al, 2006.
383 Cf. Askenazy et al, 2008, 238.

A 2005 survey based on the *WageIndicator* allowed for a closer look at determinants of job satisfaction of retail employees. In the survey, supermarket staff displayed above-average dissatisfaction with their influence on work schedules and with their opportunities to take days-off. The first and foremost issue of their complaints, however, was job insecurity. Fears to be dismissed in the near future were way above the Dutch average for all five staff categories distinguished. Supermarket employees in majority denied having good career opportunities; nearly three of four checkout operators responded this way. The outcomes were more negative than the national averages for six industries. The FNV union negotiator for the retail industry linked this result with the alarmingly bad perspectives for *permanent* employment in the supermarkets for the low-skilled, definitely in the heat of the price war: "Newcomers only get temporary contracts for one year, with an option for only another year. Then they are definitely kicked out. There is no longer an inflow of low skilled. Students and 16-18 year old school-leavers on temporary contracts are replacing them".[384] In our supermarket cases job insecurity seemed to be less significant: check out operators neither individually nor in focus groups clearly referred to the issue. The tight labour market situation in the Randstad conurbation (where we carried out three cases) at the time of our research may well have played a role here.

As mentioned, an issue of increasing employee worries is customer harassment. In the 2003 national Survey on Working Conditions, supermarkets and department stores were in the top-10 of industries in which employees wanted measures against customers' aggression: a score of 36% (national average 20%), whereas 10% (national average 4%) answered that these measures were urgently needed.[385] The customer harassment issue returned in all our employee interviews and focus groups in the supermarket branch. In two supermarkets the employees interviewed stressed the need for stricter measures.

### 3.6.4. Recruitment, training and careering

We found that labour turnover among check out operators in the case supermarkets, although somewhat below the national average, was rather high and that recruitment and training were painstaking activities for store managers. Yet, the latter seemed to regard the high churning rates as merely "a fact of supermarket life", the exception being case A. Here, in supermarket of a discounter chain an interesting link had been developed between recruitment and training which particularly seemed to benefit migrant workers. This supermarket was located near a rather depressed area in a large town. The only labour supply sources were young people and older women, both of migrant origin. Both chain and store management had doubts

384 Dragstra and Van Rij, 2005, 15.

385 TNO Arbeid, 2004, 3. Other occupational risks were comparatively moderate. The incidence of accidents was just below the national average (TNO Arbeid, 2004, 14).

about the qualifications of most applicants; the store manager also mentioned problems with labour morale. The regular recruitment procedures had led to high rejection rates. For a few years, however, in-company training had been part of the recruitment procedure, and this had worked as a rather efficient screening device. This training also helped in retaining staff. The newcomers, by accepting to be trained, felt that they were given special attention and were tied to the firm. Supermarket B, operating in the middle segment, also emphasized training and careering, although its practical efforts in this field seemed less intense than in case A. To a certain extent, training here also featured as a means to screen and retain staff. In spite of these activities, there was an overall lack of policies toward upgrading incumbent staff skills. All four supermarkets had apprenticeship posts, covering 3 to 6% of their workforce, but except in case A accompanying the pupils was carried out rather haphazardly.

After the extremely tight labour market for retail jobs of 2001-2002, supermarkets in the Randstad conurbation in 2005-06 continued to be confronted with persistent labour shortages, for checkout operators especially if their geographical location vis-à-vis their labour supply was unfavourable. Interviewees in our cases explained that workers with small part-time jobs clearly favour short commuting times and may judge a one-way trip of thirty minutes to be too long. Against this backdrop, local unemployment rates as included in Scheme 2 do not give good indications of the labour market position of supermarket checkout operator jobs.[386] The case interviews underlined that in the Randstad conurbation the reservoir of youngsters to be recruited as shelf stacker / prospective checkout operator was near exhaustion, certainly for evening work. Characteristically, headquarters' HR departments --maybe with the exception of chain A-- did not show much interest in these labour supply problems. Again, their responsiveness to external changes was low. In this respect the behaviour of Dutch food retailers overwhelmingly seemed to resemble that of their US counterparts.[387] Several factors may play a role here. First, within management in retail the HR function generally seems rather underdeveloped. Second, the lukewarm attitude of general management towards labour shortages may have to do with their orientation on perceived technological solutions for labour shortages, such as the introduction of self-scanning.

Promotion opportunities up from CLA levels A and B were already few, and efforts of major supermarket chains in the course of the 2000s of delayering and eliminating the assistant store manager / department manager level had diminished these opportunities even more. Supermarkets growingly resemble an egg-

386 For example, although the regional unemployment rates for supermarket D were higher than for cases B and C, shortages of checkout operators were lower for D, contrary to A, B and C located in a rural area.
387 Cf. Davis et al, 2009.

timer model.[388] At first sight, external numerical flexibility and short tenures logically do not work in favour of career building, but the argument can be put upside down: careering is also hampered by the typical, strict hierarchical supermarket organisation with large gaps between the (demanded) skill levels. For example, analysis of personal ads learned that the AH chain in 2008 required formal qualifications (and suitable work experience and personal characteristics) for (assistant) store managers; yet, surprisingly, no specific formal requirements were laid down for team leaders, though they are expected to perform important organizational tasks.[389] The team-leadership, though theoretically qualifying for store manager, may in practice be an interesting but rather "dead end" job.

We did not trace career ladders for the target job of checkout operator in the four case supermarkets. Obviously becoming a team leader was not advertised as a viable career step. As a result, vertical mobility had disappeared nearly totally, and we did not find any women at the levels of assistant store managers and higher. This fits in the general picture that experienced women, acting as first checkout operator, hardly get any opportunities to get promoted to (assistant) store manager—certainly not if they are working part-time.[390] In the early 1990s, Veenis even found in a survey covering 220 employees in 10 supermarkets of a large Dutch chain that variation in working hours was the main factor explaining gendered differences in job levels. Working part-time on behalf of family duties was the crucial bottleneck for careering.[391] By then these outcomes could be generalized; it is rather unlikely that this picture has really changed, in spite of the growing underutilization of workers with *completed* secondary and higher education in the Dutch retail industry[392]

388 For example, in autumn 2005 Albert Heijn announced to get rid of the store management assistant (MAS) function in their larger supermarkets, a decision that would hit 370 employees. The FNV Bondgenoten union officer then in charge perceived this reorganisation as part of a larger process of AH flattening their (comparatively hierarchical) store organisation. Yet, he wondered whether the larger AH supermarkets could do without management assistants (Jos Brocken, cited in De Volkskrant, 05-09-2005, and in Bondgenoten Magazine, November 2005). Based on our case research, we expect that most of their tasks have been taken over by first checkout operators.

389 Dimitrova, 2008, 60.

390 Based on interviews with FNV Bondgenoten union officials and focus groups.

391 Veenis, 2000, 111.

392 Notably in the Dutch and British cases, female part-time workers gave few signs of concern about the lack of career opportunities; instead they tended to emphasize positive aspects of the social life at work, including friendships with fellow workers. As the UK retail research team noted, such satisfaction may merely reflect the ability of many workers to remain positive in the face of limited options (Mason and Osborne, 2008, 157).

# 4. The consumer electronics sub-sector

## 4.1. Introduction: another Price War?

Following the opinion of 85% of all retailers, a survey in early 2005 concluded, the supermarket price war got followers in a number of other retail sub-sectors, like in bookshops, in chemists and in consumer electronics. Especially retailers in the latter branch seemed to be worried.[393] Newspapers and trade journals warned time and time again: now the all-out price war in consumer electronics is going to start. Yet, consumer prices are constantly lowering in branches selling products that are permanent subjects of innovation -- which is the case *par excellence* with consumer electronics. A yardstick may be total sales. If total sales are going down or at least stagnate as negative price effects are surpassing positive volume effects, this may be the sign of a price war – and as we will see, this has been the case in consumer electronics in 2003 to 2005, and again in 2009. Nevertheless, the societal effects of a price war in consumer electronics retailing remain much smaller than those of a price war between food retail chains.

## 4.2. Consumer electronics: industry performance

### 4.2.1. Consumer electronics: portfolio of the industry

First we have to clarify the definition of "consumer electronics retail." According to agreement in the RSF retail team we defined in an early stage of our research this sub-sector as NACE 52.45: Retail sale of electrical household appliances and radio and television goods. This also included the retail sale of telecom equipment, audio/video tapes, cassettes, etcetera, sewing and knitting equipment, musical instruments but *not* that of (personal) computers and software and *not* that of photographical equipment. However, this definition was easier agreed than put into practice. In the 2000s, the boundaries between sellers of electrical household appliances, radio and television goods, personal computers, laptops and cameras have been blurred. Major consumer electronics chains, such as MediaMarkt and BCC, do sell the full product range. On behalf of our case studies we attempted to select companies and establishments in which electrical household appliances, radio, television, CD and DVD sets, headsets, MP3 players, audio/video tapes and

393 Retail Trends, 07-01-2005.

cassettes counted for at least 50% of their sales. Moreover, in 2005-06 statistical definitions changed.[394] Following the current sub-sector division of both Statistics Netherlands and the Industrial Board, we now have to define consumer electronics retail as including "white goods", large household appliances such as washing machines, refrigerators and microwaves (SBI code 47541), "brown goods", in majority audio and video apparatus (SBI 47431), and the general assortment of "white and brown goods", covering mainly small household appliances (SBI 47432).[395]

We calculated the 2005 joint sales of the three sub-branches just mentioned at slightly over € 2.5 billion (excluding VAT), 19% below 2003 level. Thus, 2004 and 2005 had turned into quite bad years for consumer electronics retailers, obviously hit by diminishing consumer spending but also losing to other sales channels in the three sub-branches. Whereas consumer electronics stores covered 69% of total consumer electronics sales in 2003, this share had decreased to 62% in 2005. Their market share in large household appliances (white goods) even fell by 17%points, to 55%[396] In 2006, with nearly 8% sales growth consumer electronics retailing strongly recovered, and with sales 6% up 2007 also saw a positive picture. For 2008, Statistics Netherlands revealed a very slight growth in sales, while the Industrial Board still noted nearly 3% increase, bringing total sales at nearly € 3.5 billion, or 28% above the 2003 level.[397] In 2007 and 2008, consumer electronics retailing was able to maintain its market share compared with other channels at about 58 to 60%. The share of "non-retailers", in 2005 accounting for 12% of all consumer electronics sales, remained approximately constant, with shares depending on product categories in 2007-08 varying between 11 and 17%; in 2007-08 the large and growing category of internet/post-order shops[398], ambulant retailers and other stores took 12% to 15%; like in 2005, the market share of supermarkets in consumer electronics sales remained only 2 to 3%.[399] Finally, it should be noted that the year 2009 witnessed a renewed and serious fall in sales of consumer electronics retailing (about 11%); in particular the second quarter of 2009 was dramatic, with an absolute sales fallout in volume terms and a total decrease of 18% in sales compared to those in the corresponding quarter of 2008. For an explanation, HBD pointed at the growing pressure on all non-food sales

394 Before 2006, HBD complicated matters by including, in its yearly reports, retail sales of computers and software (in the Netherlands NACE 52.49.4), but excluding the selling of audio/video tapes (NACE 52.45.3) as well as that of parts of electrical household appliances and radio and television goods (NACE 52.45.5). Initially, in our draft reports, we followed the demarcation lines of HBD.

395 Thus excluding "grey goods" retailing i.e. computer and telecom sales in stores.

396 HBD, 2004b, 2005c. We calculated that, if consumer electronics retailing had been able to maintain its market share, sales would have fallen by 10.5%. Thus, the loss of market share to other channels explained 55% of the total decrease of the sub-sector's sales.

397 CBS, Statline; HBD, 2009.

398 Internet sales are categorized on the basis of the source of sale. Thus Internet sales conducted through physical shops are separated from the ones handled by Internet shops.

399 Sources: HBD, 2005c; website HBD.

due to overall shrinking consumer spending.[400]

In 2008, there were 2,470 consumer electronics stores in the Netherlands. Looking at the numbers of the previous two years, a decrease of 80 outlets (3.2%) could be observed.[401] The increase in the number of employees and the decrease in establishments resulted in a larger average workforce per establishment, from averaging 8.0 headcount and 5.5 FTE in 2006 up to 8.9 headcount and 6.1 FTE in 2008.[402] Earlier, we estimated for 2003 the lower quartile (LQ), median and upper quartile (UQ) employment sizes (headcount) of the Dutch electronic consumer stores as follows:[403]

| | |
|---|---|
| LQ | 3 employees |
| median | 5 employees |
| UQ | 15 employees |

Sales per consumer electronics store employee (FTE) in 2008 amounted to € 311,000, € 11,000 or 4.3% more than in 2005; this sales level was 36% higher than the average 2008 sales per FTE in retail at large and 17% higher than the comparable figure for the supermarkets. The average surface of the consumer electronics establishments, 306 $m^2$ in 2008, is 13% over the average for retail at large (267 $m^2$), though less than half the average supermarket size (648$m^2$).[404] According to 2004 figures, consumer electronic shops were mostly located in main shopping centres (58%), where they were rather small (average 176 $m^2$). Less than 2% was located in large-scale shopping malls, and those stores were on average much larger (690 $m^2$). [405]

Table 23 presents the development of sales in the consumer electronics sub-sector, separated in sales, price and volume trends. The table clearly reveals:

- the rapid downward trend in consumer electronics' prices (based on 2000 = 100, 2009 = 48);
- the upward trend in volumes (based on 2000 = 100, 2009 = 201);
- the resulting downward move of total sales in 2003, with negative price effects surpassing positive volume effects, continuing in 2004 and 2005, followed by the 2006 recovery because of an acceleration of volume growth that persisted in 2007 and 2008, though levelling off in the last year, and the slowdown of volume growth combined with continuous price falls in 2009;
- the yearly sales cycle, with concentration of sales in November / December (Santa Claus, Christmas), which proved to be the case in extremis in 2009.

400 HBD, 2009.
401 HBD, 2009. Unfortunately, comparisons with the years before 2006 are impossible because of changes in statistical definitions. Anyway, a long-term decrease of the number of white and brown goods stores can be observed, as in 1982 the Netherlands still had 4,700 establishments selling these goods (De Volkskrant, 31-12-2005).
402 Authors' calculations based on CBS, Statline, and HBD, 2009.
403 Sources: CBS, Statline, and company websites.
404 Authors' calculations based on HBD, 2009.
405 HBD, 2005c, 14.

The main worry of consumer electronics retailers is not to be squeezed by the speeding up of new product cycles. Increasing volumes should allow their sales to stay ahead of the continuous decline of price. Efforts in this direction clearly failed in 2004-2005, and again in 2009. Avoiding the squeeze already turned out to be growingly difficult, especially since the turn of the century, when digital equipment like DVD players matured (unlike video-recorders, hardly containing mechanical parts, thus broadening the range of manufacturers). In the five-year periods 2000-2004 and 2005-2009 the decline of consumer electronics prices deepened compared to 1995-1999,[406] with price falls of 9% (1995-99), 33% (2000-04) and 32% (2005-09) respectively. By contrast, after 66% volume growth in 1995-99, with 30% growth in 2000-04 prices raised quicker than volumes. In 2005-09 this negative development reversed due to 48% volume growth. The development of the squeeze may have had its effects on the net margins of consumer electronics retailing. Scattered evidence suggests that in 1999-2002 the average net margin in the sub-sector was, at a level of 3%, even slightly higher than those of the supermarkets. For 2003 and 2004 HBD published average net margins of 2 and 1% for white and brown goods retailers, and knockout pricing led to the reduction of net margins to, on average, 0% in 2005. Surprisingly, and contrary to other evidence[407], for 2005 HBD concluded to an average net margin of 6% for small firms, but to a negative average margin (–1%) for medium-sized and large white and brown goods retailers. The small firms' category was reported to have comparatively lower supply costs than their larger competitors (69% against 76%) as well as a lower level of labour costs (10% against 12%).[408] In spite of the recovery of volumes sold, margins in the second half of the 2000s remained quite low. For 2008, again, HBD published a net margin for the sub-sector at large of 1%.[409]

### 4.2.2. Consumer electronics: overview of the industrial organization

A comparatively large part of the Dutch consumer electronics stores consists of independents. In 2004, just over half of all stores were part of a centrally-run chain (with at least seven outlets) or of a buyers' group,[410] while in Denmark, France, Germany and the UK this share was at least 65%.[411] This share is remarkable, because buyers' groups, merchandising for franchisers or independent sellers, are important in consumer electronics retail. They have to negotiate with the large, worldwide operating consumer electronics manufacturers, such as Toshiba, Sony, and Samsung. Although competition between these manufactur-

406 Detailed figures not shown for 1995-1999; source: CBS, Statline.
407 For example ABN AMRO, 2005.
408 HBD, 2004b, 2005c; website HBD. Unfortunately, we only found such data for 2005.
409 HBD, 2009.
410 HBD, 2005c, 17.
411 DK: Esbjerg et al, 2008, 146; FR, GE, UK: authors' calculations based on AIAS, 2008.

ers is heavy, the general impression from the trade press[412] is that the discounts they allow to retailers are within their control. Dependency relations between consumer electronics manufacturers and retailers have not been clearly reversed. Consumer electronics sellers are essentially sales-based (or sales-oriented) firms. Competition is fought on sales, especially regionally, with many baits and "cheapest buy" or "every day low pricing" price guarantees, but also on advertising service quality, a knowledgeable staff and reliable technical backing. Against this backdrop, it can be assumed that headquarters of consumer electronics chains allow for a considerably larger leeway of local management compared to that of supermarkets – and, within stores, even of a considerable leeway for individual salespersons. As we will show, our case study outcomes confirm this assumption.

In 2005-06, major electronics buyers' groups with national coverage in the Netherlands were:

- German-based Euronics International, a franchise chain with --under various names-- presence in Germany (RedZac, Master's, Mega Company, Interfunk), the UK (Euronics), France (GITEM), and the Netherlands (owning five sub-chains, with Elektro Vakman and Electro World as the largest, totaling 361 outlets in March 2006, against 418 in March 2005);
- German-based Electronic Partner, a franchise chain with presence in Germany, France, and in the Netherlands with the sub-chains EP, Service Partner and Sprinter (totaling 125 establishments in March 2006, against 210 in March 2005);
- Expert, a franchise chain with presence in Germany, France, Denmark, and in the Netherlands (192 establishments in March 2006, against 205 in March 2005).

Perfekt and Elektro Specialisten (Rexel Nederland) were the main franchising / independent chains of small electronics stores in the country. Other chains with near-national coverage, however with own stores, were De Harense Smid and Scheer & Foppen. The regionally oriented De Block, Mikro Elektro, and Maxwell chains formed a medium-sized league.[413]

Table 25 presents an overview of the chains with each over 10 establishments in white and brown goods selling (excluding NACE 52.45.3 and 52.45.5). In March 2005, 14 chains jointly owned or controlled 21 subchains, with 1,682 outlets. We counted 1,140 franchised outlets, two-thirds of all stores of these chains. One year later, in March 2006, these chains had only 1,531 outlets, including 999 franchised (65%). Compared to a year earlier, this implied 9% less stores, and even 12.5% less franchised stores. Notably the Dutch organisations of Euronics and Electronic Partner, with their mostly small franchisers, met serious problems,

412 Like Media Detail (Dutch, for retailers) and HiFi Test TV Video (Dutch, for consumers).
413 Sources: HBD, 2004b, 2005c; company websites

as the figures mentioned above concerning the development of their amount of establishments between March 2005 and March 2006 clarified. Based on the information presented in Table 25 and a number of store visits, we estimated the shares of the leading chains for 2005 as follows: Euronics 16%, MediaMarkt 10%, Expert 11%, BCC 7%, EP 7%, IMpact 6%, and Vendex KBB 6%. According to this ranking the top-5 share in 2005 was 51%, and the top-7 share may have been 63%. Yet, positions are rapidly changing here. Some main contenders, such as Vendex KBB in 2006, left the sub-sector.[414] In 2005 just over 65% of all these establishments were franchised, which is 20% more than the total for the large supermarket chains.

In 2005-06, analysts predicted that the Dutch consumer electronics market would be dominated by the two chains with large parent firms, MediaMarkt and BCC, and by theend of 2009 we may conclude that this prediction to a large extent has been materialized. MediaMarkt and Saturn are the main consumer electronics subsidiaries of the huge German Metro Group. The expansion, since its entry in 1999, of the "red-black danger" in the Dutch market has had major effects on competition in the sub-sector. In Spring 2006 MediaMarkt opened its 22th Dutch outlet; on that occasion, the Metro Group announced that it planned to add another 20 MediaMarkt stores as well as 15 stores of the Saturn format in the five years to follow. By the end of 2009, MediaMarkt had 27 establishments in the Netherlands.415 With surfaces of 4,500 – 8,000 m², these stores are the country's largest in consumer electronics.416 MediaMarkt distinguishes itself with an aggressive marketing profile and a broad assortment, and offers rapidly changing bargains of highly popular consumer electronics goods at substantial discounts. The local managers, co-owners of their stores, bear responsibility for assortment, pricing, marketing, and HR management.417 In 2007 the profile of runner-up BCC was less clear, though the customer perception of its staff expertise was higher than that of MediaMarkt.418 In 2006 BCC, a subsidiary of the UK-based KESA Group, announced plans to double their number of Dutch stores to 80 in 2012, aiming at 15% market share.419 BCC recently took over stores of 1,000 – 2,000 m², notably of De Harense Smid. This medium-sized chain obviously overestimated the profitability of the Megapool stores, bought in 2002 when this market leader failed.420 For owners or fran-

414 In early 2004 Vendex KBB, the Dutch retail conglomerate that had expanded with its basis in the V & D department stores, had with 18% the largest market share in consumer electronics sales, employing in the Netherlands in five chains a workforce of about 3,000. After the take-over, in 2004, of Vendex KBB by four US venture capital groups and the decision of the newly formed Maxeda Group to leave consumer electronics retail, the IMpact group was formed by a management buy-out. IMpact subsequently owned two chains, It's / Modern Electronics and Prijstopper, operating in the medium and low-end segments. Finally, in 2006 Maxeda sold its last two chains in this field, high-end Dixons and medium-positioned Dynabite (jointly 188 stores, 1,120 employees), to Dexcom telecom (Stielstra, 2006).
415 Baltesen, 2006d; Van Alphen, 2005; company website Mediamarkt.
416 Except the three stores of Correct Electronics, located in peripheral zones in Rotterdam (situation 2006).
417 Cf. NRC-Handelsblad, 14-05-2004.
418 Van der Kind and Quix, 2008, 236-7.
419 Baltesen, 2006e.
420 Various local newspaper messages; Baltesen, 2006e.

chisers of small stores, belonging to a chain or buyers' group may not be a guarantee for survival, if they are confronted with the size and marketing power of multinational retailers like MediaMarkt and BCC on their regional markets. Like in other retail sub-sectors, in particular price-aggressive formulas seem successful in penetrating the Dutch consumer electronics market.421

Concerning market positioning and consumer price levels, a comparison of the Dutch Consumers' Union in winter 2003-04 revealed this relation between the price levels of major chains and the advised prices of the suppliers: League A: 0-10% higher than advised prices: Dixons, EP, Maxwell; League B: 1-5% lower: De Block, De Harense Smid, It's, Scheer & Foppen; League C: 6-10% lower: BCC. The price levels of Electroworld, Expert and MediaMarkt were not measured, as prices varied widely between establishments of these three chains: an indication of heavy regional competition. MediaMarkt stated that each store determines its prices autonomously. The prices of Electroworld and Expert were mostly equal to or higher than the advised; MediaMarkt price levels fluctuated largely, between 5-15% under the advised prices till 15% above.[422] Yet, (perceived) price levels are not exclusively decisive in consumer electronics retail; in this sub-sector the perceptions of service quality and whether qualified staff and reliable technical backing are available are of relevance for consumers' decisions too.

The Internet has the potential to fundamentally alter competition in consumer electronics. In 2009, various consumer electronics goods were on top of the list of goods on which Dutch customers oriented themselves on the Internet instead of in-store (brown goods 63%, white goods 55%, other consumer electronics 65%), though buying via the Internet (on-line shopping) took place to a much lesser extent (brown goods 20%, white goods 19%, other consumer electronics 49%). Internet sales of brown goods in 2008 made a major leap of 59%points in comparison with 2007, whereas the increase in white goods sales was 49%.[423] As yet, the advance of Internet sales did not substantially change the market shares of the various channels selling consumer electronics in the Netherlands; currently less than 15% of sales takes place via Internet stores, and a substantial share of all current and forecast sales can be accounted to physical stores.[424] Nevertheless, the possibility that Internet sales will pass over the physical sales channels should not be underestimated; this might have a major effect on future employment. It is worth noting that GfK's Internet Market Monitor (Benelux) forecasts, based on surveying 7,000 respondents and data gathered from checkouts, that Internet

421 Cf. Van der Kind and Quix, 2008, 73.

422 Consumentengids, January 2004. The comparison covered consumer prices of camcorders, TV-sets, washing machines, and combi-microwaves. In a 2007 comparison between perceived and actual price levels of electrical goods, in the Netherlands BCC showed up as the cheapest seller, but consumers perceived MediaMarkt –with its price level clearly higher than BCC—as much cheaper (Van der Kind and Quix, 2008, 392-3).

423 Website HBD.

424 Website HBD.

sales' turnover in the Netherlands is to double from an estimated € 4 billion for 2009 to € 8 billion in 2015. The GfK data also reveals that one-third of all products are purchased after being compared on the Internet.[425] Our own experience learns that in the Netherlands searching specific consumer electronics offers on the Internet mostly remains a complicated and time-consuming affair.[426]

# 4.3. Consumer electronics: institutions and labour relations

## 4.3.1. Social partners and Collective Labour Agreements

All employees in Dutch consumer electronics retail are subject to the CLA for the electro-technical retail trade, also covering telecom and computer shops. Contract parties are the UNETO-VNI employers' association and the FNV- and CNV-affiliated unions mentioned earlier. In this CLA a standard 38-hours' working week is laid down. Compliance with the CLA is much less relevant for employees in consumer electronics retail than for their colleagues in the supermarkets. As we will see in section 4.5.1, the wage floors laid down in the CLA are quite low, and various bonuses and compensations bring paid wages for salespersons 30% or more above CLA levels.

The existence of low CLA scales in the sub-sector remains intriguing, in particular as they remain the basis for unemployment benefits; they may also imply a serious fall in earnings in slack times. Most likely the existence of such low scales stem from decades ago, when small, rather ailing local stores dominated the electronics retail subsector. Obviously, unions have not yet been able to translate the arrival of large firms into higher guaranteed wages. For FNV Bondgenoten, the lack of "critical mass" seems to have played a role too. In a large, amalgamated union, workers' interests in a small sub-sector may have led to a certain neglect. In recent years efforts of FNV Bondgenoten to improve the position of the subsector have met some success. This union relatively early concentrated on education and training issues, which in turn has been stimulated by the policies of the employers' organisation. Contrary to the more "political" behaviour of the supermarkets' association, UNETO-VNI acts mainly as a professional association and concentrates on vocational training. Trust building based on joint interests recognised in the training area seems to dominate, although this implied that the unions left the field of wage formation largely to the employers' discretion for quite some time. This relationship is further corroborated by the admission criteria for companies which apply for an OFED's membership, the sectors' educational institution. To qualify, they are supposed

425 Website GfK Benelux.
426 Cf. the same finding in Van der Kind and Quix, 2008, 100-101.

to comply with the current CLA.

### 4.3.2. Vocational training

In consumer electronics, *FNV Bondgenoten* and *CNV Dienstenbond* on the one hand and UNETO-VNI on the other have joined in the Education & Development (*O & O*) Fund for electro-technical retail, *OFE Detailhandel* (Retail). OFE aims at improving skill levels in the sub-sector, by developing and financing practically-oriented courses. These courses are offered for salespersons, managers and technicians. Funding is derived from a levy on the wage-sum, though OFED members do not pay course charges. Funding can also be requested from the European Social Fund (ESF) through SOD or HBD, as it is the case for the other retail sub-sectors. OFE Retail closely cooperates with a number of ROCs throughout the Netherlands. Students can obtain partial certificates in, among other things: audio equipment; large household equipment; small household equipment and personal care articles; personal computers and multimedia equipment; telecom articles, and lighting articles. OFE Retail also offers, as forms of continuous education, short practical and specifically designed courses for (future) employees of the sub-sector. Examples are the two-days' course "basic knowledge electro-technical retail" and the three-days' course "effective retail selling". OFE Retail offers in-company courses too.[427] Moreover, all major chains themselves offer regular training, often in conjunction with manufacturers, to keep product knowledge up-to-date. The HR managers of two consumer electronics chains that we interviewed stressed that the new product generations urge for continuous training. They indicated that the total training expenditure in their firms accounted for 3 – 4% of labour costs.

## 4.4. Consumer electronics: external and internal labour markets

Consumer electronics retail is oriented towards a predominantly male, full-time workforce. Table 24 presents the available evidence on development of employment in the sub-sector from 1995-2008. After 40% growth between 1995 and 2000, employment stabilized until 2002 and decreased slowly from then on, as to recover in the time period 2006-2008. The gender composition changed: between 2000 and 2005 the share of female staff fell by 3.5%-points, on the same statistical basis. A new time series of Statistics Netherlands starting in 2006 indicated with 24.5% a nearly 13%points lower share of females, which according to these figures grew slightly to 25.0% in 2008: 5,500 females on a total workforce of 22,000. One has to take into account that female staff will to a considerable extent be found in headquarters' offices, which means that

427 Website OFED.

we can estimate the female share in the consumer electronics stores on 18 to 20%. The four case stores deviated somewhat from this average and showed an even more male profile, with males making up 86-100% of their headcount workforce (see Scheme 1). We noticed in two out of four cases some gender bias in job areas: female sales assistants were mostly selling household appliances, and not or much less TV and audio equipment. Obviously in these cases women / part-timers were locked in certain competence areas.

The FTE/headcount ratio, accounting for the development of full-time/part-time employment, also fluctuated between in consumer electronics retailing 1995 and 2008. In 2002-2005 the number of employees (headcount) fell less than the number of FTEs: 8.8% against 12.5%, implying a lowering of the FTE/headcount ratio from 70.3 to 67.3%, or growing part-timization.[428] The available figures for 2006-2008 (new basis) showed a higher level of this ratio, which remained rather stable (2007: 75.6%[429], 2008: 75.0% -- see Table 6B). The 2008 figure implies an average working week (excluding overtime) of 28.5 hours. Concerning working hours, the shares of part-timers in the four case stores (20-40%) were more in line with the sub-sector average than those concerning the gender division. Obviously working part-time was slightly more widespread among the male workforce of the case stores than in consumer electronics retail at large.

The causes of the diminishing shares of both females and full-time workers between notably 2000 and 2005 are not quite clear. At first sight, these two developments seem contradictory. Our case study evidence suggests that decreasing employment between 2002 and 2006 was disadvantageous for women. They most likely to a larger extent had temporary contracts that were not prolonged when business prospects became bleak. We found some indications that, when this firing policy was not sufficient, management urged younger permanent staff members (females, but also males) to work shorter hours.

In our consumer electronics case stores, part-time work did not seem to be really integrated in HR policies. Otherwise than through the gender bias according to job areas we mentioned, we did not find clear indications that part-time jobs were linked to certain occupations; it looked that they were rather randomly distributed, largely depending on the availability of staff, workers' individual preferences, and *ad hoc*-management decisions. During our field work, the weekly demand pattern seemed to explain about half the incidence of part-time work. Extra labour input to deal with the regular Saturday sales peak came mainly from high skilled "hands", in majority higher vocational education (HBO) or university students in technical disciplines, hired only for that Saturday (and sometimes also for the weekly evening opening). All four case

428 Authors' calculations, based on CBS, Statline and website HBD. Based on HBD (2003 and 2005e) figures, we could estimate for 2001 - 2004 that about 60% of the consumer electronics workforce worked full-time on a permanent contract, 22% worked part-time on a permanent contract, and 16% worked part-time on a flexible contract; about 2% worked full-time on a flexible contract.

429 Authors' calculations, based on CBS, Statline.

stores employed such “Saturday hands”.[430]

## 4.5. Consumer electronics: wages, work organisation and job quality

### 4.5.1. Wages

In Table 25, we present the wage scales of the CLA concluded for the electro-technical retail trade, valid for the period 1 July 2007 – 1 January 2009. The CLA is applicable for grade levels A – F. The variety between these six job levels is caused by differences in task complexity, autonomy, derogation risks, and physical aspects. For levels A – D, educational level MAVO[431] is required, and for level E HAVO / MBO.[432] The main characteristics of the wage scales are as follows:

- the formal youth wage scales are only applicable for the 15-20 years of age, the basic rate follows the statutory Youth Minimum Wage (YMW); an extra 5% is paid to those employees having passed the lower vocational education (VMBO) exam with level 2 electro-technical specialisation, and an extra 10% for those with level 3 or 4 specialisation;
- yearly steps 0 and 1 under scales A - F are mainly meant for the 21- and 22-aged, for grade A they also follow the YMW;
- in fact, the adult SMW is applicable from scale B, step 2 (for 23-aged) on, in 2008 7.2% above the SMW level;[433]
- taking this into account, the scales for the relevant grades B and C are rather short, containing four and five steps;
- including more differentiation in the scales for grades D, E and F, including seven to nine steps.

In the Dutch monograph, we called the scales in the earlier CLA for the electro-technical retail, valid by January 1, 2004, astonishingly low; we pointed out that by then only the end wages in steps 7 and 8 of scale E and those in steps 6 through 9 of scale F exceeded the low-wage threshold.[434] Yet, based on the *WageIndicator* data for 2004 to 2006, the average hourly wage of the respondents was 25-44 of age was €13.61, 72% above the 2006 adult SMW rate, and 22% above the average wage of the three occupations in the same

430 Recruitment of such “hands” was eased by the fact that the three cities in which our case stores were located had institutes for higher vocational training with technical specialisations. This may also explain the somewhat larger part-time share than the sub-sector average in three of four case stores.
431 Medium level general secondary education.
432 Higher level general secondary education / medium level vocational education.
433 An increase compared to 2004, when this rate was only 0.5% above the SMW level.
434 Van Klaveren, 2008a, 171.

age group treated in the supermarket wage section.[435] Moreover, assuming that these adult employees were equally divided over CLA scales B - F and that their tenure was similar in this age group with that in retail at large, their average CLA wage in 2006 would have been €9.92: no less than 37% lower than the reported average wage. In this respect, the distance of 20 to 35% between CLA and actual wages that interviewees and focus groups in the four case stores in 2005-06 estimated to exist is even rather modest. Where, we must take into account that on top of the CLA-based wages salespersons in larger electronics stores often receive a combination of individual and group-based performance pay and compensations for working overtime and unusual hours. In the two cases in which we received indications of the amount of bonuses and compensations,[436] these varied from 10 to 35% of basic wages. This may mean that a substantial group of salespersons earned, including compensations, in 2006 € 15-19 gross hourly. Against this backdrop, it does no longer surprise that, as we indicated before, according to official statistics in 2002 in total 19% of all workers, as well as 19% for males and females alike, in Dutch consumer electronics retail earned below the low-wage threshold: a share that in total was only slightly higher than the national average, and for females even lower than the national share of low-paid women (21%).[437]

Table 27 shows more detailed median gross hourly wages calculated on *WageIndicator* data for consumer electronics retail over the year 2006. First it should be noted that the frequency tables underlying this data suggest that also in 2006 less than 20% of the consumer electronics retail workforce was paid below the low-pay threshold. Second, that they suggest the incidence of a specific low-wage group of sales clerks – most likely men and women, working part-time, in small, ailing consumer electronics stores in small towns and villages. Further, Table 27 allows some conclusions on wages in the sub-sector by age, helped by the fact that, contrary to the 2004-06 figures, this data included a considerable share (48.5%) of respondents 15-22 of age. Except for the 19-year-olds, the median wages for the young workers in consumer electronics were lower than the wages of youngsters working in the supermarkets and department stores. A possible explanation may be found in the likelihood that the "hands" just discussed made up a large share of these young workers; quite likely, their wish to work in an electronics store and link that job with their technical studies may have moderated their wage demands. Moreover, this group may hardly or not be entitled to performance pay and other compensations. It seems more difficult to explain that the median wage of the 24-34-aged was also (though slightly) lower than that of their peers in the supermarkets. By contrast, according

435 Based on the WageIndicator data for 2004 to 2006, the average gross hourly wage in consumer electronics retail was € 12.42 (level 2006). In this outcome, the influence of youngsters under the youth wage scales was limited, as only 19% of the respondents were 15-22 of age.

436 One from individual employees, one from a focus group.

437 Authors' calculations from CBS Microdata EWL/EBB 2002. Cf. Van Klaveren, 2008b, 135.

to this data especially the 44 of age and older working in consumer electronics had a clear wage advantage over their peers working in the supermarkets and department stores. The ability of these experienced workers to gain bonuses may play a role here.

In recent years in particular FNV Bondgenoten has undertaken efforts to improve the position of the subsector, and between 2004 and 2008 the union succeeded in raising nominal wages in the electrical retail CLA more than the national and retail averages. Wages in the A and B scales of the CLA increased by 12.5 and 13.5%, and in the C to F scales even by nearly 16%. In the current electrical retail CLA, the wage rates exceeding the low-wage threshold doubled from six to 12; the CLA now includes wage rates in steps 6 and 7 in scale D, in steps 5 to 8 of scale E, and in steps 4 through 9 of scale F. Nevertheless, in 2008 the highest attainable wages per scale remained relatively low; for comparable occupations they were 18% (scale D, was 23% in 2004) till 22% (scale F, was 32% in 2004) behind those of the supermarket CLAs. Obviously, in sales and lower management jobs in consumer electronics bringing home higher wages than in comparable supermarket jobs still depends on performance pay and compensations for working overtime and unusual hours.

### 4.5.2. Work organisation and Human Resource strategies

Again, in dealing with issues of work organisation, managerial HR strategies and job quality in consumer electronics retail, we will integrate results from our case studies. After presenting in Scheme 3 an overview of these results, we will treat work organization and HR strategies, job quality, and finally recruitment, training and careering in this sub-sector.

*Scheme 3. Overview HR strategies, work organisation and the job quality in Dutch consumer electronics cases*

| | Consumer electronics retail | | | |
|---|---|---|---|---|
| | CER A | CER B | CER C | CER D |
| HR strategy HQ | branches independ., benchmarks | branches rather independ. | branches lean, service central | branches centrally controlled |
| HR strategy store management | training, product knowledge | training, product knowledge | no strategy, HQ organises | no strategy, HQ organises |
| local labour market target job / | tight | tight | middle | tight |
| local unempl. 2005 total/male | T: 10%, M: 10% | T: 7%, M: 7% | T: 7%, M: 7% | T: 10%, M: 10% |
| recruitment problems for target job | yes, for seniors | not urgent | no | no |
| work organization store | within teams informal, high FF | within teams informal, high FF | informal | informal, except part-timers |
| Job quality (problems) | high work pressure, aggressive customer | integration problems, working unsocial hours | working unsocial hours | working unsocial hours, aggressive customers, shop theft |
| labour turnover target job / year | 30% (?) | 5% | 10-12% | 20 % (?) |
| pay | CLA + 25% + 15-35% bonuses / compensations | CLA + 25% + bonuses / compensations | CLA + 25-35% + bonuses / compensations | CLA + 20% + 10-25% bonuses / compensations |

In contrast with the supermarkets, functional flexibility is well developed and openly practiced in consumer electronics retail. In our cases it was not an object of much debate. In their daily functioning, sales clerks have built-in functional flexibility. Their professional attitudes often inspire them to stand in for colleagues, a practice strengthened by the importance of (higher) sales, not only for the store but for their personal incomes. The rewards of flexibility practices for both management and sales clerks are usually clear. The interviewees emphasized that these practices offer opportunities to learn in adjoining technical fields. Even in the large stores, A and B, where sales clerks had to function for a some time as checkout operators (which could be interpreted as a demotion), they tended to accept such tasks as a simple matter of mutual support. Such attitudes and codes are characteristic of a professional environment. Indeed, next to the fact that electronics retailers are sales-based firms that leave considerable leeway to store managers and salespersons decision-making concerning sales, they function to a large degree as professional organizations. However, like in many professional organizations the boundaries of flexibility especially in the larger stores tended to be rather unclear, and for the sales clerks at stake such insecurity may finally end up in high levels of workload and work-related stress. As said, the HR policies of the main consumer electronics retailers hardly played a role in protecting their employees against excessive flexibility.

### 4.5.3. Job quality

The typical salesperson in consumer electronics retail has a broad job profile, or a "full" job, besides executing tasks (demonstrating, selling, advising) including preparing, supporting, and organizing tasks. The salespersons interviewed especially valued the direct contacts with suppliers. Although these contacts were sometimes risky and possible sources of tension between colleagues, they allowed sales clerks considerable discretion in pricing and promoting articles and could be the basis for bonuses. Thus, under normal conditions workers in this target job enjoyed considerable autonomy. Again, in the *WageIndicator* survey in 2007 and January-June 2008 characteristically a high share of respondents (70%) working in shifts in consumer electronics (and furniture) stores indicated that they could swap shifts with colleagues.

On the sales side interviewees indicated more problems. As a major problem they mentioned problems to keep their technical skills at par with the continuous stream of innovations. It was suggested that in some fields a lack of up-to-date technical knowledge may well lead to the feeling of being overtrumped by customers, especially in the field of like in MP3 players and I-pods by youngsters. According to our interviewees, these painful situations happened more than once if suppliers launched new products and product knowledge in sales initially proved to be insufficient. In such situations already high work pressure could easily deteriorate into work stress. This danger was especially mentioned in the largest consumer electronics store (A); the employees in question tended to blame the suppliers. Various interviewees stressed that information gaps concerning product innovations could easily undermine their credibility as salespersons.

"If suppliers' information concerning new products will not improve systematically, we seriously run the risk to remain simple story-tellers producing elegant humbug. The Internet will provide our customers with better information. This problem also concerns the reputation of the company. We cannot do without technical know-how" (senior salesperson, store B)

Two (assistant) store managers pointed at the opportunities Personal Digital Assistants (PDAs) or tablet PC's would give employees to offer specific tailored technical and price information to customers. Obviously, by then their parent firms were preparing the introduction of such sales-support systems.[438]

Other complaints that may influence job quality and job satisfaction, notably noted in electronics stores A and D (the largest and the smallest store!), were related to customer harassment, and frequent shop theft (case D). In both cases as a particular category the behaviour of secondary school pupils "'surprising" the

438 In the literature the adoption of such a system by US electronics chain Circuit City is often used as an example (cf. Van der Kind and Quix, 2008, 91).

store during lunch hour and causing a lot of nuisance, was mentioned. The complaints most frequently registered were about working at unsocial hours (cases B, C, and D). Yet, such practices seemed to be perceived merely as as a disadvantage linked to being employed as sales clerk, but in case D, the smallest store, complaints had a more serious undertone and were obviously connected with understaffing. Here, the employees interviewed regarded the total of the various constraints a serious threat for their well-being.

We gathered from our consumer electronics cases that the work pressure felt by salespersons is normally "sound" and challenging. In some situations work pressure can become more structural and lead to work stress. Our interviewees suggested that this was the case when suppliers launched new products and product knowledge in sales proved to be insufficient. In that event, the high autonomy of salespersons may turn into a disadvantage. We found hardly any complaints about the large share in wages of bonuses and overtime / unusual hours compensations, despite their possible negative effects on remuneration in slack times as well as on unemployment benefits. Another potential negative effect of the bonus system that we brought up in the interviews, mutual competition and the danger of heavy rivalry among colleagues, did not ring many bells either. Some interviewees said to recognize this danger, but obviously they did not take it quite seriously.

### 4.5.4. Recruitment, training and careering

Recruitment processes in consumer electronics were less formalized than those in the supermarket – most likely for a considerable part due to the smaller size of both the chains and the stores at stake, but also for some part diue to the rapidly changing "product content" and the related uncertainty concerning skill demands of sales staff. That staff seems urrently mostly recruited first on the basis of (perceived) sales skills and interest in sales activities, and only second on the basis of technical knowledge. Basic personal interest in technology is a key yardstick, but the rapid technological development of the last decade has made specific technical knowledge, for example in the audio or video fields, growingly obsolete. Accordingly, the importance of formal qualifications has diminished. Yet, this latter trend may have substantially weakened the competitive position of consumer electronics in the labour market, in particular in the larger cities. For example, the "Saturday hands" mentioned before were offered more hours' or permanent contracts when they came near graduation at the technical colleges where they studied, but by then the consumer electronics stores often had to compete with ICT firms, normally offering considerably higher (guaranteed) wages. More generally, the ICT sector was described as a major competititor in the labour market for senior salespersons. The managers in store A explicitly said that the consumer electronics CLA was "financially a shame" and a serious impediment for recruiting capable candidates; one said to hope that candidates before their job interviews had not observed the CLA wage scales; "If they have done so, they may be outright incompetent or in despair", as one interviewee added.

Training facilities in consumer electronics retail are substantial and ongoing, and often (though less than we expected) linked with training offers from manufacturers to keep product knowledge up-to-date. The employers' association already in 2004 worried about the supply of higher qualified specialists. Yet, a survey after the need for staffing did not reveal many worries among its constituency.[439] Our case findings confirm this rather careless attitude, with only in case A managers envisaging serious shortages in the near future, notably for senior salespersons. Management in the other three stores obviously trusted their capacity to attract knowledgeable salespersons, mainly based on the good reputation of the parent chains, though we could not help but register some doubts here as well. All three had to admit that the numbers of trainees and apprentices in the sub-sector remained low. The assistant store manager in case store B came to conclude that attracting good salespersons "becomes more and more a question of a lucky shot".

439 HBD, 2004g.

# 5. Summary and evaluation

Although in some respects the evidence presented here shows a mixed picture, the main outcomes point in the same direction. Notably the supermarket price war has been a catalyst for developments already under way, developments worrying retail workers and their interest representation. Following the trail of load road, cost-minimizing market strategies, low road HRM options have predominantly been chosen: management strategies of the large supply-based chains have focused on lowering wages and augmenting the numerical flexibility of labour. Management tools based on supply chain management were deployed, hampering efforts to escape from a low road job quality for in particular frontline supermarket staff. Without suggesting a too rosy picture, consumer electronics retailing functioned as a contrast indeed, not least because this business is sales-based and knowledgeable salespersons have to be regarded as valuable assets.

Working time and scheduling issues stood out prominently in workplace relations in the supermarkets. According to our cases, store managers tried to live up to headquarters' benchmarks not in the least by curtailing on paid working hours. Recurrent issues of complaint concerned employer decisions concerning working times and days-off, as well as low staffing levels and employers not paying according to hours worked. Discontent on these matters rose during the price war. In consumer electronics retail, the working time issue was much less prominent, partly because of the lower share of part-timers, partly because of the higher wages, partly because of the compensations paid for working overtime or unusual hours.

Within the sub-sectors, more than the high – low end strategies contrast the local labour market situation, that is, the tight – soft labour market contrast seemed to be of relevance for variations in job quality, at least for variations in training opportunities but also in (informal) shop-floor co-operation patterns. Here, causal relationships contrasted with those assumed. Supermarkets in the low market segment might have felt forced to offer not just simple jobs but jobs linked up with training, in order to recruit and retain staff. Former high-end supermarket chains, relying on their good reputation, may well be have been lazy in this respect. The assumption seems justified that they have gambled on the dissemination of labour-saving technology.

The significant and enduring over-representation of young part-time workers in the retail workforce may prove costly both to employers –because of high labour turnover, greater staff scheduling needs, less professional service—and to workers – who are less likely to earn a living wage or build a career. Its low-wage profile has exposed the industry to growing competition in the labour market, especially from the care sector, where wages and working conditions became recently in the process of being improved thanks to political support for the issue. Many youngsters do not see working in retail as a viable basis for economic independence, partly because of the rather poor image of vocational training institutions in the industry. Though the Industrial Board relatively early signalled the demographic background of labour supply problems, it was for quite some time unable to counteract the connected trends toward low road and low-wage, and to improve the industry's poor image.

The general trend of wage moderation in the Netherlands, the low consumer-spending share, the strong focus on low prices and the economic effects of fluctuating incomes have made retail a low-wage industry. Clearly, institutions have also played an important role. Apart from the general wage formation mechanism (i.e. wage moderation), the broad range of young workers' minimum wages has contributed to the persistence of low pay, while the system of student grants and allowable student earnings has stimulated the strong expansion of the part-time workforce. Increasingly, the long tail of YMWs is not providing enough of an incentive for young workers: at age 19, for instance, new recruits are entitled to the same minimum wages with several years of work experience. The 2008-2010 supermarket CLAs have begun to recognize the problem and introduced some form of work experience rating. This may be the start of re-professionalization within the industry, which seems highly advisable in the light of demographic trends unfavourable to the youth of tomorrow. The effects of the current crisis remain to be seen. However, the lesson of earlier economic slowdowns, when incomes declined in the Netherlands as did retail employment, does not bode well for the future.

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# Appendix: Tables

*Table 1 Retail industry characteristics in Denmark (DK), France (FR), Germany (GE), the Netherlands (NL), United Kingdom (UK) and United States (US), latest available information*

| variable | yardstick | year | DK | FR | GE | NL | UK | US |
|---|---|---|---|---|---|---|---|---|
| Share low-wage | share retail workers with hourly wage < 2/3 median | 2003 | 23 (2002) | 18 | 42 | 46 (2002) | 49 | 42 |
| Share retail in total employment | all (headcount) | 2005 | 7.4 | 7.4 | 8.7 | 9.0 | 10.5 | 10.3 |
| | all (FTE) | 2005 | 6.4 | 7.2 | 7.6 | 7.7 | 8.8 | 9.3 |
| | self-employed, coop. family members (FTE) | 2005 | 12.3 | 10.7 | 12.1 | 12.1 | 6.2 | 8.2 |
| | employees (FTE) | 2005 | 5.8 | 6.7 | 6.8 | 6.8 | 9.2 | 9.4 |
| Part-time (retail) employment | part-time in retail empl. | 2007 | 49.9 | 27.7 | 52.0 | 70.4 | 50.4 | 27.9 |
| | part-time in total employment | 2007 | 24.1 | 17.2 | 25.8 | 46.8 | 25.5 | 18.6 |
| | ratio: retail share part-time to total part-time | 2007 | 2.1 | 1.6 | 1.8 | 1.5 | 2.0 | 1.5 |
| | ratio: food share part-time to retail part-time | 2004 | NA | 1.8 | 1.3 (2005) | 1.1 (2005) | 1.3 | 1.4 |
| | ratio: electronics share part-time to retail part-time | 2004 | NA | 0.6 | 0.4 (2005) | 0.5 (2005) | 0.6 | 0.8 |
| Establishment size (number of employees) | lower quartile (LQ) | 2002 | 3 | 3 | 6-19 | 3 | 4 | 3 |
| | median | 2002 | 5 | 8 | 20+ | 6 | 7 | 6 |
| | upper quartile (UQ) | 2002 | 10 | 21 | 20+ | 10+ | 116 | 12 |
| Productivity | value added per hour worked in Euros (PPP conversion) | 2005 | 21.94 | 29.55 | 26.36 | 23.34 | 24.59 | 25.41 |
| Employment by gender | share of females in retail employment (headcount) | 2006 | 57.0 | 63.3 | 70.6 | 60.9 | 61.5 | 49.4 |
| | share of females in total employment (headcount) | 2006 | 46.4 | 46.3 | 45.4 | 44.9 | 46.7 | 48.1 |
| | ratio: retail share female to total share female | 2006 | 1.2 | 1.4 | 1.6 | 1.4 | 1.3 | 1.0 |
| Employment by age | share of employees under age 25 in retail (headcount) | 2006 | 48.5 | 19.3 | 15.6 | 44.7 | 34.0 | 28.6 |
| | share of employees under age 25 in total (headcount) | 2006 | 13.6 | 8.9 | 10.7 | 15.3 | 14.0 | 13.6 |
| | ratio: retail share under age 25 to total share under age 25 | 2006 | 3.6 | 2.2 | 1.5 | 2.9 | 2.4 | 2.1 |
| Labour turnover | percentage annual leavers | 2002 | 36 | 20 | 20 | 27 | 26 | 50 |
| Unionization / collective bargaining | union density | 2004-07 | 50 | 2 | 14 | 12 | 12 | 7 |
| | collective bargaining coverage | 2005 | 68 | NA | 51 | 98 | 18 | 7 |

| variable | yardstick | year | DK | FR | GE | NL | UK | US |
|---|---|---|---|---|---|---|---|---|
| Food retail | share retail workers with hourly wage < 2/3 median | 2003 | 29 | 20 | 41 | 57 (2002) | 64 (2001) | 35 |
| | percentage of retail employment | 2003 | 26 | 34 | 29 | 32 | 36 | 16 |
| | average number of employees per establishment | 2003 | 14 | 95 | 27 | 36 | 39 | 26 |
| | share part-time in employment | 2005-06 | NA | 50 | 71 | 83 | 67 | 44 |
| | share of females in employment (headcount) | 2005-06 | 70 | 72 | 77 | 55 | 76 | 53 |
| | share top-5 firms in sales | 05-06 | 95 | 85 | 69 | 87 | 75 | 31 |
| **variable** | **yardstick** | **year** | **DK** | **FR** | **GE** | **NL** | **UK** | **US** |
| Consumer electronics retail | share retail workers with hourly wage < 2/3 median | 2003 | 15 | 3 | 24 | 19 (2002) | NA | 18 |
| | percentage of retail employment | 2003 | 2.9 | 3.5 | 3.0 | 3.4 | 3.0 | 3.4 |
| | average number of employees per establishment | 2003 | 6 | 5 | NA | 8 | 14 | 11 |
| | share part-time in employment | 2005-06 | NA | 18 | 23 | 37 | 30 | 24 |
| | share of females in employment (headcount) | 2005-06 | 17 | 40 | 37 | 25 | 30 | 30 |
| | share top-5 firms in sales | 2005-06 | 71 | 42 | 47 | 51 | 44 | 44 |

*NA = Not Available*

*Sources:*

*Retail, share low-wage: DK: Westergaard-Nielsen, 2008b, 72; FR: Askenazy et al, 2008, 220; GE: Voss-Dahm, 2008, 258; NL: Van Klaveren, 2008b, 135; UK: U.K. Office for National Statistics (ONS) Annual Survey of Hours and Earnings 2005. London (http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=13101); US: authors' calculation from US Bureau of Labor Statistics (BLS) Current Population Survey, March. Washington D.C. (http://www.bls.gov/cps);*

*Retail, share in employment: all: authors' calculations on data from EU KLEMS (http://www.euklems.net) (courtesy Wiemer Salverda);*

*Retail, part-time employment: from IAQ calculations on EU Labour Force Survey (courtesy Dorothea Voss-Dahm); European Commission, 2008; US BLS, Current Population Survey microdata; US BLS, Employment and Earnings Online, Table A-18 (http://www.bls.gov/opub/ee/empearn200801.pdf); retail sub-sectors from: FR: Askenazy et al, 2008, 221; GE: Bundesagentur fuer Arbeit (BA, Federal Employment Service) Beschaeftigtenpanel 2005 (Employee Panel). Nuernberg, special evaluation for IAQ; NL: CBS (Statistics Netherlands), Statline Database; information HBD (www.hbd.nl); UK: U.K. ONS, Annual Survey of Hours and Earnings 2005; US: US BLS, Current Population Survey;*

*Retail, establishment size: DK: Danmark Statistik, Statbank Denmark Data. Copenhagen (http://www.dst.dk/HomeUK.aspx); FR: Institut National de la Statistique et Etudes Economiques (INSEE) Trade Database. Paris (http://www.insee.fr/en); GE: BA Beschaeftigtenpanel, special evaluation for IAQ; NL: CBS, Statline Database: Bedrijfsgrootte; UK: U.K. ONS, Annual Business Inquiry 2002; EU: Eurostat data 2003 (Sura, 2006); US: US BLS, Economic Census 2002*

*Retail, productivity: all: authors' calculations on data from EU KLEMS (courtesy Chris Tilly);*

*Retail, employment by gender and age: EU: authors' calculations on EU Labour Force Survey; European Commission, 2007; US: US BLS, Current Population Survey;*

*Retail, labour turnover: EU: Eurostat calculation on EU Labour Force Survey on behalf of IAQ, and special evaluation BA on Beschaeftigtenpanel on behalf of IAQ; US BLS, Job Openings and Labor Turnover Survey, June 2005*

*Retail, unionization / collective bargaining: (basic data for) DK: Esbjerg et al, 2008; FR: Askenazy et al, 2008; GE: Voss-Dahm, 2008; NL: this volume; UK: Mason and Osborne, 2008; US: US BLS, Union Members in 2007, News Release, January 25, 2008; EU: Tijdens et al, 2007*

*Food retail, share low-wage: see above under Retail*

*Food retail, percentage of retail jobs, average number of employees per establishment, share part-time in employment, and share of females: (basic data for) DK: Esbjerg et al, 2008; FR: Askenazy et al, 2008; GE: Voss-Dahm, 2008; NL: this volume, Chapter 3; UK: Mason and Osborne, 2008; US: US BLS, Current Employment Statistics, 2003; County Business Patterns, 2003*

*Food retail, share of top-5 firms in sales: DK: Esbjerg et al, 2008, 143; FR: Askenazy et al, 2008, 214; GE: Metro Group, 2006b, 16; NL: this volume, Chapter 3 and Table 17 (Superunie counted as one); UK: Burt and Sparks, 2006b; US: US Bureau of the Census, Economic Census 2002 (figure for top-4 firms only)*

*Consumer electronics retail, share low-wage: see above under Retail*

*Consumer electronics retail, percentage of retail jobs, average number of employees per establishment, share part-time in employment, and share of females: see above under Food retail;*
*Consumer electronics retail, share of top-5 firms in sales: DK: Esbjerg et al, 2008, 146; FR, GE, UK: AIAS, MNE Database, 2008; NL: this volume, Chapter 4; US: US Bureau of the Census, Economic Census 2002 (figure for top-4 firms only)*

Table 2. Main indicators concerning retail in the Netherlands, 2007-08

| | | Total |
|---|---|---|
| Number of companies (01-01-09) | | 80,570 |
| Number of establishments (01-01-09) | | 109,000 |
| Sales (2008) | | € 84.2 billion |
| Average number of employees per enterprise (headcount 2007) | | 8.6 |
| Average number of employees per establishment (headcount 2007) | | 6.4 |
| Number of employees – FTE (2007) | | 390,300 |
| Number of employees – headcount (2008) | | 698,000 |
| of which in | small companies (<10 empl.) | 124,900 |
| | share small companies | 17.9% |
| | medium-sized companies (10-100 empl.) | 189,400 |
| | share medium-sized companies | 27.1% |
| | large companies (> 100 empl.) | 383,600 |
| | share large companies | 55.0% |
| Number of employers and co-operating family members – headcount (2007) | | 113,200 |
| Total employed (2007) | | 767,200 |
| Sales per employee (FTE) (excl VAT) (2008) | | € 228,000 |
| Sales per sq mtr store surface (excl VAT) (2008) | | € 3,000 |
| Gross value added per employee (2008) | | € 24,270 |
| Gross value added per FTE (2008) | | € 43,910 |
| Investment per employee (2008) | | € 3,640 |
| Investment per FTE (2008) | | € 6,590 |
| Gross profit margin (2007) | | 34% |
| Sales speed (2007) | | 4.9 |

*Sources: HBD, Jaarboek Detailhandel 2009; CBS, Statline*

*Table 3. Employment in Dutch retail by category (headcount), 1947-2008*

| | (A) total employment x 1,000 | (B) employees (wage earners) x 1,000 | (C) employers, co-operating family members x 1,000 | (C) / (A) % |
|---|---|---|---|---|
| 1947 | 257 | 168 | 89 | 34.6 |
| 1960 | 295 | 174 | 121 | 41.0 |
| 1975 | 454 | 320 | 124 | 27.3 |
| 1990 | 578 | 469 | 109 | 18.9 |
| 2000 | 721 | 625 | 106 | 14.7 |
| 2003 | 746 | 639 | 107 | 14.3 |
| 2004 | 726 | 621 | 105 | 14.5 |
| 2005 | 735 | 629 | 106 | 14.4 |
| 2006 | 778 | 661 | 117 | 15.0 |
| 2007 | 823 | 693 | 130 | 15.8 |
| 2008 | 836 | 702 | 134 | 16.0 |

*Sources: 1947-2006: CBS, Censuses 1947, 1960; ; LFS 1975; EBB 1990; EWL; 2004-2008 Kerncijfers detailhandel (outside Statline)*

*Table 4. Employment in Dutch supermarkets and consumer electronics retail (employees, headcount and percentage of total wage-earner employment in retail), 1947-2008*

| | supermarkets | | consumer electronics | |
|---|---|---|---|---|
| | x 1,000 | % | x 1,000 | % |
| 1947 | 0 *) | 0 | 0,8 | 1.0 |
| 1960 | 6,6 *) | 5.4 | 2,1 | 0.7 |
| 1975 | 58,0 *) | 18.1 | 6,0 *) | 1.9 |
| 1990 | 124,0 *) | 26.4 | 16,0 *) | 3.4 |
| 2000 | 201,7 | 32.2 | 22,7 | 3.6 |
| 2004 | 198,4 | 32.4 | 20,9 | 3.4 |
| 2005 | 200,7 | 32.9 | 20,8 | 3.4 |
| 2006 | 227,6 | 35.0 | 20,5 | 3.2 |
| 2007 | 237,6 | 34.5 | 22,1 | 3.2 |
| 2008 | 242,8 | 34.9 | 21,9 | 3.2 |

*Sources: CBS, Censuses 1947, 1960; Labour Force Survey (LFS), 1975; EBB 1990; EWL, 2000, 2004-2008, yearly averages*

**) authors' estimates*

*Table 5. Developments in employment (employees, FTE and headcount) and sales in Dutch retail, 2000-2009, % yearly change*

| | total employment | | male employment | | female employment | | total sales |
|---|---|---|---|---|---|---|---|
| | FTE | headc. | FTE | headc. | FTE | headc. | |
| 2000 | 2.1 | 2.1 | - 0.5 | 2.5 | 1.7 | 4.1 | 4.8 |
| 2001 | 1.6 | 1.8 | 2.0 | 1.1 | 1.5 | 1.3 | 6.3 |
| 2002 | - 0.2 | 1.3 | - 1.7 | 0.3 | 1.5 | 0.3 | 3.1 |
| 2003 | - 5.9 | - 0.4 | - 3.8 | - 0.2 | - 6.3 | - 0.6 | - 2.1 |
| 2004 | -2.6 | - 2.0 | - 0.3 | - 0.3 | - 3.3 | - 2.3 | - 2.2 |
| 2005 | 0.1 | 1.3 | 0.3 | 3.8 | 0.1 | - 1.1 | - 0.4 |
| 2006 | 3.0 | 5.0 | NA | 4.1 | NA | 5.3 | 5.2 |
| 2007 | 3.8 | 5.0 | NA | 0.8 | NA | 5.7 | 4.1 |
| 2008 | 1.2 | 1.1 | NA | 0.8 | NA | 1.8 | 2.6 |
| 2009 | 0.6 | 0.4 | NA | NA | NA | NA | -5.0 |

*Source: CBS, Statline (Enquete werkgelegenheid en lonen, Maandcijfers, Maandstatistiek detailhandel); Arbeidsrekeningen*

*NA = Not Available*

*Table 6A. Employment in Dutch retail by sub-sectors (employees, headcount), 1995- 2008*

| | 1995 | | 2000 | | 2005 | | 2007 | | 2008 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | x1000 | % | x1000 | % | x1000 | % | x1000 | % | x1000 | % |
| Supermarkets | 162,9 | 32.2 | 201,7 | 32.3 | 200,7 | 32.9 | 237,6 | 34.1 | 242,8 | 34.5 |
| Department stores | 38,9 | 7.6 | 40,1 | 6.4 | 34,1 | 5.6 | 36,2 | 5.2 | 36,3 | 5.2 |
| Food stores | 45,0 | 8.9 | 41,8 | 6.7 | 39,7 | 6.5 | 42,9 | 6.2 | 44,4 | 6.3 |
| Pharm., perf., cosmet. | 29,7 | 5.9 | 41,7 | 6.7 | 49,4 | 8.1 | 57,6 | 8.3 | 57,9 | 8.2 |
| Clothing, textiles | 57,7 | 11.4 | 74,9 | 12.0 | 70,6 | 11.6 | 84,0 | 12.1 | 86,4 | 12.3 |
| Shoes, leather | 18,3 | 3.6 | 20,0 | 3.2 | 19,3 | 3.2 | 23,6 | 3.4 | 23,0 | 3.3 |
| Furniture, household | 38,9 | 7.7 | 47,4 | 7.6 | 42,7 | 7.0 | 44,1 | 6.3 | 43,7 | 6.2 |
| Consumer electronics | 15,9 | 3.1 | 22,7 | 3.6 | 20,8 | 3.4 | 21,8 | 3.1 | 21,9 | 3.1 |
| Tools, DIY stores | 19,9 | 3.9 | 32,2 | 5.1 | 32,6 | 5.3 | 37,3 | 5.4 | 36,8 | 5.2 |
| Books etc. | 9,1 | 1.8 | 11 | 1.8 | 9,6 | 1.6 | 11,0 | 1.6 | 10,5 | 1.5 |
| Misc 1 (photo, optic, sports,bikes,camp.) | 24,4 | 4.8 | 32,6 | 5.2 | 30,4 | 5.0 | 32,6 | 4.7 | 30,7 | 4.4 |
| Misc 2 (garden, toys) | 45,6 | 9.0 | 39,5 | 6.3 | 39,2 | 6.4 | 43,0 | 6.2 | 44,3 | 6.3 |
| Second-hand, antique | 2,2 | 0.4 | 3,2 | 0.5 | 3,3 | 0.5 | 3,7 | 0.5 | 4,2 | 0.6 |
| Retail not in shops | 10,5 | 2.1 | 13,1 | 2.1 | 14,8 | 2.4 | 16,5 | 2.4 | 15,6 | 2.2 |
| Repair for private | 2,2 | 0.4 | 3,4 | 05 | 2,8 | 0.5 | 3,8 | 0.5 | 3,7 | 0.5 |
| Total headcount | 505,8 | 100 | 625,3 | 100 | 610,0 | 100 | 696,0 | 100 | 702,3 | 100 |
| Total in FTE | 331,4 | | 381,4 | | 356,2 | | 387,9 | | 392,1 | |
| FTE/headcount ratio | 65.5 | | 61.0 | | 58.4 | | 55.7 | | 55.8 | |

*Source: CBS, StatLine (1995-2005: EWL; 2007-2008: Kerncijfers detailhandel)*

*Table 6B. Employment in Dutch retail by sub-sectors (employees, headcount and FTE), 2008 (yearly average, preliminary)*

| | headcount | | FTE | | FTE/head-count ratio |
|---|---|---|---|---|---|
| | x 1,000 | % | x1,000 | % | |
| Supermarkets | 242,8 | *34.5* | 103,6 | *26.4* | *42.7* |
| Department stores | 36,3 | *5.2* | 20,3 | *5.2* | *55.9* |
| Food stores | 44,4 | *6.3* | 24,6 | *6.3* | *55.4* |
| Pharm., perfum., cosmetics | 57,9 | *8.2* | 35,4 | 9.0 | 61.1 |
| Clothing, textiles | 86,4 | *12.3* | 51,5 | *13.1* | *59.6* |
| Shoes, leather | 23,0 | *3.3* | 12,7 | *3.3* | *55.2* |
| Furniture, household art. | 43,7 | *6.2* | 29,5 | *7.5* | *67.5* |
| Consumer electronics | 22,0 | *3.1* | 16,5 | *4.2* | *75.0* |
| Tools, DIY stores | 36,8 | *5.2* | 26,2 | *6.7* | *71.1* |
| Books etc. | 10,5 | *1.5* | 6,4 | *1.6* | *61.0* |
| Misc 1 (photo, optical, sports, bikes, camping) | 30,7 | *4.4* | 21,9 | *5.6* | *71.3* |
| Misc 2 (gardening, toys) | 44,3 | *6.3* | 28,1 | *7.2* | *63.4* |
| Second-hand, antique | 4,2 | *0.6* | 2,9 | *0.7* | 69.0 |
| Retail not in shops | 15,6 | *2.2* | 9,9 | *2.5* | *63.5* |
| Repair for private persons | 3,7 | *0.5* | 2,8 | *0.7* | *75.6* |
| **Total headcount** | **702,3** | **100.0** | **392,1** | **100.0** | **55.8** |

*Source: CBS, StatLine*

Table 7. Gender distribution in Dutch retail by sub-sectors (headcount), December 2008 (preliminary)

| | males | | females | |
|---|---|---|---|---|
| | x 1,000 | % | x 1,000 | % |
| Supermarkets | 105,2 | 44.8 | 129,8 | 55.2 |
| Other non-specialised | 8,2 | 21.8 | 29,5 | 78.2 |
| Food stores | 14,0 | 31.6 | 30,3 | 68.4 |
| Pharm., perf., cosmetics | 8,5 | 14.1 | 51,7 | 85.9 |
| Clothing, textiles | 12,7 | 15.0 | 71,9 | 85.0 |
| Shoes, leather | 3,7 | 17.3 | 17,7 | 82.7 |
| Furniture, household art. | 17,5 | 39.7 | 26,6 | 60.3 |
| Consumer electronics | 16,5 | 75.0 | 5,5 | 25.0 |
| Tools, DIY stores | 22,8 | 63.2 | 13,3 | 36.8 |
| Books etc. | 2,5 | 23.1 | 8,3 | 76.9 |
| Other 1 (photogr., optic., sports, bikes, camping) | 16,1 | 48.6 | 17,0 | 51.4 |
| Other 2 (gardening, toys) | 16,0 | 36.8 | 27,5 | 63.2 |
| Second-hand, antique | 1,8 | 51.4 | 1,7 | 48.6 |
| Retail not in shops | 7,4 | 44.6 | 9,2 | 55.4 |
| Repair for private persons | 2,8 | 71.8 | 1,1 | 28.2 |
| Total | 255,9 | 36.7 | 442,1 | 63.3 |

*Source: CBS, Statline*

Table 8. Age distribution of employees in Dutch retail (headcount), 1995-2005

| | 1995 | | 2000 | | 2005 | |
|---|---|---|---|---|---|---|
| | x 1,000 | % | x 1,000 | % | x 1,000 | % |
| **Male** | | | | | | |
| <-19 | 39,3 | *7.8* | 62,0 | *9.8* | 68,0 | *11.1* |
| 20-24 | 48,0 | *9.6* | 43,0 | *6.9* | 42,6 | *7.0* |
| 25-29 | 32,0 | *6.3* | 24,6 | *3.9* | 23,4 | *3.8* |
| 30-34 | 23,0 | *4.5* | 22,8 | *3.6* | 20,1 | *3.3* |
| 35-39 | 16,1 | *3.2* | 20,1 | *3.2* | 19,6 | *3.2* |
| 40-44 | 12,5 | *2.5* | 14,5 | *2.3* | 15,9 | *2.6* |
| 45-49 | 12,7 | *2.5* | 11,4 | *1.8* | 12,8 | *2.1* |
| 50-55 | 9,1 | *1.8* | 15,3 | *2.4* | 12,0 | *2.0* |
| 55-60 | 5,8 | *1.1* | 8,5 | *1.4* | 10,3 | *1.7* |
| 60-65 | 2,2 | *0.4* | 3,2 | *0.5* | 4,1 | *0.7* |
| **Female** | | | | | | |
| <-19 | 62,0 | *12.3* | 98,8 | *15.8* | 94,3 | *15.5* |
| 20-24 | 72,6 | *14.3* | 66,4 | *10.6* | 62,1 | *10.2* |
| 25-29 | 49,0 | *9.7* | 48,5 | *7.7* | 37,0 | *6.1* |
| 30-34 | 30,4 | *6.0* | 44,3 | *7.1* | 36,6 | *6.0* |
| 35-39 | 21,0 | *4.2* | 34,4 | *5.5* | 37,0 | *6.1* |
| 40-44 | 19,7 | *3.9* | 32,0 | *5.1* | 34,3 | *5.6* |
| 45-49 | 24,7 | *4.9* | 29,0 | *4.6* | 30,0 | *4.9* |

| | | | | | | |
|---|---|---|---|---|---|---|
| 50-54 | 15,1 | *3.0* | 26,1 | *4.2* | 24,2 | *4.0* |
| 55-59 | 7,0 | *1.4* | 11,7 | *1.9* | 19,6 | *3.2* |
| 60-64 | 1,5 | *0.3* | 2,8 | *0.4* | 5,1 | *0.8* |
| **Total** | **505,9** | **100.0** | **625,9** | **100.0** | **610,0** | **100.0** |

*Source: CBS, Statline (Enquete werkgelegenheid en lonen)*

Table 9. Age distribution in Dutch retail by sub-sectors (headcount), 2004

| Age | < 23 | 23-35 | 36-45 | >45 | Total |
|---|---|---|---|---|---|
| Supermarkets | 61 | 15 | 12 | 12 | *100* |
| Other food stores | 29 | 23 | 20 | 28 | *100* |
| Clothing and textiles | 24 | 28 | 19 | 29 | *100* |
| Personal care | 24 | 33 | 20 | 23 | *100* |
| Furniture excl. household art. | 11 | 26 | 24 | 39 | *100* |
| Household articles | 39 | 28 | 16 | 18 | *100* |
| Consumer electronics | 23 | 41 | 20 | 16 | *100* |
| Do-It-Yourself stores | 30 | 28 | 21 | 21 | *100* |
| Education and leisure, department stores | 36 | 25 | 18 | 22 | *100* |
| Retail not in shops | 19 | 26 | 28 | 27 | *100* |
| **Total** | **38** | **25** | **17** | **20** | **100** |

*Source: MKB-Nederland (2007) Detailhandelsmonitor 2007, based on CBS and CPB data*

Table 10A. Job levels in Dutch retail by gender (headcount), 2005

| | total | | males | | females | |
|---|---|---|---|---|---|---|
| | x 1,000 | % | x 1,000 | % | x 1,000 | % |
| job level 1 | 47 | 9 | 32 | 14 | 15 | 5 |
| job level 2 | 299 | 55 | 94 | 40 | 206 | 66 |
| job level 3 | 163 | 30 | 85 | 37 | 77 | 25 |
| job level 4 | 27 | 5 | 18 | 8 | 8 | 3 |
| job level 5 | 6 | 1 | 3 | 1 | 3 | 1 |
| total | 542 | 100 | 232 | 100 | 309 | 100 |
| average | | 2.35 | | 2.43 | | 2.28 |

*Source: CBS, Statline*

Table 10B. Development of job levels in Dutch retail by gender (headcount, in %), 1996-2005

| | males | | | females | | |
|---|---|---|---|---|---|---|
| | 1996 | 2000 | 2005 | 1996 | 2000 | 2005 |
| job level 1 | 9 | 13 | 14 | 4 | 4 | 5 |
| job level 2 | 34 | 35 | 40 | 65 | 64 | 66 |
| job levels 3-5 | 57 | 52 | 46 | 31 | 32 | 29 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |
| *x 1,000* | *199* | *207* | *232* | *264* | *299* | *309* |
| *Average* | *2.61* | *2.52* | *2.43* | *2.31* | *2.31* | *2.28* |

*Source: CBS, Statline*

*Table 11A. Development of employment in retail (headcount) by educational and occupational levels, Netherlands, 1996-2005, x 1,000*

| Occ. level<br>Educ. level | yr | 1 | 2 | 4 | 6 | 8 | total |
|---|---|---|---|---|---|---|---|
| Lower education | *1996* | 18 | 121 | 35 | 5 | - | *179* |
| | 2000 | 25 | 143 | 38 | 5 | - | *211* |
| | 2005 | 26 | 139 | 33 | 4 | - | *202* |
| Secondary education | *1996* | 10 | 108 | 121 | 16 | - | *255* |
| | 2000 | 12 | 112 | 119 | 15 | - | *258* |
| | 2005 | 19 | 141 | 111 | 10 | - | *281* |
| Higher education | 1996 | - | 9 | 9 | 5 | 4 | *27* |
| | 2000 | - | 8 | 11 | 8 | 5 | *32* |
| | 2005 | - | 17 | 19 | 12 | 4 | 52 |

*Source: CBS, Statline*

*Table 11B. Development of employment (headcount) by educational and occupational levels, Netherlands, 1996-2005*

| Occ. level<br>Educ. level | | 1 | 2 | 4 | 6 | 8 | total |
|---|---|---|---|---|---|---|---|
| Lower education | *1996* | 10 | 68 | 19 | 3 | - | *100* |
| | 2000 | 12 | 68 | 18 | 2 | - | *100* |
| | 2005 | 13 | 69 | 16 | 2 | - | *100* |
| Secondary education | *1996* | 4 | 42 | 47 | 6 | - | *100* |
| | 2000 | 5 | 43 | 46 | 6 | - | *100* |
| | 2005 | 7 | 50 | 39 | 4 | - | *100* |
| Higher education | 1996 | - | 33 | 33 | 19 | 15 | *100* |
| | 2000 | - | 25 | 34 | 25 | 16 | *100* |
| | 2005 | - | 33 | 36 | 23 | 8 | 100 |

*Source: CBS, Statline*

*Table 12. Distribution of weekly working hours in Dutch retail by gender (headcount), 2005*

| | male | | female | | total | |
|---|---|---|---|---|---|---|
| | x 1,000 | % | x 1,000 | % | x 1,000 | % |
| < 12 hours | 67,5 | *29.5* | 118,8 | *31.2* | 186,3 | 30.5 |
| 12-<20 hours | 23,6 | *10.3* | 82,7 | *21.7* | 106,3 | *17.4* |
| 20-<25 hours | 11,4 | *5.0* | 51,9 | *13.6* | 63,3 | *10.4* |
| 25-<30 hours | 4,2 | *1.8* | 20,1 | *5.3* | 24,3 | *4.0* |
| 30-<35 hours | 9,3 | *4.1* | 32,8 | *8.6* | 42,1 | *6.9* |
| >=35 hours | 113,0 | *49.3* | 74,7 | *19.6* | 187,7 | *30.8* |
| Total | 229,1 | 100.0 | 380,9 | 100.0 | 610,0 | 100.0 |

*Source: CBS, Statline (Enquete werkgelegenheid en lonen)*

*Table 13. Distribution of weekly working hours in Dutch retail by gender and age, 1995-2005*

| | | < 12 hours / week | | | 12 -< 20 hours / week | | | >= 20 hours / week | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Age** | **1995** | **2000** | **2005** | **1995** | **2000** | **2005** | **1995** | **2000** | **2005** |
| male | 15-<20 | 61 | 57 | 65 | 20 | 23 | 18 | 19 | 20 | 17 |
| | 20-<25 | 33 | 28 | 34 | 13 | 17 | 15 | 54 | 55 | 51 |
| | 25-<30 | 6 | 5 | 9 | 3 | 5 | 6 | 91 | 90 | 85 |
| | 30-<35 | 1 | 3 | 5 | 1 | 2 | 3 | 97 | 95 | 92 |
| | 35-<40 | 1 | 3 | 3 | 1 | 3 | 2 | 98 | 94 | 95 |
| | 40-<45 | 2 | 2 | 4 | 2 | 3 | 4 | 96 | 95 | 92 |
| | 45-<50 | 4 | 4 | 5 | 1 | 4 | 5 | 95 | 92 | 90 |
| | 50-<55 | 6 | 7 | 5 | 3 | 5 | 5 | 91 | 88 | 90 |
| | 55-<60 | 7 | 11 | 8 | 3 | 4 | 4 | 90 | 85 | 88 |
| | 60-<65 | 14 | 38 | 26 | 9 | 13 | 12 | 73 | 49 | 62 |
| | total | 22 | 25 | 30 | 8 | 12 | 10 | 70 | 63 | 60 |
| | | | | | | | | | | |
| female | 15-<20 | 60 | 55 | 66 | 17 | 23 | 17 | 23 | 22 | 17 |
| | 20-<25 | 24 | 27 | 35 | 10 | 14 | 15 | 66 | 59 | 50 |
| | 25-<30 | 9 | 8 | 11 | 12 | 15 | 13 | 79 | 77 | 76 |
| | 30-<35 | 18 | 14 | 13 | 18 | 21 | 24 | 64 | 65 | 63 |
| | 35-<40 | 23 | 22 | 16 | 25 | 28 | 30 | 52 | 50 | 54 |
| | 40-<45 | 20 | 20 | 15 | 25 | 28 | 30 | 55 | 52 | 55 |
| | 45-<50 | 16 | 20 | 18 | 24 | 27 | 26 | 60 | 53 | 56 |
| | 50-<55 | 18 | 21 | 14 | 30 | 27 | 31 | 52 | 52 | 55 |
| | 55-<60 | 24 | 25 | 19 | 20 | 21 | 30 | 56 | 54 | 51 |
| | 60-<65 | 40 | 46 | 37 | 13 | 21 | 27 | 47 | 33 | 36 |
| | total | 27 | 29 | 31 | 17 | 22 | 22 | 54 | 49 | 47 |
| | | | | | | | | | | |
| *total* | | *25* | *27* | *31* | *14* | *18* | *17* | *61* | *55* | *52* |

*Source: CBS, Statline (Enquete werkgelegenheid en lonen)*

*Table 14. FTE/headcount ratios in Dutch retail by gender and age (headcount), 1995-2005*

| | | 1995 | 2000 | 2005 |
|---|---|---|---|---|
| male | 15-<20 | 34 | 35 | 33 |
| | 20-<25 | 62 | 63 | 59 |
| | 25-<30 | 92 | 89 | 86 |
| | 30-<35 | 97 | 94 | 88 |
| | 35-<40 | 98 | 95 | 93 |
| | 40-<45 | 95 | 94 | 91 |
| | 45-<50 | 94 | 92 | 89 |
| | 50-<55 | 92 | 88 | 90 |
| | 55-<60 | 88 | 85 | 86 |
| | 60-<65 | 77 | 59 | 63 |
| | total | 75 | 70 | 66 |
| | | | | |
| female | 15-<20 | 37 | 38 | 34 |
| | 20-<25 | 68 | 64 | 57 |
| | 25-<30 | 77 | 77 | 74 |
| | 30-<35 | 65 | 66 | 65 |
| | 35-<40 | 56 | 56 | 58 |
| | 40-<45 | 57 | 56 | 58 |
| | 45-<50 | 61 | 55 | 57 |
| | 50-<55 | 56 | 56 | 57 |
| | 55-<60 | 56 | 54 | 55 |
| | 60-<65 | 53 | 43 | 45 |
| | total | 60 | 56 | 54 |
| | | | | |
| *total* | | *66* | *61* | *58* |

*Source: CBS, Statline (Enquete werkgelegenheid en lonen)*

*Table 15. Distribution of tenure in Dutch retail by gender and age (headcount), 1995-2005*

| 1995 | | Tenure 0 years | | | Tenure 1-<5 years | | | Tenure >=5 years | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2000 | 2005 | 1995 | 2000 | 2005 | 1995 | 2000 | 2005 | |
| male | 15-<20 | 51 | 55 | 51 | 49 | 45 | 49 | 0 | 0 | 0 |
| | 20-<25 | 25 | 29 | 19 | 68 | 67 | 58 | 7 | 4 | 23 |
| | 25-<30 | 17 | 26 | 15 | 48 | 51 | 45 | 35 | 23 | 40 |
| | 30-<3 5 | 10 | 17 | 16 | 36 | 41 | 39 | 54 | 42 | 45 |
| | 35-<40 | 7 | 23 | 12 | 21 | 30 | 32 | 72 | 47 | 56 |
| | 40-<45 | 7 | 10 | 8 | 19 | 24 | 31 | 74 | 66 | 61 |
| | 45-<50 | 7 | 10 | 10 | 21 | 25 | 22 | 72 | 65 | 68 |
| | 50-<55 | 4 | 8 | 6 | 20 | 23 | 23 | 76 | 69 | 71 |
| | 55-<60 | 3 | 8 | 6 | 3 | 12 | 23 | 84 | 80 | 71 |
| | 60-<65 | 0 | 13 | 7 | 32 | 21 | 24 | 68 | 66 | 69 |
| | *total* | *20* | *30* | *25* | *44* | *34* | *42* | *36* | *36* | *33* |
| | | | | | | | | | | |
| female | 15-<20 | 51 | 57 | 52 | 49 | 43 | 48 | 0 | 0 | 0 |
| | 20-<25 | 24 | 32 | 24 | 61 | 59 | 58 | 15 | 9 | 18 |
| | 25-<30 | 12 | 21 | 17 | 43 | 45 | 44 | 45 | 34 | 39 |
| | 30-<35 | 16 | 18 | 14 | 39 | 38 | 33 | 45 | 44 | 53 |
| | 35-<40 | 12 | 24 | 11 | 48 | 42 | 33 | 40 | 34 | 56 |
| | 40-<45 | 13 | 28 | 10 | 44 | 41 | 38 | 43 | 31 | 52 |
| | 45-<50 | 9 | 22 | 9 | 38 | 39 | 37 | 53 | 39 | 54 |
| | 50-<55 | 6 | 10 | 7 | 27 | 35 | 29 | 66 | 55 | 64 |
| | 55-<60 | 4 | 8 | 3 | 23 | 25 | 22 | 73 | 67 | 75 |
| | 60-<65 | 7 | 11 | 4 | 20 | 18 | 27 | 73 | 71 | 69 |
| | total | 23 | 32 | 23 | 46 | 43 | 41 | 31 | 25 | 36 |
| | | | | | | | | | | |
| *total* | | *22* | *31* | *24* | *45* | *36* | *41* | *33* | *27* | *35* |

*Source: CBS, Statline (Enquete werkgelegenheid en lonen)*

*Table 16. Development of sales (total, price and volume) of Dutch supermarkets, 2000-2009 (2000 = 100)*

| | Sales supermarkets | | |
|---|---|---|---|
| | total | price | volume |
| **2000** | **100** | **100** | **100** |
| **2001** | **107** | **107** | **101** |
| **2002** | **113** | **110** | **102** |
| **2003** | **116** | **112** | **104** |
| **2004** | **116** | **109** | **106** |
| *2004 – I* | *112* | *110* | *102* |
| *2004 – II* | *118* | *110* | *107* |
| *2004 – III* | *115* | *109* | *105* |
| *2004 – IV* | *120* | *108* | *111* |
| **2005** | **116** | **108** | **107** |
| *2005 – I* | *111* | *109* | *102* |
| *2005 – II* | *116* | *109* | *107* |
| *2005 – III* | *116* | *108* | *107* |
| *2005 – IV* | *121* | *108* | *112* |
| **2006** | **121** | **110** | **110** |
| *2006 – I* | *114* | *110* | *104* |
| *2006 – II* | *123* | *110* | *112* |
| *2006 – III* | *122* | *110* | *110* |
| *2006 – IV* | *123* | *110* | *112* |
| **2007** | **127** | **112** | **113** |
| *2007 – I* | *121* | *111* | *109* |
| *2007 – II* | *128* | *111* | *115* |
| *2007 – III* | *124* | *111* | *111* |
| *2007 – IV* | *133* | *113* | *118* |
| **2008** | **136** | **117** | **116** |
| *2008 – I* | *131* | *115* | *114* |
| *2008 – II* | *137* | *117* | *117* |
| *2008 – III* | *134* | *117* | *114* |
| *2008 – IV* | *142* | *119* | *120* |
| **2009** | **139** | **120** | **115** |
| *2009 - I* | *133* | *121* | *110* |
| *2009 / II* | *141* | *121* | *116* |
| *2009 / III* | *136* | *118* | *114* |
| *2009 / IV* | *143* | *118* | *121* |

*Source: CBS, Statline (Maandstatistiek detailhandel)*

*Table 17. Market shares of supermarket chains in the Netherlands, (mid-) 2002-2006*

| owner | chain | characteristics 2002 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|---|
| Ahold | Albert Heijn, AH to go | high-end | 24.5 | 23.1 | 25.3 | 26.4 | 27.3 |
| Schuitema | C1000 | middle / high-end | 14.2 | 14.8 | 14.7 | 14.8 | 14.6 |
| Superunie | Coopcodis, Deen, Vomar, Dekamarkt, PLUS, Spar, Jumbo a.o. | mostly regional chains | 21.4 | 24.0 | 24.2 | 24.1 | 25.0 |
| Laurus | (Edah, Konmar) Super De Boer | Edah: middle<br>Konmar: high-end, towards middle<br>Super De Boer: middle | 20.8 | 17.3 | 14.4 | 13.8 | 11.2 |
| Aldi | Aldi-markt | discounter | 7.6 | 7.8 | 7.5 | 8.4 | 8.9 |
| Share of top-5 (Superunie one) | | | 88.5 | 87.0 | 86.1 | 87.5 | 87.0 |
| Sperwer (largest Superunie member) | PLUS/Spar | national chains of owners, middle | 6.4 | 6.5 | 6.5 | 5.9 | 5.9 |
| Share of top-5 (Superunie sep.) | | | 73.5 | 69.5 | 68.4 | 69.3 | 67.9 |
| Samenw. Dirk van den Broek Bedrijven | Dirk van den Broek, Bas van der Heijden, Digros | discounters | 6.2 | 6.5 | 6.6 | 6.3 | 6.1 |
| Lidl | Lidl | discounter | 2.7 | 4.0 | 4.2 | 4.2 | 4.4 |
| Share of top-7 (Superunie one) | | | 97.4 | 97.5 | 96.9 | 98.0 | 97.5 |
| Share of top-7 (Superunie sep.) | | | 82.4 | 80.0 | 79.2 | 79.8 | 78.4 |
| Share of discounters | | | 16.5 | 18.3 | 18.3 | 18.9 | 19.4 |

*Sources: miscellaneous*

*Table 18. Chains and numbers of supermarket establishments in the Netherlands, March 2006 (>=20 establishments)*

| chain owner | owner | shop names | URL | no. establ March 2006 (Dec 2004) | no. franch./ indep. | prov. coverage |
|---|---|---|---|---|---|---|
| Aldi (GE) | Aldi Nederland | Aldimarkt | www.aldi.nl | 463 (388) | 0 | 12 |
| Boon Sliedrecht / Markant *) | Boon Sliedrecht | MCD | www.mcd-supermarkt.nl | 25 (26) | 25 | 3 |
| CoopCodis *) | CoopCodis | CoopCodis, Coop-compact | www.coop.nl | 180 (199) | 15 | 10 |
| Deen Supermarkt. *) | Deen Supermarkten | Deen Supermarkt | www.deen.nl | 57 (36) | ? | 1 |
| Samenw. D.van den Broek Bedr | D. van den Broek Supermarkten | Dirk van den Broek | www.dirk.nl; www.superjob.nl | 47 (45) | 0 | 8 |
| Samenw. D.van den Broek Bedr | Digros | Digros | www.digros.nl | 17 (16) | 0 | 1 |
| Samenw. D.van den Broek Bedr | Bas van der Heijden | Bas van der Heijden | www.basvander-heyden.nl | 26 (26) | 0 | 1 |
| Envema *) | Nettorama | Nettorama | www.nettorama.nl | 29 (24) | ? | 7 |
| Hoogvliet Super *) | Hoogvliet | Hoogvliet | www.hoogvliet.com | 49 (40) | ? | 4 |
| Jan Linders *) | Jan Linders | Jan Linders | www.janlinders.nl | 48 (45) | ? | 3 |
| Kijkgrijp Dekamarkt *) | Kijkgrijp Dekamarkt | Dekamarkt, Komart | www.dekamarkt.nl | 82 (85) | ? | 2 |
| Kon. Ahold | Albert Heijn | Albert Heyn | www.ah.nl | 700 (705) | 212 | 12 |
| Kon. Ahold | Albert Heijn | AH to Go | www.ah.nl | 35 (28) | 0 | 6 |
| (Kon. Ahold/) Schuitema | Schuitema | C 1000 | www.schuitema.nl | ca. 370 (478) | 360 | 12 |
| Laurus (Casino)/ Jumbo Supermarkets | Super de Boer | Super de Boer | www.superdeboer.nl, | 300 (392) | 191 | 12 |
| Legro | Van Tol Grooth. | Troefmarkt | www.troefmarkt.nl | 112 (133) | 112 | 9 |
| Schwarz (GE) | Lidl Nederland | Lidl | www.lidl.nl | 242 (199) | 0 | 12 |
| Plus Retail / *) Sperwer Nationaal | Spar Holding | Spar | www.spar.nl | 288 (325) | 288 | 12 |
| Sperwer Nationaal *) | Plus Retail | PLUS | www.plussupermarkt.nl | 215(220) | 215 | 12 |
| Poiesz Beheer *) | Poiesz Superm. | Poiesz | www.poiesz-supermarkten.nl | 41 (39) | 0 | 2 |
| Sanders Superm. *) | Sander Superm. | Sanders | www.sanders-supermarkt.nl | 19 (20) | 0 | 1 |
| Sligro *) | Em-Té Supermarkt. | Em-Té | www.em-te.nl | 18 (17) | 0 | 1 |
| Sligro/Markant *) | Prisma Food Retail | Attent | www.prismafood.nl | 56 (56) | 56 | 9 |
| Sligro/Markant *) | Prisma Food Retail | Golff | www.prismafood.nl | 57 (62) | 62 | 8 |
| Sligro/Markant *) | Prisma Food Retail | Meermarkt | www.prismafood.nl | 76 (76) | 76 | 10 |
| Sligro/Markant *) | Prisma Food Retail | Zomermarkt, Rekra | www.prismafood.nl | 81 (83) | 83 | 9 |
| Van Eerd Beheer*) | Jumbo Supermarkt. | Jumbo, Pryma | www.jumbosupermarkt.nl | 94 (70) | 34 | 12 |
| Vomar Holding *) | Vomar Voordeelm. | Vomar Voordeelm. | www.vomar.nl | 50 (41) | 0 | 3 |
| Walmarkt *) | Bonimarkten | Bonimarkt | www.bonisupermarkt.nl | 32 (32) | 0 | 6 |
| Total | | | | 4,158 (4,266) | 1,850? | 12 |

*Source: company websites; www.denationalefranchisegids.nl/firstfranchise/Food.htm*

**) member of Superunie (all 16 members as of March 2006 are represented in the table)*

*Table 19. Development of employment (employees) in Dutch supermarkets, (December) 1995-2008, x 1,000 headcount*

| | total | male | female | % female |
|---|---|---|---|---|
| 1995 | 163,0 | 71,2 | 91,8 | 56.3 |
| 1996 | 172,5 | 75,6 | 96,9 | 56.2 |
| 1997 | 183,8 | 79,8 | 104,0 | 56.6 |
| 1998 | 191,1 | 84,1 | 107,0 | 56.0 |
| 1999 | 197,2 | 83,6 | 113,6 | 57.6 |
| 2000 | 201,7 | 85,3 | 116,4 | 57.7 |
| 2001 | 208,0 | 89,7 | 118,2 | 56.8 |
| 2002 | 205,4 | 88,3 | 117,1 | 57.0 |
| 2003 | 204,0 | 89,3 | 114,7 | 56.2 |
| 2004 | 198,8 | 88,3 | 110,5 | 55.6 |
| 2005 | 200,6 | 90,0 | 110,6 | 55.1 |
| 2006 | 200,5 | 102,5 | 118,0 | 53.5 |
| 2007 | 229,8 | 103,0 | 126,8 | 55.2 |
| 2008 | 235,0 | 105,2 | 129,8 | 55.2 |

*Source: CBS, Statline*

*Table 20. Occupations and age groups in Dutch supermarkets, Sept. 2004-Sept. 2006 (%)*

| Age | 15-19 | 20-22 | 23-24 | 25-44 | 45-65 | Total | n = |
|---|---|---|---|---|---|---|---|
| checkout operator | 36 | 20 | 7 | 30 | 7 | *100* | 654 |
| sales assistant | 14 | 29 | 9 | 39 | 9 | *100* | 160 |
| shop assistant, shelf stacker | 54 | 20 | 4 | 18 | 4 | *100* | 322 |
| total | **38** | **21** | **6** | **28** | **7** | **100** | **-** |
| n = | 432 | 244 | 72 | 314 | 74 | - | 1,136 |

*Source: WageIndicator-data*

*Table 21. Educational levels in Dutch supermarkets, Sept. 2004-Sept. 2006 (%)*

| level | school type | total super-markets | checkout operator | sales assistant | shop assist. / shelf stacker |
|---|---|---|---|---|---|
| 1/2 | BO | 5 | 3 | 5 | 8 |
| 3 | MAVO | 22 | 23 | 19 | 20 |
| | VBO/voc.edu | 7 | 8 | 7 | 5 |
| 4 | HAVO/VWO | 18 | 16 | 9 | 27 |
| 5 | MBO | 31 | 31 | 45 | 25 |
| 6/7 | HBO/WO | 17 | 16 | 15 | 16 |
| total | | 100.0 | 100 | 100 | 100 |
| n = | | 1,138 | 656 | 160 | 322 |

*Source: WageIndicator-data*

Table 22. Wage scales in Dutch supermarket CLAs 2008-2010, monthly, per 01-04-2008 (rounded on €1)

| age/years | A | B | C | D | E | F | G | H | I |
|---|---|---|---|---|---|---|---|---|---|
| 15 | 528 | | | | | | | | |
| 16 | 609 | 743 | | | | | | | |
| 17 | 697 | 835 | | | | | | | |
| 18 | 788 | 931 | 1106 | 1281 | | | | | |
| 18/1 | | 944 | 1124 | 1304 | | | | | |
| 19/0 | 920 | 1033 | 1223 | 1413 | | | | | |
| 19/1 | | 1047 | 1243 | 1440 | | | | | |
| 19/2 | | 1062 | 1264 | 1466 | | | | | |
| 20/0 | 1071 | 1202 | 1374 | 1546 | 1946 | | | | |
| 20/1 | | 1219 | 1397 | 1575 | 1987 | | | | |
| 20/2 | | 1236 | 1420 | 1603 | 2028 | | | | |
| 21/0 | 1247 | 1389 | 1556 | 1722 | 2008 | | | | |
| 21/1 | | 1409 | 1582 | 1754 | 2051 | | | | |
| 21/2 | | 1428 | 1607 | 1786 | 2093 | | | | |
| 21/3 | | 1448 | 1633 | 1818 | 2135 | | | | |
| 22/0 | 1448 | 1604 | 1752 | 1900 | 2068 | | | | |
| 22/1 | | 1627 | 1781 | 1935 | 2111 | | | | |
| 22/2 | | 1649 | 1810 | 1970 | 2155 | | | | |
| 22/3 | | 1672 | 1839 | 2006 | 2198 | | | | |
| 23/0 | 1688 | 1807 | 1892 | 1977 | 2089 | 2321 | 2663 | 3054 | 3503 |
| 23/1 | | 1833 | 1924 | 2015 | 2136 | | | | |
| 23/2 | | 1856 | 1956 | 2054 | 2181 | | | | |
| 23/3 | | 1884 | 1988 | 2092 | 2227 | | | | |
| 23/4 | | 1910 | 2020 | 2129 | 2272 | | | | |
| 23/5 | | 1935 | 2051 | 2167 | 2318 | 2576 | 2954 | 3389 | 3887 |

*Wage levels above the low-wage threshold for 2008 are given in italics*

Functions:

A prospective sales assistant; shelf stacker; prospective checkout operator
B sales assistant; checkout operator
C 1st sales assistant; 1st checkout operator
D department supervisor A; shop assistant responsible for department
E department supervisor B; assistant store manager II
F assistant store manager I; store manager V
G store manager IV
H store manager III
I store manager II

*Table 23. Development of sales (total, price and volume) in Dutch consumer electronics retail (NACE 52.45a), 2000-2008 (2000 = 100)*

| | total | price | volume |
|---|---|---|---|
| **2000** | **100** | **100** | **100** |
| **2001** | **107** | **96** | **112** |
| **2002** | **110** | **89** | **124** |
| **2003** | **106** | **82** | **128** |
| **2004** | **98** | **75** | **130** |
| *2004- I* | *98* | *77* | *127* |
| *2004 - II* | *101* | *75* | *135* |
| *2004 - III* | *94* | *74* | *126* |
| *2004 - IV* | *106* | *73* | *146* |
| **2005** | **95** | **70** | **136** |
| *2005 - I* | *88* | *72* | *122* |
| *2005 - II* | *87* | *71* | *123* |
| *2005 - III* | *95* | *69* | *137* |
| *2005 - IV* | *110* | *68* | *161* |
| **2006** | **102** | **66** | **115** |
| *2006 - I* | *97* | *67* | *144* |
| *2006 - II* | *97* | *67* | *145* |
| *2006 - III* | *100* | *66* | *152* |
| *2006 - IV* | *116* | *66* | *181* |
| **2007** | **108** | **61** | **176** |
| *2007 - I* | *102* | *63* | *161* |
| *2007 - II* | *102* | *62* | *166* |
| *2007 - III* | *106* | *60* | *175* |
| *2007 - IV* | *121* | *59* | *204* |
| **2008** | **108** | **57** | **191** |
| *2008 - I* | *103* | *58* | *177* |
| *2008 - II* | *106* | *57* | *186* |
| *2008 - III* | *106* | *56* | *190* |
| *2008 - IV* | *117* | *55* | *213* |
| **2009** | **96** | **48** | **201** |
| *2009 - I* | *96* | *48* | *199* |
| *2009 – II* | *87* | *48* | *183* |
| *2009 – III* | *93* | *48* | *195* |
| *2009 - IV* | *109* | *48* | *226* |

*Source: CBS, Statline (Maandstatistiek detailhandel)*

*Table 24. Chains and numbers of consumer electronics establishments in the Netherlands, March 2006 (> 10 establishments)*

| chain owner | owner | shop names | URL | no. establ. | no. franch. | prov. coverage |
|---|---|---|---|---|---|---|
| KESA | BCC Electrospec.z. | BCC | www.bcc.nl | 38 | 0 | 7 |
| De Block Holding | Block's Technisch Handelsbedrijf | De Block | www.block.nl | 29 | 0 | 3 |
| De Harense Smid Houdster | De Harense Smid Houdster | De Harense Smid | www.harensesmid.nl | 32 | 0 | 8 |
| Electronic Partner Int. EVIW (GE) | Electronic Partner Retail Support | EP, Service Partner, Sprinter | www.ep.nl | 125 | 125 | 12 |
| Expert Holding | Nederlandse Expert Groep | Expert | www.expert.nl | 192 | 192 | 12 |
| Foppen Holding | Scheer&Foppen Elektro Speciaalz. | Scheer&Foppen | www.scheerenfoppen.nl | 70 | 0 | 8 |
| Maxwell Holding | Maxwell | Maxwell | www.maxwell.nl | 26 | 26 | 3 |
| MediaMarkt / Metro Group (GE) | MediaMarkt | MediaMarkt | www.mediamarkt.nl | 22 | 0 | 8 |
| Mikro Electro Beheer | Mikro Electro | Mikro-Electro | www.micro-electro.nl | 20 | 0 | 3 |
| De Perfekt Organ. | De Perfekt Organis. | Perfekt | www.tisperfekt.nl | 135 | 135 | 11 |
| Rexel Nederland | Elektro Specialisten Organisatie | Elektro Specialist | www.elektro-specialist.nl | 132 | 160 | 11 |
| Euronics Int'l (GE) | United Retail | AudioVideo Specialist | www.audiovideospecialist.nl | 28 | 28 | 8 |
| Euronics Int'l (GE) | United Retail | Electro World | www.electroworld.nl | 100 | 100 | 11 |
| Euronics Int'l (GE) | United Retail | Euramco | www.euramco.nl | 19 | 19 | 12 |
| Euronics Int'l (GE) / United Retail | Elektro Vakman | Elektro Vakman | www.elektrovakman.nl | 168 | 168 | 12 |
| Euronics Int'l (GE) | United Retail | Witgoedspecialist | www.witgoedspecialist.nl | 46 | 46 | 12 |
| Vendex KBB *) | Dixons Groep | Dixons | www.dixons.nl | 144 | 0 | 12 |
| Vendex KBB *) | V & D Warenhuizen | Dynabite | www.dynabite.nl | 44 | 0 | 10 |
| IMpact man./Van Lanschot Bank | Impact Retail | It's | www.im-pact.nl | 112 | 0 | 9 |
| IMpact man./Van Lanschot Bank | Impact Retail | Modern Electronics | www.modernelectronics.nl | - **) | 0 | 11 |
| IMpact man./Van Lanschot Bank | Impact Retail | Prijstopper | www.prijstopper.nl | 15 | 0 | 6 |
| Total | | | | 1,525 | 999 | 12 |

*Sources: HBD, Franchise- en filialenregister 2004/2005; company websites; www.denationalefranchisegids.nl/firstfranchise/Food.htm*

**) since June 14, 2006 Maxeda, owned by KKR/Cinven/Permira/Alpinvest*

***) amalgamated with It's*

*Table 24. Development of employment (headcount) in Dutch consumer electronics retail, (December) 1995-2008, x 1,000*

| | total | male | female | % female |
|---|---|---|---|---|
| 1995 | 16,2 | 10,0 | 6,2 | 38.3 |
| 1996 | 16,8 | 10,3 | 6,5 | 38.7 |
| 1997 | 17,4 | 10,4 | 7,1 | 40.8 |
| 1998 | 18,6 | 11,5 | 7,1 | 38.2 |
| 1999 | 19,9 | 12,0 | 8,0 | 40.2 |
| 2000 | 22,7 | 13,6 | 9,2 | 40.5 |
| 2001 | 22,7 | 13,7 | 9,0 | 39.6 |
| 2002 | 22,8 | 14,0 | 8,8 | 38.6 |
| 2003 | 22,1 | 13,4 | 8,4 | 38.0 |
| 2004 | 20,9 | 12,9 | 8,0 | 38.3 |
| 2005 | 20,8 | 13,1 | 7,7 | 37.0 |
| | | | | |
| 2006 | 20,5 | 15,5 | 5,0 | 24.4 |
| 2007 | 21,8 | 16,3 | 5,5 | 25.2 |
| 2008 | 22,0 | 16,5 | 5,5 | 25,0 |

*Source: CBS, Statline*

*Table 25. Wage scales in Dutch CLA 2007-2009 for electro-technical retail, monthly, per 01-05-2008 (rounded on €1)*

| age/years | y | y + 5% | y + 10% | | | |
|---|---|---|---|---|---|---|
| Youth | | | | | | |
| 15 | 401 | 421 | | | | |
| 16 | 461 | 484 | | | | |
| 17 | 527 | 546 | | | | |
| 18 | 608 | 638 | 668 | | | |
| 19 | 701 | 725 | 771 | | | |
| 20 | 821 | 850 | 903 | | | |
| **Grade** | **A** | **B** | **C** | **D** | **E** | **F** |
| 0 | 970 | 1066 | 1109 | 1153 | 1199 | 1247 |
| 1 | 1135 | 1250 | 1299 | 1352 | 1406 | 1461 |
| 2 | 1335 | 1470 | 1529 | 1590 | 1653 | 1719 |
| 3 | | 1575 | 1638 | 1703 | 1703 | 1772 |
| 4 | | 1559 | 1622 | 1686 | 1754 | *1825* |
| 5 | | | 1670 | 1738 | *1807* | *1879* |
| 6 | | | | 1789 | 1861 | 1936 |
| 7 | | | | 1843 | 1918 | 1994 |
| 8 | | | | | 1976 | 2054 |
| 9 | | | | | | 2116 |

*Wage levels above the low-wage threshold for 2008 are given in italics.*

Table 26. Average gross hourly wages (Euro) by working hours' category, age and gender, including gender pay gap, Dutch wholesale and retail (headcount), 2008

| | total | | | | full-time | | | | part-time | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **total** | **male** | **female** | **gap** | **total** | **male** | **female** | **gap** | **total** | **male** | **female** | **gap** |
| 15-<20 | 5.28 | 5.36 | 5.21 | 2.8% | 5.33 | 5.40 | 5.20 | 3.7% | 5.27 | 5.34 | 5.2 | 2.4% |
| 20-<25 | 10.04 | 10.28 | 9.76 | 5.1% | 10.25 | 10.42 | 9.97 | 4.3% | 9.69 | 9.90 | 9.53 | 3.7% |
| 25-<30 | 13.92 | 14.40 | 13.25 | 8.0% | 14.16 | 14.43 | 13.63 | 5.5% | 12.99 | 14.14 | 12.53 | 11.4% |
| 30-<3 5 | 16.73 | 17.68 | 15.14 | 14.4% | 17.33 | 17.72 | 16.12 | 9.0% | 14.75 | 17.12 | 14.15 | 17.3% |
| 35-<40 | 18.96 | 20.61 | 15.79 | 23.4% | 20.11 | 20.73 | 17.29 | 16.6% | 15.68 | 19.14 | 14.82 | 22.6% |
| 40-<45 | 20.28 | 22.70 | 15.46 | 31.9% | 21.95 | 22.92 | 17.13 | 25.3% | 15.58 | 20.08 | 14.47 | 28.0% |
| 45-<50 | 20.52 | 23.62 | 14.78 | 37.4% | 22.57 | 23.92 | 16.31 | 31.8% | 15.08 | 20.18 | 13.90 | 31.1% |
| 50-<55 | 20.38 | 23.57 | 14.59 | 38.1% | 22.55 | 23.90 | 16.22 | 32.1% | 14.94 | 20.11 | 13.70 | 31.9% |
| 55-<60 | 20.46 | 23.29 | 14.48 | 37.8% | 22.56 | 23.71 | 16.01 | 32.5% | 15.26 | 19.82 | 13.73 | 30.8% |
| 60-<65 | 20.95 | 23.15 | 14.62 | 36.8% | 22.95 | 23.98 | 16.20 | 32.4% | 16.58 | 19.79 | 13.77 | 30.4% |
| **total** | **16.49** | **18.59** | **13.04** | **29.9%** | **18.40** | **19.62** | **14.35** | **26.9%** | **12.31** | **12.85** | **12.08** | **6.0%** |

*Source: CBS, Statline*

Table 27. Median gross hourly wages (Euro) in Dutch retail, supermarkets/department stores and consumer electronics/other retail, by age, 2007-2008

| | 2006 | | | 2007 | | | 2008 | | |
|---|---|---|---|---|---|---|---|---|---|
| | *total *)* | *supers/ dss* | ***cons. elec.*** | *Total* | *supers/ dss* | *other ret.* | *total* | *supers/ dss* | **other ret.** |
| 15-17 | 3.60 | 3.62 | 2.84 | 5.02 | 5.01 | 5.04 | 5.20 | 5.16 | 5.28 |
| 18 | 4.90 | 4.93 | 3.25 | 6.28 | 6.01 | 6.45 | 5.70 | 5.81 | 5.16 |
| 19 | 5.39 | 5.38 | 5.39 | 6.26 | 6.25 | 6.34 | 6.65 | 6.87 | 6.38 |
| 20 | 6.58 | 6.76 | 5.61 | 7.22 | 7.17 | 7.43 | 7.51 | 8.00 | 7.18 |
| 21 | 7.08 | 7.23 | 6.49 | 8.19 | 8.45 | 7.86 | 7.62 | 8.13 | 7.06 |
| 22 | 8.36 | 8.42 | 6.84 | 8.74 | 9.55 | 8.55 | 9.36 | 9.99 | 8.96 |
| 23 | 9.52 | 9.89 | 8.16 | 10.07 | 9.91 | 10.30 | 9.67 | 10.39 | 9.54 |
| 24-<35 | 11.39 | 11.50 | 11.32 | 12.12 | 12.57 | 11.88 | 11.81 | 12.43 | 11.55 |
| 35-<45 | 11.87 | 11.72 | 12.14 | 13.28 | 13.20 | 13.43 | 13.27 | 13.27 | 13.28 |
| > 44 | 12.43 | 12.20 | 14.75 | 13.79 | 14.70 | 13.48 | 13.53 | 13.92 | 13.37 |
| total | 9.80 | 9.58 | 10.80 | 10.69 | 9.79 | 11.29 | 10.79 | 9.96 | 11.27 |
| n = | 1,982 | 1,673 | 309 | 2,932 | 1,014 | 1,918 | 3,667 | 1,312 | 2,355 |
| of which < age 23 | 59.4% | 61.2% | 48.5% | 33.7% | 51.6% | 24.2% | 34.7% | 54.5% | 23.6% |

*Source: WageIndicator data*

**) only supermarkets/department stores and consumer electronics*

*Table 28. Average working week (excl. overtime) by working hours' category, age and gender, Dutch wholesale and retail (headcount), 2008*

| | total | | | full-time | | | part-time | | |
|---|---|---|---|---|---|---|---|---|---|
| | total | males | females | total | males | females | total | males | females |
| 15-<20 | 12.5 | 13.7 | 11.6 | 39.4 | 39.7 | 38.7 | 10.5 | 10.7 | 10.3 |
| 20-<25 | 25.1 | 27.2 | 23.0 | 38.9 | 39.3 | 38.4 | 15.6 | 15.3 | 15.8 |
| 25-<30 | 33.3 | 35.9 | 30.4 | 39.0 | 39.3 | 38.5 | 21.3 | 20.2 | 21.8 |
| 30-<3 5 | 33.1 | 37.6 | 27.5 | 39.1 | 39.3 | 38.6 | 21.9 | 24.4 | 21.4 |
| 35-<40 | 32.0 | 37.7 | 24.8 | 39.2 | 39.3 | 38.5 | 21.0 | 25.5 | 20.2 |
| 40-<45 | 31.7 | 37.6 | 24.2 | 39.2 | 39.3 | 38.5 | 20.6 | 24.7 | 19.8 |
| 45-<50 | 31.4 | 37.3 | 24.3 | 39.1 | 39.3 | 38.4 | 20.6 | 23.7 | 20.0 |
| 50-<55 | 30.9 | 36.9 | 23.8 | 39.0 | 39.2 | 38.3 | 20.3 | 22.9 | 19.7 |
| 55-<60 | 30.0 | 35.8 | 22.4 | 39.0 | 39.1 | 38.5 | 19.2 | 21.0 | 18.6 |
| 60-<65 | 27.0 | 30.6 | 20.1 | 39.1 | 39.2 | 38.4 | 16.2 | 16.3 | 16.1 |
| **total** | **27.2** | **31.7** | **22.1** | **39.1** | **39.3** | **38.5** | **16.4** | **15.4** | **16.9** |

*Source: CBS, Statline*

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AIAS is a young interdisciplinary institute, established in 1998, aiming to become the leading expert centre in the Netherlands for research on industrial relations, organisation of work, wage formation and labour market inequalities. As a network organisation, AIAS brings together high-level expertise at the University of Amsterdam from five disciplines:

- Law
- Economics
- Sociology
- Psychology
- Health and safety studies

AIAS provides both teaching and research. On the teaching side it offers a Masters in Comparative Labour and Organisation Studies and one in Human Resource Management. In addition, it organizes special courses in co-operation with other organisations such as the Netherlands Centre for Social Innovation (NCSI), the Netherlands Institute for Small and Medium-sized Companies (MKB-Nederland), the National Centre for Industrial Relations 'De Burcht', the National Institute for Co-determination (GBIO), and the Netherlands Institute of International Relations 'Clingendael'. AIAS has an extensive research program (2004-2008) on Institutions, Inequalities and Internationalisation, building on the research performed by its member scholars. Current research themes effectively include:

- Wage formation, social policy and industrial relations
- The cycles of policy learning and mimicking in labour market reforms in Europe
- The distribution of responsibility between the state and the market in social security
- The wage-indicator and world-wide comparison of employment conditions
- The projects of the LoWER network

**Amsterdam Institute for Advanced labour Studies**

University of Amsterdam

Plantage Muidergracht 12 • 1018 TV Amsterdam • The Netherlands

Tel +31 20 525 4199 • Fax +31 20 525 4301

aias@uva.nl • www.uva-aias.net