TRAINING & EMPLOYMENT

FRENCH DIMENSIONS

A NEWSLETTER FROM CEREQ AND ITS ASSOCIATED CENTRES

No 5
Autumn 1991

Retail Trade International Trends and National Features

CONTENTS

*How uniform is the development of retail trade from one country to another? Are the disparities due to differences of rhythm, **or** to the permanence of certain institutional, social and cultural features? A comparison of recent country studies sheds light on these questions also discussed in the introduction written by G. Roustang and F. **Sellier** for a special issue **of*** **Formation** Emploi *[cf. CEREQ* ***Briefing****, p.6].*

THE revolution in modem trade, which began in the United States after the First World War, has made its way throughout the industrialised countries: self-service supermarkets and discount stores operating with small margins have taken over growing shares of the market everywhere. It still remains to be seen, however, whether the differences that persist are structural, or simply reflections of a time lag that will inevitably be overcome.

SIGNIFICANT DIFFERENCES IN STRUCTURE AND ORGANISATION

AT issue here are the forms of trade, business hours and the centralisation of management.

• The main difference concerns the **relative role of traditional** small **shops,** notably grocery stores. This sector is, for example, practically nonexistent in Sweden, where small shops generally belong to cooperatives, and it has stabilised at a low level in the United States. By contrast, such businesses remain significant in France, more so in Japan, and most of all in Italy. These disparities can be explained in part by particular consumption patterns (e.g., the French habit of eating fresh bread implies the proliferation of bakeries), but they are more closely related to resistance on the part of small businesses, resulting in legal restrictions on the expansion of large modern stores (as in France, but with very uneven application). In the case of Italy, compromises are often made on the local level between large companies and small business, which seems to have been able to adapt better

CEREQ
A FRENCH RESEARCH CENTRE FOR ANALYSIS OF OCCUPATIONS AND OF VOCATIONAL EDUCATION AND TRAINING

here than elsewhere (cf. the formation of purchasing groups [Lanciano 1991]).

Consumption patterns can change, but only to a certain extent, and slowly. As for the protection of traditional shops, it remains to be seen whether this is a rear-guard battle lost in advance or the reflection of a social choice [Roustang and Sellier 1991].

The main forms of modern retailing (department stores, chain stores, supermarkets and mail-order) are found in all the industrialised countries, but with highly different degrees of importance and diversification.

In the United States, where this diversification is particularly advanced, eleven different kinds of retail trade have been identified [Tordjman 1988]. Nonetheless, the department stores, which originated in the nineteenth century, have been able to adapt to the situation and retain a large share of the market. This is also the case in Germany. In France, by contrast, their delay in adapting to modern conditions left the field open for self-service supermarkets, followed by the rapidly expanding hypermarkets that sell a growing proportion of non-foodstuffs.

• Differences in **business hours** are even more pronounced. At the two extremes, supermarkets in the United States are open an average of more than one hundred hours a week, usually all seven days and sometimes twenty-four hours a day, while stores in Germany are closed every evening but one at 6:30 p.m., as well as Saturday afternoon and all day Sunday. The other countries fall somewhere in between. The disparities, which undoubtedly result in large part from the very different strengths of the unions [Bosch et al. 1991], seem to be fairly stable today. Nonetheless it should be noted that in Sweden, the country where trade-unionism is the strongest, partial Sunday hours were accepted insofar as they were deemed to be in the interest of consumers and businesses (although the benefit to businesses may be eliminated if these extra hours become widespread).

■ The issue of management pits the French hypermarkets against the supermarkets of most other countries. Since their creation in the late 1960s and 1970s, the major French hypermarkets have followed a policy of decentralisation and autonomy for store managers and supervisors, who have wide power over purchases, management and trade policy [CEREQ-ADEP 1990]. Elsewhere, by contrast, centralisation is the rule, with store managers mainly responsible for personnel supervision and day-to-day operations.

In part, these disparities may reflect a historical development: certain studies suggest that centralisation in the United States is a recent phenomenon [Noyelle 1987], while a partial recentralisation seems to be taking shape in France, thus offsetting somewhat the prevailing logic that autonomy and responsibility also serve to compensate for the overly heavy workload of managers and supervisors [Bertrand 1991].

The problem of workload is tied to that of managerial **organisation.** With longer working hours, it is impossible for department supervisors to be present all the time, with the result that working in shifts becomes necessary, as in industry. This was the case in the American supermarkets, and some of their British counterparts have recently adopted the same system, even though their store hours are shorter.

LEVELLING TRENDS

WITH regard to the **growing share of modern big business,** even in the United States, where the process is the most advanced, supermarkets constitute a stable 80 percent of grocery stores, leaving the remaining 20 percent to traditional small business [Gadrey et al. 1990].

• **The concentration of businesses** is continuing or even accelerating in Europe with the prospect of the Single Market. It seems to be reaching a peak in food retailing in the United States, where regional supermarkets often hold up quite well against the national giants: not only are these regional chains sufficiently large to permit economies of scale, but their image is better.

• In an early stage of development, the pursuit of productivity gains leads to an **increase in store size,** but here too, the limit seems to have been reached. While the average size of supermarkets continues to increase in most countries, in France, which has some of the largest hypermarkets, the latest ventures are on a smaller scale. In the United States and Great Britain, the mammoth hypermarket has had little success.

• For a long time, the pursuit of productivity gains also led to **expanding self-service.** Recently, however, it has been noted that many supermarkets in the United States and Germany are orienting their strategy towards increased service and goods with greater value added [Stanback 1991, Baethge 1989]. Does this trend (tied in particular to increasing sales of prepared foods) reflect a response to the specific demands of consumers in these countries or is it simply a case of more sophisticated marketing, based on market segmentation, or even the swing of the pendulum back to a more human relationship with the client? The question is particularly relevant for France, where groups of independents continue to win over shares of the market with price strategies that their competitors cannot ignore. It is not yet clear whether this is only a belated adjustment or a structural characteristic [Le Corre 1991].

DIFFICULT INTERPRETATION OF EMPLOYMENT DATA

IT is tempting to compare relative employment among the economically active populations of the different countries, as well as the development of the work forces in relation to productivity, but caution would seem to be warranted for a number of reasons:

- **Sectoral boundaries** are not uniformly defined. In the United States, the broad definition of retail trade includes eating and drinking places and gas stations; in Europe, these activities are excluded, and in France, the bakery is also entered elsewhere since it is considered primarily an artisanal activity rather than a commercial one.
- The overall analysis of employment and its development is inadequate if it does not take into account the **distribution of trade by type** and the structural transformations cited above. But this also poses problems of definition: supermarkets, for example, are defined by turnover in the United States and by area in France, so such a comparison is hardly meaningful.
- **Productivity comparisons** are misleading. First of all, a large proportion of productivity gains results from structural transformations, i.e., the advance of

high-productivity modern retailing at the expense of low-productivity small businesses. The fact that this development took place earlier in the United States than in Europe largely accounts for the latter's supposedly greater productivity gains [Dessaint and Ecalle 1987].

In addition, recent studies have clearly shown the inadequacy of the very notion of productivity [Gadrey et al. 1990]. The reorientation of one part of American trade towards a service policy requiring more personnel can hardly be interpreted as a decline in productivity.

• Finally, the mathematical relationship between the level of activity and workforce size does not take into account part-time employment and its variants (see below).

LIMITED NEEDS FOR SKILLED PERSONNEL MET BY DIFFERENT TRAINING ***SYSTEMS***

IF modern trade is increasingly a problem of optimal management of mechandise flows (and obviously marketing as well), the diversity of goods and the multiplicity of operations still call for a lot of physical handling work. But its automation is difficult: even in the United States, where it is more advanced, warehouse automation is only partial, and experiments in total automation of checkout (elimination of cashiers through optical scanning to register prices automatically and payment by credit card) do not yet seem conclusive.

This kind of work implies that the large majority of retail personnel have a low level of skills and education. At first glance, the same form of retailing seems to engender similar patterns of work organisation and skill structures regardless of the country. Only a very detailed analysis will indicate whether there are differences, particularly in the distribution of responsibilities, which could be tied to the training level of the personnel [Roustang 1991]. Ongoing developments may call this analysis into question, however.

In fact, these developments are parallel in all the countries studied. Essentially, they consist of intensified competition (tied to market saturation, diminished controls and the beginnings of internationalisation, especially in Europe), along with rapid advances in computerisation. The latter, which is undoubtedly somewhat more advanced in the United States than in Europe, serves mainly to improve management (cost management, flow of goods and marketing) and affects employees' working conditions (particularly at the checkout counter) more than their skills per se.

Until now, the combination of these developments has mainly affected **managers and supervisors**, who are now required to have skills that are both more sophisticated and more varied. While most managers traditionally made their ways through the ranks, they are now increasingly expected to have at least some college education. In the French case, the fact that this has become a general requirement constitutes *a* real break with tradition. In the United States, however, where post-secondary education is already more widespread, such a requirement is not necessarily incompatible with the desire to promote experienced personnel within the firm.

Nearly everywhere, firms have difficulty recruiting their managers because of the sector's poor image, and notably the prevalent working conditions [see below].

For the **whole of the personnel**, greater demands for quality of goods and services, for the capacity to relate to clients, and for understanding of management has lead to a certain increase in the level of education and training [Baethge et al. 1989]. Until now, the education level in the sector has been one of the lowest, with a large part of the personnel having no real vocational training.

The German case warrants attention, however, insofar as "dual" training is quite widespread. In terms of the entire sector, the proportion of German employees benefitting from formal vocational training is higher than elsewhere. But in fact, this training seems to benefit mainly salespeople and employees on a career track. It appears that in the supermarkets, a large part of the self-service employees and salespersons are hardly more trained than in other countries, a phenomenon that is tied to the particular characteristics of this population, as will be discussed below [Bosch, Lallement 1991 and CEREQ 1990].

In France, the academic model of vocational training has little impact on rank-and-file employees, who have not received any more training than in countries subscribing to the in-house training model (U.S., Japan).

Nonetheless, it must be stressed that companies in all countries have recently become aware of the need for a greater effort in personnel training [Baethge 1989; CEREQ-ADEP 1990; Stanback 1990]. But this common tendency covers a great variety of goals, populations and methods. The EEC's FORCE programme is now analysing the most significant experiments in its first sectoral study.

MANPOWER ***SUPPLY*** *DETERMINED BY NATIONAL CONDITIONS*

ONE of the characteristics of retail trade is the variability of the activity level (monthly, weekly, daily and hourly). This is why the sector was the first to turn to different forms of contingent work that are now widespread and why it also perfected certain sophisticated mechanisms for optimal utilisation of manpower. This is particularly true for the development of part-time work, but this adjustment between manpower supply and demand can be interpreted in terms of either convergence or specific national conditions:

- Demand is determined by the need to adjust to fluctuations in activity which are specific to the trade sector but common to all countries.
- Conversely, supply is determined by the characteristics and behaviours of the labour force, which are specific to each country [Bertrand in Gadrey 1991].

The increase of part-time work can be observed in most countries, notably those where the initial level is low, such as France. But this growth is not unlimited: in countries where part-time work is already very common, such as Sweden or the U.S. [Christopherson et al. 1990], it is levelling off or even declining (e.g., in the U.S., from a peak of 37 percent to 32 percent). Thus there is convergence.

On the supply side, however, various factors contribute to maintaining national differences: the makeup of the work force by age and sex, and thus the labour-force participation of women, which is tied to the culture, but also the institutional and social context. The fact that there is more part-time employment in Great Britain than in France, for example, is mainly tied to problems of childcare in Great Britain [Gregory 1991]. In Sweden, it has been

observed that the tax system may **have** a significant impact on the **motivation** for women to work part time.

The confrontation between the logics of supply and demand raises the question of how adjustments between the two are actually made. It may be asked, for example, whether the development of part-time employment does not respond to the needs of women (who are the most affected) and notably those with children. Not all the necessary statistics are available, but it appears likely that in the case of France, where unemployment has been high in recent years, part-time employment is only accepted by workers for lack of anything better. The same can be said for the development of precarious forms of employment (fixed-term contracts). Until recently, at least, the adjustment between supply and demand seemed to be more satisfactory in countries like the United States or Sweden; there, long business hours necessitated a substantial level of contingent work, which could easily be obtained from young people, especially students.

But this equilibrium is fragile. The demographic decline threatens to shrink the youth population which has been providing the **sector's** main source of manpower, especially in the United States. In various countries, many companies are asking whether they should **not** be rethinking their manpower management policies, traditionally based on the employment of a work force that is young, predominantly female and very mobile. Even in Japan, some large firms recognise that the inferior status of part-time workers does not take into account their competence and loyalty.

Certain firms are considering other sources of manpower (retirees, the handicapped, immigrants), while others are seeking to cultivate a more **stable**, better skilled and perhaps better paid labour force which might be offered more full-time jobs. Some experiments with new forms of organisation are moving in this direction in France **[CEREQ-ADEP 1990]**. In the United States, the question is being raised, however, whether the pursuit of a better skilled work force is not going to lead to a drastic reduction in job possibilities for young people with the least amount of training **[Stanback 1990]**.

Increasingly, these problems, which were often resolved from day to day and case by case, will have to be posed in terms of overall coherence:

- Between trade policy and human resources management: Is precarious employment of a mobile and low-paid work force compatible with the search for quality and service, and thus better training?

- Between manpower supply and demand: Given a changing demographic and **sociocultural** context and the competition of the other sectors, how can the desired personnel be recruited and retained?

Article written by
Olivier **Bertrand**

(Translation by Miriam *Rosen)*

REFERENCES

- **Baethge**, M., A. Grimm, M. **Oberbeck** and R. Koch **[1989]**. Technological *Change and Human Resources Development in the Service* ***Sector: The Case of the FRG.*** **Gottingen: SOFI.**
- Bertrand, O. **[1991]**. **"Emploi**, qualification, formation dans la distribution **américaine."** [Employment, Skills and Training **in** American **Retailing.]** *Formation Emploi* 36.
- Bertrand, **O.**, and C. **Romani [1991]**. "Les qualifications dans la distribution: **nouvelles compétences** ou **nouveaux** metiers?" [Skills **in** Retailing: New Competencies or New **Occupations?]** *Formation* ***Emploi*** 35.
- Bosch, G. and M. **Lallement [1991]**. **"Gestion** de **l'emploi** et temps de travail dans la **grande** distribution **alimentaire:** une comparaison **France-Allemagne."** [Employment Management and Work Time in Food Retailing: A France-Germany **Comparison.]** ***Formation*** *Emploi* 36.
- **Christopherson**, S., T. **Noyelle** and B. **Redfield [1990]**. *The Contingent Worker*. Report to the U.S. Department of Labor. New York: Elsenhower Center for the Conservation of Human Resources.
- CEREQ-ADEP **[1990]**. ***Emploi,*** *qualifications et formation dans la grande distribution alimentaire.* [Employment, Skills and Training in Modern **Retailing.]** Edited by O. Bertrand. Paris: La **Documentation Française.**
- **CEREQ [1991]**. *Actes du* ***séminaire*** *sur la formation* ***professionnelle*** *en* ***RFA.*** [Acts of the Seminar on Vocational Training in West **Germany.]** Paris. In press.
- **Dessaint**, J. and F. **Ecalle [1987]**. **"Le modèle** americain de **croissance** de **l'emploi** dans **le** commerce." [The American Model of Employment Growth in **Trade.]** ***Travail*** *et* ***Emploi.***
- **Gadrey**, J. and N. (eds.) **[1991]**. *La* ***gestion*** *des* ***ressources humaines*** *dans* les *services et le commerce.* [Human Resources Management in the Service and Trade **Sectors.]** Paris: **L'Harmattan.**
- Gadrey, **J.**, T. Noyelle and T. M. Stanback **[1990]**. *Productivity in Retailing: A* Comparison *of France and* ***the*** *United States, with* a Focus on ***Supermarkets.*** New York: University of Lille and Eisenhower Center for the Conservation of Human Resources.
- Gregory, A. [1991], "Des elements de comparaison: la gestion de la **flexibilité** dans la grande **distribution** alimentaire en France et en **Grande-Bretagne."** [A Comparative Approach: The Management of Flexibility in Food Retailing in France and Great **Britain.]** Formation *Emploi* 36.
- **Lanciano**, C. **[1991]**. **L'hypermarché** a la **française** a **l'épreuve** de la negociation locale en **Italie**. [The French Hypermarket Model **in** Local Negociation **in** Italy] Formation Emploi 36.
- Le **Corre**, S. **[1991]**. **"Modèles d'entreprises** et formes de gestion sociale dans **les hypermarchés:** diagnostic et evolution." [Models of Firms and Forms of Social Management in Hypermarkets: **Diagnosis and** Change] ***Formation*** *Emploi* 35.
- Noyelle, T. **[1987]**. *Beyond Industrial Dualism Market and Job Segmentation in the New Economy.* Boulder, **Col.: Westview** Press.
- **Roustang**, G and F. **Sellier**. **[1991]**. Introduction to the special section on retailing. ***Formation Emploi*** 36.
- Stanback, T. M. J. **[1990]**. **"The** Changing **Face** of Retailing." In ***Skills***, Wages and ***Productivity in*** *the Service* Sector: ***Conservation*** *of Human Resources Studies* ***in*** *the New Economy.* Edited by T. Noyelle. Boulder, **Col.: Westview** Press.
- **Tordjman**, A. **[1988]**. *Le commerce de detail* ***américain.*** [American **Retail Trade.]** Paris: Les Editions **d'Organisation.**

Reproduction **autorisée** a **la** condition **expresse** de mentionner la source. Depot legal en cours.
Administration **CEREQ** - 9, rue **Sextius** Michel, 75015 PARIS - FRANCE - **tel :** (33) 1 45 75 62 63
Direction de la publication : Yves **Lichtenberger** - Secretariat de redaction : **Francoise** Rault

ISSN **1156-2366**