

W O R K I N G P A P E R

## *Retail Trade in Denmark*

*Joachim Lynggaard Boll*

*The Open Labour Market  
Working Paper 14:2000*

The Working Paper Series of The Danish National Institute of Social Research contain interim results of research and preparatory studies. The Working Paper Series provide a basis for professional discussion as part of the research process. Readers should note that results and interpretations in the final report or article may differ from the present Working Paper. All rights reserved. Short sections of text, not to exceed two paragraphs, may be quoted without explicit permission provided that full credit, including ©-notice, is given to the source.



*The Danish National Institute of Social Research*

## *The Study*

The Danish National Institute of Social Research carries out a programme on the Open Labour Market, to be concluded in 2002. The research programme is initiated by the Ministry of Social Affairs.

The study presented in this paper is part of the European project: New forms of Employment and Working Time in the Service Economy/NESY. The overall objective of the project is to analyse the emergence and the effects of new forms of employment, work organisation and working time patterns in the service sector. The focus of research in the NESY project is to identify the driving forces for the emergence and diffusion of new employment and working time forms, which are attributable to particular features of the service sector and service activities. The project covers the following EU-countries: Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Portugal, Sweden and United Kingdom.

The NESY-project is financed by the TSER Programme of the European Commission, DG XII. The project is coordinated by the Institut Arbeit und Technik, Gelsenkirchen, Germany. The Danish part of the project is co-financed by the Danish Research Councils (welfare research) under the research programme: "Human Resources in Working Life". The Danish research team consists of Ivan Thaulow, Joachim L. Boll and Agi Csonka. from the Danish National Institute of Social Research, the unit of the Open Labour Market.

In all the countries case studies of firms in selected service industries and activities will be used to identify the basic industry and activity-specific reasons for the emergence of certain forms of work organisation and working time arrangements. In Denmark case studies have been carried out within home care, IT and retail.

This paper presents the results of the case study within the retail trade sector.

## *Contents*

<b>1. The structure of retail trade in Denmark</b>	<b>5</b>
1.1. Types of shops	5
1.2. The regulation of the retail sector	7
1.2.1. Urban and spatial planning	7
1.2.2. Opening hours regulation in Danish retail trade	8
1.3. Employment regulations	9
1.3.1. Wages and working hours	9
1.4. Employment structure in the retail trade sector	10
1.4.1. The training of the workforce	11
1.4.2. Flexible work arrangements	11
<b>2. The Case studies</b>	<b>15</b>
2.1. Selection of cases and methodology	15
2.2. The supermarket	15
2.2.1. The store	15
2.2.2. The competitive market	15
2.2.3. Service concept	16
2.2.4. Industrial relations	17
2.2.5. Organisation of the staff	17
2.2.6. Working time arrangements	18
2.2.7. The check out line	19
2.2.8. The electronic department	20
2.3. The clothing store	21
2.3.1. The store	21
2.3.2. The competitive market	21
2.3.3. Service concept	22
2.3.4. Industrial relations	22
2.3.5. Organisation of the staff	22
2.3.6. Working time	23
2.3.7. Recruitment	23
2.3.8. Training	23
<b>3. Concluding remarks</b>	<b>25</b>
3.1. Service concepts	25
3.2. The employment structure, work organisation and working time	25
3.3. Working hours	26
<b>References</b>	<b>27</b>
<b>Working papers published by the Danish National Institute of Social Research</b>	<b>29</b>

# *1. The structure of retail trade in Denmark*

In general the Danish retail trade sector has followed the international trend towards fewer and larger shops. From 1982 to 1992 the total number of shops in Denmark fell by 37 per cent, compared to a European average of 17 per cent. Likewise, the four largest actors in the sector in Denmark control over 75 per cent of the market (Erhvervsministeriet, 1998 p. 24).

Denmark, however, still has a relatively large number of shops per person in comparison with other countries in Northern Europe. In Denmark there are 10.1 shops per 1000 habitants, while in both Sweden and Germany there are 8.4 shops per 1000 habitants. (Lind, 1999).

The size of the retail trade sector relative to the total economy seems to have remained largely constant over the last 25 years, in terms of value added. This tendency is typical for the European countries, whereas in USA and Japan the retail trade has been responsible for an ever-larger part of the total value added in the economy (Erhvervsministeriet, 1998 p. 25)<sup>1</sup>.

As for the future, the expansion within retail will probably be at the expense of the competitors, rather than due to increasing demand. Thus rationalisations, economy of scale and price competition are likely to continue to be the ingredients of competitive advantages. (Erhvervsfremmestyrelsen, 1994).

## *1.1. Types of shops*

**Figure 1: Overview of types of shops.**

- 
- **Department stores:** Stores with a very wide selection of goods , primarily non food, but often with a small food department.
  - **Warehouses:** Large stores with a very wide selection of goods, food and non food. Some have special staffed departments other are primarily discount.
  - **Discount stores:** Shops with low priced goods. Average area of 400 sq. meters. Limited selection of goods, primarily groceries, but also a small selection of fresh meat and dairy products.
  - **Supermarkets:** Wide selection of everyday necessities especially food. Self service, but a high service level.
  - **Mini markets:** Food store with full food sortiment, but limited selection.
  - **Specialized food stores:** Shop with specialized selection, which often have a high service level, such as bakers, butchers etc.
  - **Convenience stores:** Small shops selling mostly newspapers, magazines and sweets, but with a small selection of food.
  - **Specialized non-food stores:** shops selling consumer goods and durables excluding food, drinks, tobacco, cars, gasoline etc.
  - **Service stores:** Shops with sale of goods in connection with service activities, performs service on goods for personal use. For instance watchmaker or electrician.
- 

<sup>1</sup> These numbers refers to retail and wholesale trade, and might therefore not be correct for retail taken alone.

**Table 1. Number of shops, turnover and employees by type of shop, 1994.**

	Number of shops		Turnover	Employees	
	N	Percent	Percent	N	Percent
Department stores and warehouses	199	1.0	20.2	25,700	15.1
Discount stores	652	3.3	5.5	6,500	3.8
Supermarkets	946	4.7	17.5	22,700	13.3
Minimarkets	2,128	10.7	6.3	13,300	7.8
Specialized food stores	3,300	16.5	6.4	25,200	14.8
Convenience stores	1,257	6.3	7.0	10,100	5.9
Service stores	413	2.1	0.8	1,800	1.1
Specialized non food stores	11,070	55.4	35.5	65,200	38.2
Total	19,965	100.0	99.2	170,500	100.0

Source: Erhvervsministeriet 1998, p. 52, 78 and our calculations.

Table 1 shows the number of different shop types, their turnover and employment. It is noticeable that the retail trade sector is dominated by small establishments. Specialised food stores and specialised non-food stores account for more than 70 per cent of stores, and over half of the employment in the sector. However, The department stores and warehouses, even though they only account for 1 per cent of the shops, still have 20 percent of the turnover and 15 per cent of the employment in the sector. Supermarkets and discount stores also have a relatively high fraction of the turnover compared to the number of shops in these sub-sectors. It should be noted that even though discount stores have been the fastest growing category of shops in recent years, they still accounted for no more than 4 per cent of the total employment and 6 per cent of the turnover in the retail trade sector in 1994.

The everyday goods sector therefore seems to be much more concentrated than the non-food stores. There is obviously a large number of relatively small shops in the specialised non food sector and the number seems to be relatively unchanged over the last ten years - in contrast to the concentration which has been seen in the food and everyday goods sector (Erhvervsministeriet, 1998, p. 51).

In general it is expected, that the number of shops will fall by 15 to 20 percent or a total of 3.000 to 4.000 shops over the next ten years (Erhvervsministeriet, 1998, p. 147). This trend, however, covers some variation between the different sectors. In general the trend seems to be that there is only a modest fall in the number of shops selling food and other every day items, whereas shops selling more specialised and longer lasting goods will experience heavier concentration.

The supermarkets are still the most important type of shop in the everyday commodities market. In 1996 they accounted for 35 per cent of the total turnover in this market. This figure has been stable since 1985 even though the number of supermarkets has declined by 20 per cent. Hence, there is a trend towards larger units also in this sector (ibid).

The only area where a rise in the number of shops is expected is within discount stores. As late as 1980 there were only 16 discount stores in Denmark, but since then incredible growth has led to a total of 739 shops in 1997 accounting for 16 per cent of the turnover in everyday commodities (Erhvervsministeriet, 1998, p 53).

The most serious changes must however be expected in the specialised shops. These have until now accounted for by far the largest number of shops and also a substantial part of the employment in the sector. The specialised shops have not undergone changes to the same degree as the everyday commodities shops, but this is expected to change in the future. Until now gross profits in the specialised shops sector has regularly been around 40 to 50 per cent, this is not likely to be sustainable in the future. A likely scenario is that the specialised shops will split into two groups: One that will have a strategy based on price competitiveness, and go through the same process of concentration as the everyday goods sector. The other group will probably specialise even more and make their strategies centred on adding value to their products through service (Erhvervsministeriet, 1998, p. 54).

## ***1.2. The regulation of the retail sector***

### ***1.2.1. Urban and spatial planning***

Denmark has a long and extensive tradition of urban and spatial planning. The structure of planning laws has had a considerable impact on the structure of retail trading in Denmark. The importance of planning laws will probably have an even greater influence on the sector in the future, as the mobility of customers increases, and other regulative measures such as the opening hours legislation are relaxed.

The spatial planning complex is organised in four levels: National, regional, municipal and local. The specific planning of the use of land and placement of different activities are done at the local level. The national and regional level mostly set out general guidelines and overall strategies with which the local planning has to comply.

The urban planning process is important to the development of retail trade, as an area normally has to be defined as a commercial zone, in order to make it possible to open new shops in the area. Shops can only be established in rural zones or industrial zones under very special circumstances

In principle, urban planning is the responsibility of the local authorities (*kommuner*), who therefore have the greatest influence on the location of shops. However, the minister of the environment has actively tried to work against the concentration of the retail trade sector. The declared aim of the policy has been to preserve small shops in the city centres and in villages, and to prevent the establishment and expansion of large shopping malls in the suburbs. Therefore, the minister of the environment has issued a general stop on construction of new suburban shopping malls and major developments of retail trade outside of city centres. (Miljø- og Energiministeriet, 1999)

This is to a large extent a response to a few local authorities that tried to pursue a very relaxed style of planning with the aim of attracting large centres and shopping malls to their town, which would create jobs and growth. However, it has been the general assumption that such concentrated shopping centres “cannibalise” turnover from adjacent towns and rural areas, thereby making life harder for “weak consumers” in these areas and increasing road traffic.

All in all, spatial and urban planning must be seen as one of the most important factors working against the centralisation trend in the Danish retail trade sector. How effective this planning will be in achieving its goals in the long term, however, remains to be seen.

### ***1.2.2. Opening hours regulation in Danish retail trade***

When looking at employment patterns and working hours in retail trade, one inevitably has to take the regulation of opening hours into consideration.

The regulation of opening hours has traditionally been very strict. In general shops could only be open until 17.30 on weekdays and 14.00 on Saturdays. Exempt, were a number of special shops, such as bakeries, which could be open on Sundays and gas stations, smaller convenience stores (*kiosk*) and florists.

This rather strict opening hours regulation came under heavy pressure in the first half of the 1990's and the issue became the centre of a heated political discussion. Business interests were lobbying for a relaxation or total abandonment of opening hours regulation, whereas the labour unions and some small shop owners argued for keeping the strict regulations. Finally, in 1994 and 1995 the legislation was changed in two rounds.

In 1994, in light of a growing willingness in parliament for a total abandonment of regulation, a compromise was reached between the employers (*Dansk handel og service*) and the retail workers union (*HK/Handel*), which eventually was adapted as the basis for a new law. This allowed for extended opening hours on weekdays and on one Saturday per month, and did away with the old list of shops not subject to regulation, establishing instead a list of goods, which could be sold from any shop outside the regular hours. However, the regulatory rigour of keeping a list of specified products led to many absurdities<sup>2</sup>. This obvious example of absurd regulation led to a new drive from the liberal and conservative opposition in parliament for a total abandonment of regulation.

Finally, the government introduced a new law in October 1995, which was passed by parliament despite protest from both employers and trade unions. This law, which is in effect today, set no limits on opening hours on weekdays, stating only that shops had to close at 17.00 on Saturdays and stay closed on Sundays. However, small shops with a turnover below a certain threshold (currently DKK 13.5 mill. / year) are allowed to stay open Saturdays and Sundays, with no limit in regards to what goods that can be sold (except alcohol).

The law is up for revision in 2000, with some interests again arguing for a total abandonment of regulation. But at the moment the most likely outcome seems to be a largely unchanged law.

The consequences of this process has been a general extension of the opening hours throughout the industry. Most major supermarkets are now open until 20.00 and many small groceries have made inroads into the traditional 'kiosk' market with very long opening hours and Sunday open as well.

---

<sup>2</sup> For instance shops were allowed to sell yeast on Sundays but not flour, and canned but not frozen meat, whereas frozen vegetables could still be sold, etc.

One important reason for the unions' opposition to liberalisation of the opening hours has been that the positions created by the longer hours seems to be staffed not with unionised full time workers, but with young students and other part time or 'leisure time' workers.

### ***1.3. Employment regulations***

The main collective bargaining parties are on the employers side AHTS (The employer association for Commerce, Transportation and Service) and DH&S (Danish Commerce and service). On the trade unions side it is HK/Handel the (Union for White collar workers in Retail) which is one of five sectors in HK. HK/Handel has approximately 100.000 members.

The present collective agreements are from 1997. The most important agreement is the National agreement for Shops, agreed on by HK/Handel, AHTS and DH&S, but some big supermarket chains have special agreements with HK/Handel. A special feature at the National Agreement for Shops is that it can only be in force if 50% of the employees of the workplace are members of the trade union. (Lind, 1999). This means, that although approximately 80% of the employees in retail are members of a trade union, the coverage of the collective agreements for members of HK is 49 %. For the retail trade as a whole, the coverage of collective agreements is estimated to be approximately 31 % (Scheuer, 1996).

#### ***1.3.1. Wages and working hours***

The minimum monthly wage in retail trade is DKK 13.020 (year 2000). For comparison it should be noticed, that the unemployment benefit is approximately DKK 11.000. As the opening hours have expanded the collective agreements contain some rules on *displaced working time compensation* for working after six o'clock in the evening and on weekends. For a full time employee in a typical warehouse, these bonuses will make up approximately 3 percent of the total wage. ([Http://130.228.115.17](http://130.228.115.17)).

As most other factors in the Danish labour market the minimum wage is a result of an agreement rather than legal regulation. However, most employers will probably adhere to the minimum wage, even if their businesses are not covered by the collective agreement. Therefore, it is fairly safe to assume that the minimum wage mentioned above is indeed the real minimum wage in the retail trade labour market.

According to the agreement, the employers must present a time schedule for the working hours of every employee 16 weeks in advance. The bigger warehouses seem to observe these rules, unlike some of the smaller shops.



**Table 2: Pay and compensation according to the *HK/Handel* agreement.**

	DKK/month	DKK/hour
<i>Minimum wage</i>		
Unskilled workers	13,020	81.21
Skilled workers	14,520	90.56
<i>Young under 18</i>		
Normal	6,600	41.17
Doing skilled work	8,250	51.46
<i>Apprentices</i>		
1 <sup>st</sup> year	6,776	
2 <sup>nd</sup> year	7,614	
3 <sup>rd</sup> year	8,034	
4 <sup>th</sup> year	8,453	
<i>Displaced working time compensation</i>		
Weekdays 18.00-06.00		18.00
Saturdays 15.00-24.00		34.00
Sundays 00.00-24.00		39.00
<i>Overtime</i>		
First 3 hours on weekdays		Normal pay +50%
Hours over 3 and Sundays		Normal pay +100%

Source: <http://www.afdeling2.hk.dk/>

Note: 1 DKK equals app. 0.135 Euro.

Note: These numbers are pre-tax. On an income this size total taxes will be app. 45 percent with a tax-free allowance of DKK 2.500 per month.

#### ***1.4. Employment structure in the retail trade sector***

In terms of employment the Danish retail trade sector seems to be special in that it has actually seen a decline in retail trade sector employment relative to total employment. The general trend in Europe seems to be that employment in retail has remained stable or risen as a part of total employment.

The employment structure in the retail trade sector differs considerably from the overall workforce. The workforce of the retail sector is poorly educated, low paid, and has a large over representation of young workers and a low average seniority (table 3 and 4).

**Table 3: Employment structure, 1997.**

	Retail <sup>1)</sup>		Total labour force	
	N	per cent	N	per cent
<i>Employment</i>				
Male	83,483	43.7	1,605,959	54.7
Female	107,386	56.3	1,328,645	45.3
Total	190,869	100.0	2,934,604	100.0
<i>Age</i>				
Under 25	84,362	44.2	509,286	17.4
25 – 39	49,886	26.1	1,028,319	35.0
40 – 59	47,663	25.0	1,218,081	41.5
60 and over	8,958	4.7	178,918	6.1
Total	190,869	100.0	2,934,604	100.0
<i>Position</i>				
Employee	168,540	88.3	2,724,991	92.9
Self employed <sup>2)</sup>	22,329	11.7	209,613	7.1
Total	190,869	100.0	2,934,604	100.0
<i>Skill level<sup>3)</sup></i>				
Top manager	6,236	3.7	70,596	2.6
Highest level	2,376	1.4	306,323	11.2
Medium level	11,049	6.6	385,311	14.1
Basic level	91,465	54.3	1,162,848	42.7
No basic level	16,136	9.6	274,351	10.1
Other, n.a.	41,278	24.5	525,562	19.3
Total	168,540	100.0	2,724,991	100.0

1) Retail trade defined as NACE group 5200

2) Including co-working spouses

3) For employees only

Source: DS: Statistiske efterretninger, generel erhvervsstatistik 1999:6.

#### ***1.4.1. The training of the workforce***

Traditionally retail trade employees have been skilled workers with an education comparable to that of craftsmen or skilled workers in industry. The commercial basic education is a four-year education with a finished 9<sup>th</sup> grade as entry requirement. Of the four years two or three are on the job training in a shop, whereas the remainders are classes taken at a commercial school. The topics taught at the commercial schools cover subjects specific to retail trade as well as traditional school subjects such as Danish, English and mathematics.

#### ***1.4.2. Flexible work arrangements***

The employment patterns in the retail sector has for many years been very numerically flexible. This stems partly from the major structural changes in the sector (concentration), but also from a number of other factors including technological and organisational change, fierce competition and a change in qualification structure (de-qualification). Therefore, the high employee turnover, the high number of non standard jobs and the high number of low paid jobs combines to make a picture of employment conditions in retail as being very volatile and, in many respects, unattractive.

**Table 4: Employment structure in retail trade, January 1999.**

	Men		Women		All	
	n	Percent	n	percent	n	Percent
Unskilled	15,355	20.0	27,698	27.3	43,053	24.2
Students and under 18's	23,704	30.8	27,035	26.7	50,739	28.5
Skilled	33,871	44.0	39,387	38.9	73,258	41.1
Higher education	4,029	5.2	7,194	7.1	11,223	6.3
All	80,630	100.0	103,729	100.0	184,359	100.0

Note: Retail trade defined as NACE group 5200

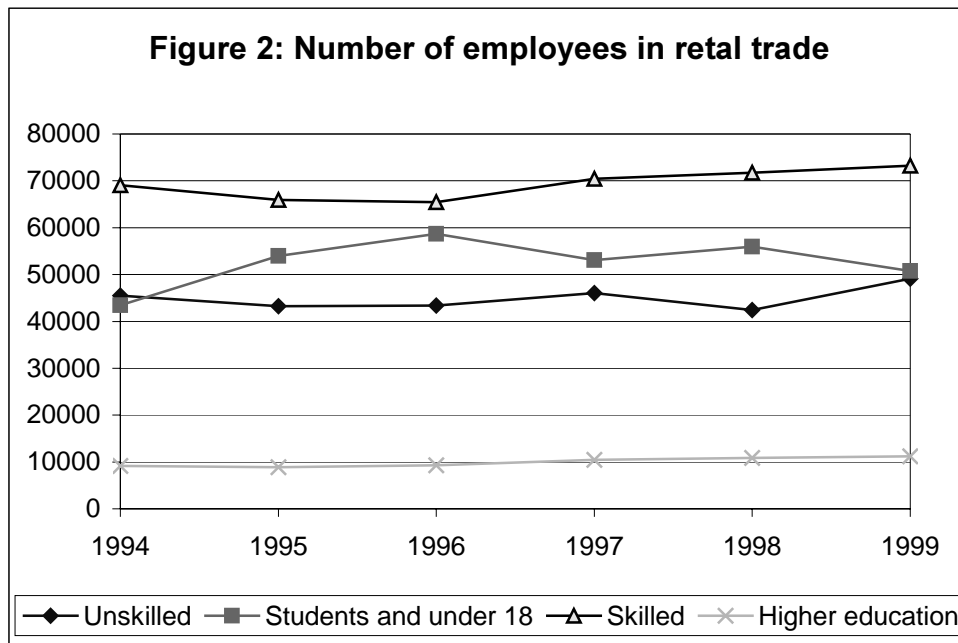
Source: Our calculations based on DS: Statistiske efterretninger, arbejdsmarked 2000:7.

As can be seen in table 3 and 4 the retail trade sector has a higher number of workers without education and a much higher number of young employees than the economy as a whole. The sector also differs from the overall economy when it comes to part time work. Almost 30 per cent of the employees in the retail sector work part time, while the part timers only account for 15 per cent in all industries. Furthermore it is notable, that 27 per cent of the men in the retail trade work part time, while this only goes for 10 per cent of the men in the economy as a whole. (Erhvervsministeriet, 1998).

Special attention should be given to the role of youth employment in the Danish retail trade sector. In 1999 a full 28 per cent of the employment in the sector were students or children (table 4); mainly working part time after school and on weekends. This is well above the European average, and probably covers wide variation between the different sub sectors.

The part time employment of persons below the age of 18 has a long tradition in the Danish labour market, and seems to be generally accepted throughout the industry and unions. Maybe because this "leisure time workforce" takes over the unattractive working hours -- weekends and late nights -- as well as the unattractive repetitive work. As can be seen from figure 2, there are no significant developments in the qualification structure of the retail trade staff within the last five years. There has been an overall rise in the number of people employed, but the breakdown in skilled, unskilled and young and students seems to remain largely stable.

It is possible that the rise in the number of students and employees under 18 that can be seen from 1994 to 1996 can be attributed to the extension of the opening hours following the relaxation of opening hours regulation in 1994 and 1995. However, since 1996 the number of students and under 18's have been declining, whereas the number of skilled employees has been on the rise again.



Note: Retail trade defined as NACE group 5200

Source: DS: Statistiske efterretninger, arbejdsmarked. 2000:7; 1999:9; 1998:21; 1997:18; 1996:26; 1995:13

It should be noted though, that when it comes to the level of education, the personnel turnover the rate of young employees etc., there are substantial differences between different types of shops. Thus one might argue, that discount stores offer discount workplaces. 71 per cent of the employees in discount stores do not have any formal education and 58 per cent have less than 1 year of seniority. Also, the rate of students employed is considerably higher in supermarkets and discount stores than in the more specialised stores. In service stores (stores offering repair along with related articles, for instance watchmakers), 56 % of the employees have medium level education and only 6 % of the employees are under 18 years old. (Erhvervsministeriet, 1998).

## ***2. Case studies***

### ***2.1. Selection of cases and methodology***

The organisations for the case studies were selected mainly on the criterion that they should be relatively large units. One should be within supermarkets/hypermarkets, and the other within the non food sector, primarily a store selling clothes.

In the supermarket 5 employees were interviewed, every interview took about an hour. The respondents were:

- The store sales manager
- The manager of the check out line
- One employee from the check out line
- The manager of the electronics department
- One employee (assistant manager) in the electronics department

In the case of the clothing store only the manager of the shop was interviewed, since he did not allow us to interview the employees.

### ***2.2. The supermarket***

#### ***2.2.1. The store***

The Supermarket is situated on the outskirts of Copenhagen in a large shopping mall. The store belongs to a chain with 12 stores in Denmark and 90 stores total in Scandinavia. Originally the chain was the low price warehouse arm of the Danish Co-operative Retail Corporation (FDB). The ties to FDB have been loosened in recent years. In 1997 the chain was spun off into a separate company and merged with comparable chains of stores in Sweden and Norway. FDB holds 1/3 of the shares in the merged company with NKL (Norges Kooperative Landsforbund) of Norway and KF (Kooperative Forbundet i Sverige) of Sweden holding the remainder of the shares. The chain has, however, carried over some heritage from FDB like the exclusive union agreements and participation in a bonus programme. Also part of the purchasing and logistics is still carried out by FDB.

Opening hours are weekdays 9.00 – 20.00 and Saturday 8.00 – 17.00. These are adhering to what could be called “the industry standard” opening hours for large supermarkets. Even though there is no regulation of the opening hours on weekdays very few stores practice longer hours.

The turnover is split 60 percent food vs. 40 percent non-food. The management would like to increase the share of non-food in the turnover, as non-food has more attractive profit margins. The manager sees a 50/50 or 40/60 split in favour of non-food as the optimum division.

#### ***2.2.2. The competitive market***

The Danish supermarket market is highly concentrated with just two groups sharing a very high percentage of the market between them. These groups are FDB, which has its roots in the co-

operative movement and the competing Dansk Supermarked group, largely owned by the Maersk shipping group. Each of these groups has a number of store chains covering the segments from discount stores over supermarkets to large warehouses.

The supermarket's most direct competition is probably the Bilka chain of the Dansk Supermarked group, as they are both very large out-of-town warehouses with a price competitive profile. The manager, however, mentions the indirect competition as the more important. The discount stores have surely been taking market share from the warehouses, and the chain has tried to avoid the battle on discount prices instead turning the emphasis towards the selection of goods. Also, gas stations and other convenience stores are mentioned by the manager as important competitors in the food and everyday goods market.

### *2.2.3. Service concept*

Approximately four years ago the store and chain reorganised by halving its size and moving from a dedicated low price strategy to a more service and quality oriented strategy. The service concept is, however, still very much a price centred one. Even though the store has tried to get out of the cut-throat price competition, it is still widely regarded as a low-price warehouse, and generally has competitive prices.

The service concept is as normal in warehouses based on customer self-service. Even the electronics department interviewed, which is probably one of the most service-heavy departments, states that they probably only have contact with 1/3 of the customers buying goods from the department. This is very different from a traditional specialised store where the staff actively sells almost each and every goods to the customer. Consequently the manager of the electronics department assess that the department only has 1/3 of the staff/turnover rate that a specialised store has.

Only when the customer asks will he or she get help from an employee. For some products, however, there is an inherently large service content. For instance, the staff has to fill out some forms when selling mobile phones. This takes approximately 10 minutes per sale, and there can be problems with too few staff in the department, if they are running a campaign on mobile phones.

There are some differences in the service concepts between the departments. Some departments practice practically no direct customer service (for instance basic foods or household goods) while others offer considerably more customer service (radio/TV, paint, cosmetics, bicycles). The departments offering customer service have a so called "expedition area", a staffed counter where the customer can contact the employees for help. The departments with expedition areas generally require more product knowledge of the employees.

However, face-to-face customer service is not the only service parameter in the store. Even though the concept of "store readiness" is not mentioned directly in the OBS case, it is evident that the preparation of the store is a major component of the service concept. The store sells a lot of what is referred to as "potato goods"; that is bulky or heavy commodity like goods, sold in large amounts and requiring no service whatsoever. Typical examples of "potato goods" are (besides potatoes) things like toilet paper, fruit juice, beer and soda, etc. The sales manager mentions the problems for some departments in managing to sell highly differentiated products requiring customer service on the one hand and on the other hand keeping the logistics of the potato goods

running. This is especially evident in departments such as cosmetics, fruit and vegetables and dairy products.

One solution to this problem is to keep two distinct groups of personnel in the department: One group with product knowledge to do the inventory management and customer service and another group of less qualified workers to carry in, unpack and pile up the endless stream of “potato goods”. But keeping those different tasks well managed requires some “fingerspitzgefühl” on the part of the department manager.

In the check out line the service concept is of yet another kind; for many customers the check out employee is the only contact they have to the staff, and therefore the check out line is very much the face of the store to the customers. Therefore, the manager of the line puts some emphasis on having employees with a positive attitude who treat the customers well.

#### ***2.2.4. Industrial relations***

The store has an exclusive agreement with the unions. According to this all employees must be members of HK (except for skilled butchers, bakers and cooks who can be members of their respective unions). Hence union membership is a prerequisite for getting employed by the store. The store management is quite pleased with this arrangement, as it makes for straight lines in the relationship between the store and the employees. It is the opinion of the manager that as a large chain, the supermarket can not afford to get bad publicity as a result of bad treatment of employees. Therefore it is a sort of check on the management to know that all employees are organised in a union.

This kind of “exclusive agreement” is quite common in the manufacturing industry, but given the fact, that the general agreement within retail states, that the agreement can only be effective if 50 percent of the employees are members of the union, this special agreement is rather unique within retail.

The basic salary of 81,21 DKK/hour is, as mentioned earlier, among the lowest in the entire labour market. However, many employees in the departments get personal bonuses, and can according to the store management, take home quite good pay. But this pay is then based on the individual employee being an able negotiator

An even more peculiar finding in this regard is that both the sales manager and the manager of the checkout line express the view that the basic salary is too low. They, however, do not think the store can do anything about that, but that the union should do a better job in securing decent pay for the employees.

#### ***2.2.5. Organisation of the staff***

The supermarket has approximately 350 staff in total. Of these 74 work in check out line with 18 counters staffed at the busiest times. Apart from the overall store management the remainder of the staff is organised into 14 departments and the checkout line. Our case was the Radio/TV/Electronics department with a total staff of 13.

**Figure 2: Types of staff in the supermarket.**

<b>Store management</b> (no data collected)	
<b>14 Departments</b> <ul style="list-style-type: none"> <li>• Department manager</li> <li>• Assistant manager</li> <li>• Full time core employees</li> <li>• Part time assisting employees</li> <li>• Young employees (age 16-18) (only some depts.)</li> </ul>	<b>Check out line</b> <ul style="list-style-type: none"> <li>• Manager</li> <li>• Assistant manager</li> <li>• Employees (Variation in number of hours, but not in function)</li> </ul>

The structure of the staff is characterised by four relatively distinct groups:

- 1) Employees with management responsibility. This group is salaried and relatively well paid, has very long working hours and they are generally difficult for the store to recruit.
- 2) Full time core employees: Have some responsibilities in the day to day management of the department. Paid by the hour, low basic salary (see table 2), but some options for personal bonuses. Generally work within the 37-hour week.
- 3) Part time assisting employees and checkout employees: Generally young people between 18 and mid 20's. Working time varies from 9 to approximately 30 hours/week. Paid the basic salary by the hour (see table 2).
- 4) Young employees: Age 16 to 18. Assist with various tasks. Are not allowed to work in the checkout line (this is a store policy, not regulation). Working time typically 9 to 15 hours/week. Pay is low (see table 2).

There is some mobility between these categories. For example employees move up from category 4 to 3 after turning 18, or from 2 to 1 if wanting to pursue a career in retail. It is a deliberate policy of the store management, to use the young and part timers as a recruitment pool. This is, however, only possible to some degree, as most of the part timers have their job in the supermarket as a supplement while studying, and are pursuing a career in another field.

One of the “category 3” employees interviewed thinks that the recruitment to “career positions” from the checkout line employees is rather limited. According to her, the tendency is more for the employees to work a couple of years in the supermarket and then: “They really get fed up with the work and go on to do something completely different”.

### ***2.2.6. Working time arrangements***

The planning of the working time is the responsibility of the department manager and is normally done by either the department manager or the assistant manager. In the checkout line working time is planned on weekly schedules, whereas the electronics department uses two-week schedules.

These schedules are then generally stuck to. It is possible for the employees to switch their shifts among each other if they want to. But only rarely will the manager make short notice changes to the working time schedule of a full time employee. According to the collective agreement, altering of the working time should be given notice four weeks in advance, and the managers stick to this rule.



A very high proportion of the employees work part time. This is partly an (unintended) consequence of working time regulation and the long opening hours. According to the working time clause in the general agreement an employee is only allowed to work one long evening (after 18:00) per week. Therefore, it is necessary to have many employees with few hours in order to staff the store on all weeknights (which are relatively busy), without overstaffing in the daytime.

This trend is most obvious in the check out line. In the departments they have the option of planning the work throughout the day, so that they can manage the department with only a few employees present in the evenings. But the departments still have a large number of part timers anyway. Just not to the same degree as the check out line.

The store management reckons that this working time clause is one important reason why they have so many part timers in the store. It is not so much a question as to whether it is a good thing to have many part timers, it is simply a necessity in order to meet the staffing needs of the store while complying with the working time agreement.

### ***2.2.7. The check out line***

A very high proportion of the employees in the check out line works part time. This is partly an (unintended) consequence of working time regulation and the long opening hours, as described above. It turns out, that the respondents define “full time” as “more than 30 hours a week”, and not 37 hours a week, which is the normal weekly working time in Denmark. Probably this is because in the unemployment fund part timers are defined as working less than 30 hours a week.

There are hardly any “core staff” with long seniority. The vast majority of the staff in the check-out line are aged between 18 and approximately 25. There are a few older employees who have been there “all the years”, but in general the line is filled with two types of people.

- a) Young people who have just finished high school, who want to work full time for a period in order to earn some money before starting their studies, travelling etc.
- b) Students who work a few evening shifts a week after school.

Type a and the few older staff generally take the shifts during the day, from 9.00 to approximately 17.30, and type b take the evening shifts from around 17.00 to 21.30. But the individual worker can get a different schedule if they want to. The manager seems to be rather flexible on this matter. Because of the large number of persons working in the checkout line, there is a lot of room for flexibility.

The employee interviewed is actually atypical in that she has been working in the line for almost six years. She thinks that is probably a few more years than she actually wanted and consequently she will be moving on to start a career in another field after the summer. She can not imagine that anyone would want to make a career out of working in the check out line. She thinks the few older employees are stuck in the checkout line because they never had the initiative to move on.

The manager of the line more or less supports this view. When the few older employees leave someday it will probably also mean the end of that type of employee in the line. The manager would actually like to recruit more older employees, but she never gets applications from any and she reckons that the employment she can offer is probably not seen as very attractive for this

group of people. She has not thought about doing anything actively to recruit older employees. All in all she seems quite satisfied with the young profile of the check out line. The general comment that comes up again and again is the “all in all things are working out well by us”.

Another element to the working conditions in the checkout line is that the work itself is actually quite a physical strain. Back and shoulder problems are especially common among the employees and the employee interviewed also mentions this as a reason to seek another career.

### ***2.2.8. The electronics department***

The electronics department is one of 14 departments in the store. The department sells a wide selection of electronics and small household appliances. Products such as TV sets, HiFi equipment, mobile phones, computers, but also lamps and electric kitchen tools. As mentioned above the department is mainly self-service oriented. The staff is not actively selling the goods and many customers buy from the department without ever getting in contact with the staff.

As some of the goods in the department are rather bulky (for instance TVs) they have a special way of handling these goods. For instance only one example of a large model TV will be on display. Next to this is a pile of slips. The customer then just pick up the slip, pays it and gets a stamp at the check out and he can then pick up the TV at a hand out point at the back of the building near the parking lot.

The staff of the department is made up of a manager, an assistant manager, 5 full time employees and 6 part time assisting employees.

The department manager and assistant manager are salaried as opposed to the other employees who are paid by the hour. The manager works considerably more than 37 hours/week and he has almost complete management responsibility for the day to day business of the department.

The manager himself does not seem very happy about the long hours. He probably works between 50 and 60 hours per week, which is more than it was just a few years back. Actually, he thinks the norm should be that a manager would be able to do his job within a 37-hour week and then one could work more when there were special circumstances such as a sale or up to Christmas. But in reality it is an illusion for a department manager to be able to stay within 37 hours. The long hours have become “part of the job” for this group of employees and you know it before getting into the job. He reckons, however, that some people quit for another job due to these working time conditions, especially when they are getting children.

The five full time employees also have some responsibility in the management of the department. For instance they each have a product line as their responsibility, meaning that they do the inventory planning and are responsible for the presentation of the goods in the store.

But the hourly paid workers have to stay within the 37-hour week, and this is generally accepted. Overtime is very limited. This is mainly due to economic concerns on the part of the manager. If the staff work overtime they will have to be compensated, and thus too much overtime could easily eat up a large portion of the wage budget in the department.

Whereas recruitment and high staff turnover are not seen as a problem in the checkout line, this is

more the case in the electronics department. As it has a much smaller staff, it does not have the same room for flexibility, and the employees need to have some product knowledge, which makes it harder to take a new person in.

The size of the staff is basically determined according to the turnover of the department. The wage budget is determined as a certain percentage of the turnover, the “wage percentage”. The dynamic of fitting the size of the staff to the turnover is, however, done in a medium term perspective. One or two bad month will have no effect, but typically after half a year something will have to be done. The same goes for hiring new staff; only if the manager sees a long-term trend will he seek permission to hire a new employee. It is normally not necessary to turn to layoffs, actually it has never happened as far back as anyone can remember. The staff turnover in the department is sufficiently large, that if personnel reduction is needed this is normally done just by not filling a vacancy. This pattern pretty much goes for all departments. Layoffs are used only under special circumstances.

## ***2.3. The clothing store***

### ***2.3.1. The store***

The clothing store has a sales area of 1600 m<sup>2</sup>. It is located in the pedestrian zone of a large provincial town. The stores location is very central in the downtown shopping area, and must be regarded as a prime location in the city. The store is a branch of a large chain and is owned by the chain.

Being a rather large store, the clothing store carries the full selection of the chain, which makes for a division of the store into five departments: Men’s, women’s, young, kids and cosmetics.

Opening hours are:

Mon – Wed: 10.00 – 17.30

Thur: 10.00 – 18.00

Fri: 10.00 – 19.00

Sat: 10.00 – 16.00 on the first and last Saturday of the month  
10.00 – 14.00 on the remaining Saturdays.

These opening hours are very ‘traditional’ in a Danish context, complying by and large with the old opening hours regulation from before 1994. Thus, the clothing store has not taken advantage of the possibilities for extending the hours as given in the new opening hours regulations (except for the one hour from 18.00 to 19.00 on Fridays).

### ***2.3.2. The competitive market***

When asked for the one most important factor regarding competition the clothing store’s market, the manager mentioned price and price/quality.

There are few direct competitors to the clothing store: The Dutch chain C&A tried to set up a number of stores but failed and has now pulled out of the market. A smaller Danish chain Jørgen/Jørgine operates in the same segment but does not have the same strong profile the clothing store. The indirect competition from supermarkets in the market segment below the clothing store

and the name brand stores in the segment above are seen by the manager as the more important competitors.

The special profile of the stores marketing using supermodels etc. is seen by the manager as an important asset for the store in differentiating itself from the competition in the low price textiles market.

### **2.3.3. Service concept**

The role of service in the store is deliberately downplayed. The customer is allowed to browse around on his own and must make contact with the staff if wanting help. Only when a customer looks completely lost will the staff initiate contact. The main element of service in the store is to cater for the “readiness” of the store. The readiness concept means that the store is tidied up, that all the clothes are sorted by size, price marked appropriately etc. It is a cornerstone in the service concept that if the store has a high degree of readiness, the customer will be able to serve himself and there will be only a limited demand for face-to-face servicing of the customers.

### **2.3.4. Industrial relations**

The chain is a member of the employers’ federation (*Dansk Handel & Service*). Most of the employees in the store are members of the *HK/Handel* union and work in the store is covered by the general agreement between the employers’ federation and *HK/Handel*. But as opposed to the supermarket case the employees are not required to be members of the union and there are a few who are not union members. The wage is also based on the minimum wage from the general agreement. But the manager claims that most of the employees in the store earn more than that. The store manager has the option to give bonuses to the employees and this is widely used.

### **2.3.5. Organisation of the staff**

The store has 35 employees. Of these 26 are full time or near full time employees (30 to 37 hours week). These include:

- 1 store manager
- 5 department managers
- 7 apprentices

9 employees are part timers working 9 hours/week on Fridays and Saturdays. These are mainly students. Moreover the store has a few young persons under 18 to help in the afternoon, but these only do ‘practical’ work such as cleaning up or moving boxes, they do not take part in the core activities of the store.

It is the intention of the store manager that all the full time employees should be skilled. The employment of unskilled labour is – as opposed to the supermarket case – the exception to the rule. The average age of an employee is approximately 25 years and the manager asserts that the staff turnover is somewhat higher than in the textile retail sector taken as a whole. Four employees have, however, worked in the store for more than 10 years. The age of the employees probably has to do with the rather ‘young’ image of the chain. But the manager also mentions that it might have to do with the sort of work being performed by the store’s employees. There is a high turnover of the goods in the store meaning that much time is spent unpacking boxes of clothes, rather

than providing personal customer service or just hanging around waiting for customers.

### **2.3.6. Working time**

Working time is arranged on 16-week schedules. The weekly working time does not have to be 37 hours every week as long as it is on average 37 hours over this 16-week period. The manager makes these schedules which he claims to be quite a difficult task. Therefore it is also limited what influence the employees have on their working time. Usually they have their days off fixed on specific weekdays. In as far as it fits into the overall plan the manager also tries to take specific wishes into consideration.

Normally the working time is arranged so that the employee works four days in the full business hours of the store and then has one day off. Every other Saturday is also off. But there are variations to this scheme. Some employees show up earlier in the morning on some days, and others might leave earlier. Also some of the part timers have half days.

As opposed to the managers in the supermarket the store manager in the clothing store claims that he himself generally works within the 37-hour week. There might be exceptions if he has to go to meetings etc., but he has a working time schedule just as any other employee and generally sticks to it.

### **2.3.7. Recruitment**

The store recruits mainly from a pool of applications handed in on the initiative of the applicants. Only seldom is it necessary to advertise for applicants. Many applications come in from unskilled young people who want to work for a period in the clothing store. These types of applicants are generally not considered by the manager, who prefers skilled workers whom are also more likely to stay on the job for a longer period. In that respect the store manager seeks to recruit staff who wants to make a career in the store or chain, or at least someone who has the potential to be an employee also in the long term.

Even though the employees of the clothing store are mainly trained ones, one gets the impression that the work performed by the majority of the workers is rather de-qualified. Just as the manager in the supermarket the manager of the clothing store stresses that it is a special type of employee he is looking for. Namely those who have a drive, likes to be busy and work hard. What the store then offers in return is some sort of “action” and “fun at work”, which according to the manager makes up for the often stressful working conditions.

The store manager is the person in charge of recruitment and has the ultimate say in the decision. A department manager or the store’s decorator is, however, usually also consulted in the process.

### **2.3.8. Training**

As already mentioned, the employees are for the most part skilled workers, meaning that they come to the store with basic training in retail trade work. The clothing store does, however, offer a programme of courses for the employees on subjects such as store operations, store concepts and customer service. These courses are arranged by the chain and are usually one-day courses held in Copenhagen. On the store level a plan is made for which employees should take what

courses. This is ultimately the decision of the manager but the plan is made with consideration to the needs and wishes of the employees.

Two groups of employees go through special training programmes. The apprentices take courses arranged by the chain in addition to the normal school training provided by the commercial school responsible for the education. Like the supermarket chain, the clothing store also has a management training programme. Management trainees undergo a series of courses that will enable them to take on a position as department manager and later as store manager.

### ***3. Concluding remarks***

#### ***3.1. Service concepts***

Even though the two cases represent two different store types: the warehouse and the specialised non-food store they show similarities in that they both utilise the same sort of store concept. High turnover rate of the goods and a lack of emphasis on direct face to face customer service characterise both cases.

In both shops, the work seems rather de-qualified. Though a certain level of qualifications is needed according to the manager of the electric department of the supermarket, apparently the service level does not give rise to any problems in weekends and in the evenings, when most of the staff is actually unskilled part timers. Thus one gets the impression, that the knowledge of the products is not that important in relation to the customers.

Nor in the clothing store, does the service concept rely on product knowledge or customer related skills. The main task of most of the employees is to fill up the store, having as little contact with the customers as possible.

Even though they both have what might be called “low direct service profiles” the employment structure of the two stores differs considerably. The supermarket has many part timers and unskilled workers, while the clothing store primarily employs skilled employees, most of them working full time.

Thus, the educational level does not seem to be related to the qualification requirements of the work, but rather it is related to the employment regulations and the opening hours. Also, tradition as well as the perceived self-identity of the stores might explain some of the difference. Even though the clothing store is a “low direct service profile” store, it is still seen as a specialised store, a segment that has traditionally relied on a skilled workforce as well as a high degree of direct customer service. So one can say that even though the clothing store has never had the direct customer service in its concept, it has kept the workforce profile of the traditional specialised store.

#### ***3.2. The employment structure, work organisation and working time***

As mentioned above, the educational level of the employees seems to be related to the employment regulation and the opening hours rather than to the qualification level of the work. Thus in the supermarket, the long opening hours and the collective agreement “clashes” and creates the need for more part timers. In the supermarket the regulation limiting the long evenings to one per week actually leads to a higher number of part-time jobs. Part time employees are seen as the only way of reconciling the working time regulations with the needs of the store. Because the clothing store closes at 17.30 instead of 20.00 they do not get into conflict with this regulation and thus can staff their store exclusively with full time or near full time staff.

Accordingly the supermarket operates with a (small) group of core employees and a (large) group of periphery workers, while the clothing store tries to keep a uniform workforce.

It is difficult to say whether the tradition of using school children and students is a precondition or a result of the employment structure in the supermarket and in retail in general. Leisure time jobs have a long tradition in Denmark. One explanation for this tradition is that in Denmark young people tend to move away from their parents at an early age, even if they are studying. Thus they need leisure time jobs besides their studies, in order to maintain a household.

Anyway, it is obvious that the employment structure of the supermarket to a large extent is based on this young student work force. The check out line is almost exclusively manned with “transit student workers”, that is young people working a year or two before beginning their studies. The other department relies heavily on school children and students in evenings and weekends.

At the same time, this employment strategy may contribute to the de-qualification process. When the staff is unskilled, the work must be organised accordingly making sure, that the work tasks do not require too many qualifications. This, on the other hand, makes it even more difficult to attract qualified employees.

A few years back, the trade unions did actually question this extensive use of students instead of “real” full time employees. The students were said to take jobs from those on the real labour market. However, this sort of argument has silenced in line with the continuous decline in the unemployment rate and increasing problems of recruiting staff for the longer opening hours.

### ***3.3. Working hours***

The working hours seems quite structured and regulated as far as the employees are concerned. The employees do not work overtime, but we do not know, if the many part timers in the supermarket would wish to work full time.

The managers, on the other hand, have very different working time in the two cases. In the supermarket the managers work very long hours, whereas the manager in the clothing store generally has a normal working time (according to the manager himself). This is hard to explain by anything other than “informal store policy” or tradition. Maybe the fact that the supermarket has a large group of managers, whereas the clothing store only has a few can be a contributing factor. The department manager in the supermarket tends to compare himself to managers in the other departments, thus making an upward moving spiral: nobody wants to be the one working the least hours. The manager in the clothing store do not have a peer group in the store and therefore might tend to compare his own working time more to that of the common employees.



## *References*

Danmarks Statistik: *Statistiske efterretninger, generel erhvervsstatistik* (Statistical News, General economic statistics), various issues.

Erhvervsfremme Styrelsen (1994): *Ressourceområdet serviceydelser - en erhvervsøkonomisk analyse: Erhvervsservice, handel, financier service, velfærdsservice og husholdningsservice*. (Resource area service - a business analysis: Business service, trade, financial service, welfare service and household service) Erhvervsfremme styrelsen.

Erhvervsministeriet (1998): *Butikker og forbrugere - nu og i fremtiden* (Shops and consumers - now and in the future). Erhvervsministeriet.

<http://130.228.115.17/ok2000/Debatoplæg/arbejdstid.asp>: "OK 2000 - debatoplæg: Arbejdstid" (Collective Agreement 2000 - Discussion paper: Working time).

Lind, Jens (1999): *Service sector employment and regulation in Denmark*. Aalborg Universitet, unpublished.

Miljø- og Energiministeriet (1999): *Statslig udmelding til regionplanrevision 2001* (National proposals to region plan revision 2001). Miljø- og Energiministeriet.

Scheuer, Steen (1996): *Fælles aftale eller egen kontrakt i arbejdslivet* (Collective agreement or individual contract in the working life). Nyt fra Samfundsvidenskaberne.