

*Final report to Hans-Böckler-Stiftung
of the research project*

**Work and Employment Relations of
European Multinational Grocery Retailers –
Discounters and Hypermarkets**

Mike Geppert,* Michael Wortmann, Jan Czarzasty, Deniz Kağnicioğlu, Holm-Detlev Köhler, Yvonne Rückert, Tony Royle, Banu Uçkan, Karen Williams

Olli Rusanen and Mika Skippari
have supported the project as external partners investigating Finland and Lidl in Finland

* Correspondents address:

School of Management
University of Surrey
Guildford, GU2 7XH UK
Tel: +44 (0)1483 683100
Email: m.geppert@surrey.ac.uk

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1 Introduction

1.1 Project rational, aims of the project

In 2001 the US based retailer Wal-Mart became the biggest corporation in the world – a position it also holds today in terms of sales (422 US \$b in 2010) as well as employment (2.1 million). In the United States, this rise has triggered a broad debate about a Wal-Mart effect (Fishman 2006) on different areas of society; Lichtenstein (2006) has seen Wal-Mart as the template company of the 21st century, comparable to General Motors a few decades ago. A similar debate is not yet taking place in European countries – perhaps with the exception of the UK; this is surprising given the fact that retailing is one of the greatest industries in Europe representing about 9% of total employment. Big retail companies have become important employers in many countries; Tesco in the UK, Carrefour in France and Edeka Group in Germany are by far the biggest private sector employer in their respective home countries.

Since the 1960s, shortly after the diffusion of self-service had started in European countries, new business models have emerged in European retailing. These new models include hypermarkets (in Germany also called SB-Warenhäuser, i.e. self service department stores) – ‘invented’ by Carrefour in 1963 –selling on a large sales-area (today usually 5.000 to 20.000 square meters) not only groceries but also a broad assortment of non-food items and hard discounters (called discounters from here on) – ‘invented’ by Albrecht Brothers (Aldi) in 1962 – selling on a relatively small sales-area (up to 1000 square meters) a limited and flat assortment of groceries and a small supplementary variety of one-off non-food offers.

The internationalisation of retail companies started – with some exceptions – much later than that of manufacturing companies. In grocery retailing it took off since the late 1960s and 1970s. Today many of the big European grocery retailers are making half of their sales or more outside their home country. Hypermarkets and discounters are the main drivers of this process; Carrefour, Auchan, Casino, Tesco, Metro, Aldi, and Schwarz Group (Lidl and Kaufhof), and the Spanish chain Dia, a former subsidiary of Carrefour, are at the forefront of this development (Zentes 1998).

During recent years, some international comparative studies have been published on employment relationships in the retail sector that attempt to explain the differences between single countries by differences in the respective national institutional environment (esp. Kirsch et al. 1999; Baret et al. 2000; Carré et al. 2008, which give a first overview of the results concerning retail from a research project funded by Russell Sage Foundation on low-wage work). Our project links to these investigations. We, too, assume that work and employment relations in retail enterprises are significantly influenced by their respective national institutional environment.

Our project aims at a comparative analysis of parent and subsidiary companies of selected multinational hypermarket and discount chains in different European countries. The main focus of our cross-national comparisons is on work and employment relations (industrial relations) of these internationally operating grocery retailers.

1.2 Theoretical framework

This study applies a comparative institutionalist approach to the analysis of work and employment relations in the home and host country operations of multinational grocery retailers, which posits that firms and their behaviour are shaped by the institutional environments in the respective countries the company is operating in.

We start from the assumption that multinational companies (MNCs) develop their business model primarily in their home country; here they are, just like all other firms in that country, affected by the respective national institutional environment. Maurice et al. (1984) called this the *effet societal*. Later, more general concepts developed encompassing the complete institutional environment of firms in a given country; Whitley (1999) called these national business systems, Hall and Soskice (2001) termed them varieties of capitalism (VoC). These institutional systems are thought to determine how companies organise their activities and especially their crucial relationships with other economic actors like owners, financiers, suppliers, customers and workers. Hall and Soskice (2001) focus on institutions in four separate spheres (or domains): corporate governance and finance, supplier relationships, vocational education and training, and industrial relations. They assume that there are two constellations with ideal complementarities between the institutions in these four spheres: One with institutions that coherently promote coordinated relationships in all spheres, i.e. coordinated market economies (CMEs); and one that coherently promotes arms length market relationships, i.e. liberal market economies (LMEs). Germany is understood to be a prototype CME, while the UK and Ireland (despite their differences) are seen as typical LMEs.

One criticism of these approaches is that the ideal types only fit a small number of countries and miss important **variety between countries** and that even within the two ideal types they are unable to capture the significant differences e.g. between Japan and Germany or the US and the UK (e.g. Kesting and Nielsen 2008). This has led to some other typologies where Germany and the UK usually are also ideal or proto-types, but a third type is added: Mediterranean market economies or state capitalisms (Schmidt 2003) like France (and Spain and Turkey) which are characterised by permanent state intervention in the various institutional spheres. Another example of a more differentiated approach to how and why market economies are coordinated was provided by Whitley (1999). He distinguishes six ideal types of national business systems (ibid). Germany is seen as a collaborative business system, while the UK is seen as a compartmentalised business system, and France (together with South-Korea) is described as a state organised business system.¹ Attempts to categorise Central European countries have led to the creation of a separate category: dependent market economies, due to the impact of foreign capital (Nölke and Vliegenthart 2009).

Another problem identified in the comparative capitalisms literature is that scholars assume uniform and similar impacts of national institutional systems on all companies within a given country. In particular, the theoretical foundations of the VoC approach relied heavily on comparisons of manufacturing firms, neglecting other important industrial sectors such as retailing and its sector specific differences in comparison to manufacturing. **Sectoral differences** within countries have only occasionally been discussed by institutionalist authors. Hollingsworth and Streeck (1994: 272) stated that: "... regimes of governance are shaped by sectoral properties, in particular the contingencies of technology on the one hand and products and product markets on the other. ... [These] modify the sectoral manifestation of national properties." Sectoral varieties within countries tend to be seen merely as modifications of

¹ The other types refer primarily to Asian countries and to industrial districts (like those in Italy).

more general national institutions or as modifying the effect of such general institutions. We, however, argue that institutions in the retail sector sometimes cannot only be interpreted as modifications of institutions in manufacturing but their effects in the retail sector might even be contrary to the latter's effects in manufacturing industries. Thus, most institutionalist scholars are much more interested in national variety within internationalised sectors than sectoral variety within countries. The latter is theoretically explored (cf. also Deeg and Jackson 2007; Lane and Wood 2009) but rarely empirically analysed. Hence many empirical internationally comparative studies, especially those that focus on a certain non-core sector like the fast-food industry (Royle 2004) or call-centres (Batt et al. 2009), make limited connections to the comparative capitalisms literature.

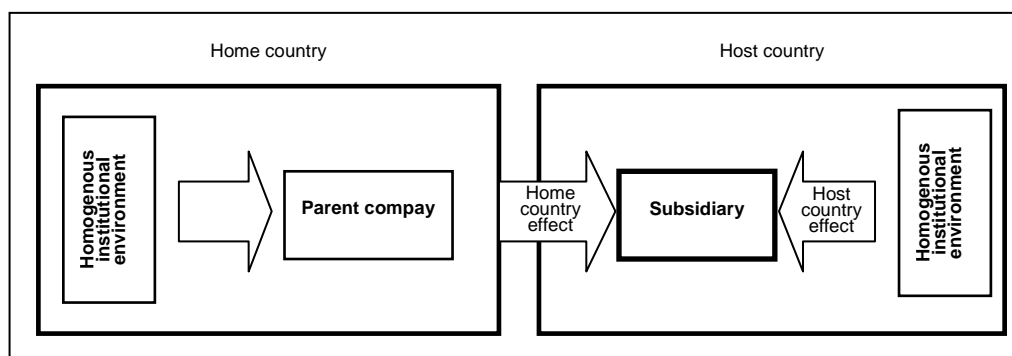
A related critique came from authors like Bosch (2000); Bosch and Kalina (2007) or Lehdorff et al. (2009) who are – similar to comparative capitalisms approaches – interested in a broad socio-economic analysis, but also want to go beyond the core manufacturing industries. Lehdorff et al. (2009: 109) state: “The institutions in the manufacturing sector are assumed to represent the whole of the system, although they actually constitute only one segment of the economy as a whole.” For an understanding of non-core industries they point to the relevance of other institutions, especially the **welfare state**. It seems obvious that institutions like child care, social security and family taxation have a significant impact on an industry like retailing that is dominated by female labour; while these institutions might be ignored when studying manufacturing sectors typically dominated by ‘male breadwinner’ employees. Esping-Andersen (1990; 1999) has developed a comparative typology of welfare states that characterises Germany as a conservative welfare state, Great Britain as a liberal welfare state and Nordic countries, including Finland, as social democrat welfare states. It has been extended by Ferrera (1996; also Esping-Andersen 1999) by a fourth type, the Mediterranean welfare state, where the family still undertakes the roles of social security and child care; this group also includes Spain and Turkey. But here too it is criticised that these typologies do not allow for enough country variety (O'Reilly 2005). While most researchers would agree on Germany as a conservative welfare state, the UK as a liberal welfare state and Scandinavian countries like Finland as social democrat welfare states, e.g. the case of France poses serious problems as a residual welfare state, frequently labelled as conservative, combined with extensive institutions for child care (Pfau-Effinger 2005). Poland seems to sit between a conservative and a Mediterranean type (de Frel 2009). The links between those institutions analysed in the VoC or NBS literature and welfare state institutions have been discussed (e.g. O'Reilly 2005; Rubery 2009), but no typologies combining the two perspectives have evolved. Following Bosch et al. (2009: 19) we agree that comparative research on non-core sectors needs to include welfare state institutions; whether their proposition to distinguish between three sectors of production (including finance and business related services), provision (incl. health and education, etc.), and consumption and distribution (including trade, hospitality, transport and telecommunication) remains to be seen.

Beyond the necessary extension of the relevant institutional spheres by adding the welfare state, there are still other institutional spheres; many of them **sector specific institutions**, which might only have an impact on companies in one particular sector. Thus, in retailing certain forms of regulation are very important: E.g. store opening hours greatly impact on the companies' relationship with customers (and with their own employees). Another important area are spatial planning regulations that discriminate against certain types of stores and thus favour the development of certain retail business models in a certain country (cf. section 2.2).

We are also rather sceptical about the argument that industrial sectors are to be understood as organisational fields where various coercive, mimetic and normative pressures towards isomorphism (DiMaggio and Powell 1983) lead to homogeneity. Alternatively, we assume that,

especially within food retailing, a **high level of intra-sectoral variety** still prevails. In the grocery sector, we find small mom-and-pop neighbourhood stores competing with large multinational chains of highly price competitive discounters or of big-box stores catering for car-borne one-stop shoppers. One reason for this is probably related to the structure of sectoral competition: grocery retailers do not only compete on product (quality, depth and width of assortment) and price but also on a third dimension: convenience achieved through location. Consequently, we assume that national institutions might have very different effects on different types of grocery retailers – in fact, sometimes institutions have been created as a reaction to the demands of certain retail sub-sectors, e.g. price maintenance, limited opening hours and restrictive planning regulations were all historically favoured by petite bourgeoisie or *Mittelstand* retailers in their attempt to restrict the emerging competition of larger chain store companies (cf. section 2.2).

We now turn to MNCs as organisational entities that span national borders and thus are active in different national institutional environments (cf. Ferner 1997). A broad literature on **institutional effects on MNCs** has evolved; much of this literature is interested in human resource management (Ferner et al. 2001; Almond et al. 2005; Edwards et al. 2007). These concepts start from the assumption that MNCs are primarily shaped by the institutions in their home country; it is here where they first develop their business models including a set of practices that makes them competitive in the market. It is then further assumed that MNCs are inclined to transfer these practices across borders to their subsidiaries, while these subsidiaries are at the same time affected by the institutional environment of the host country. Foreign subsidiaries of MNCs are thus influenced by what are called **home and host country influences**. This concept is visualised in the graph below.



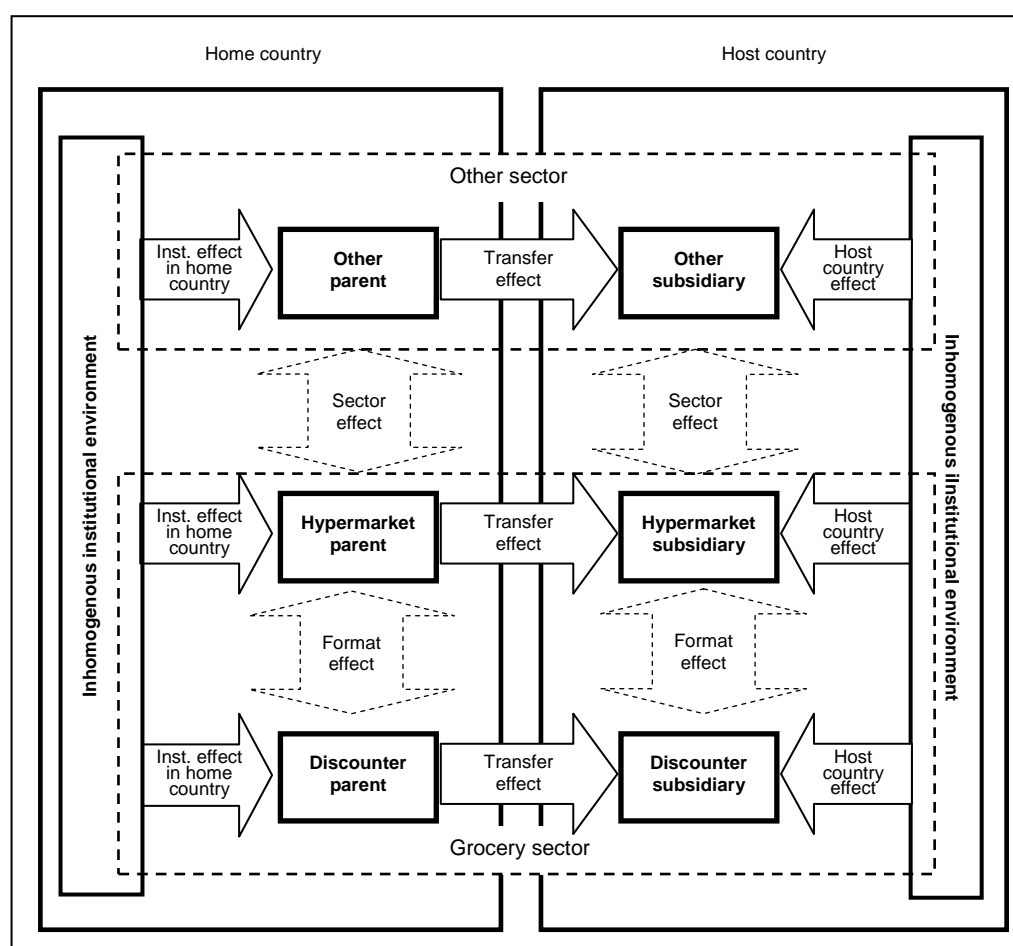
Usually these concepts assume a homogenous institutional environment in the MNCs' home countries that translates seamlessly into typical home country specific practices of the companies analysed (for an overview cf. Noorderhaven and Harzing 2003). Such an assumption is relatively unproblematic when the analysis focuses, as this literature does, on subsidiaries of manufacturing MNCs. But if the home country institutions that affect a MNC's home country operations are not homogenous, as we have proposed above, that model has to be extended.

Since we start out from the assumption that institutional environments in a single country are not homogenous and their effects on MNCs' home country operations can be quite different, it is necessary to look carefully at which and how institutions in the home countries of MNCs actually impact on the development of their business models and practices. Further, what is a relatively simple home country effect in the classical model of home and host country effects in our study has to be split up into two effects: first, a distinct **institutional effect in the**

home country impacting on the business model and practices of an MNC's home country operations; and second a **transfer effect** since the MNC then might attempt to transfer some of these home country practices to its subsidiaries. As explained above, for the grocery sector, we must even assume different effects or home country institutions and, consequently, also different transfer effects in various sub-sectors like hard discounters and hypermarkets.

Subsidiaries in host countries are shaped on the one hand by a transfer effect and on the other hand by the institutional environment of the host country. Just as in the home countries, in the host countries too institutional frameworks are not homogenous; again there can be inter- and intra-industry variance.

The graph below illustrates an extended model: the institutional environment in an MNC's home country affects the development of business models and practices (institutional effect in home country); MNCs attempt to transfer some of these to their foreign subsidiaries (transfer effect); combining these two effects might still be labelled as home country effects, but – and this is crucial – all these effects are not homogenous, but are sector and sub-sector (format) specific. These differences are labelled sector or format effect; these are theoretical constructs and do not indicate a causal relationship. Foreign subsidiaries are then also shaped by sector and sub-sector specific host country institutions.



The transfer effect also needs some further explication. It frequently is assumed that MNCs intentionally and strategically transfer practices and elements of their business model because they provide their operations with a competitive advantage. This puts a question mark over

the transfer of industrial relations practices, because here, the institutional environment of some home countries (like Germany) might be seen by an MNC's management as a restraint. It has been argued that MNCs might want to flee these institutions (like strong trade unions and works councils) and thus would certainly not attempt to transfer them to their subsidiaries (Bluhm 2001; Dörrenbächer et al. 2000; Dörrenbächer 2004). However, Ferner (1997: 30) has argued in favour of a softer impact of home country practices: "the personnel function's experience of 'shared authority' through the German co-determination system will colour managerial HR decision-making in a multinational context, notably in respect of employee participation and involvement." Thus even though German MNCs have not opted e.g. for a comprehensive transfer of the German works council system to the UK, they still might generally be more open to initiatives of employee representation, what could be interpreted as the transfer of a (liberal or social) managerial mindset and corporate culture.

Generally it can be assumed that the degree to which companies transfer elements of their home country business model to their subsidiaries abroad also depends on their **international strategy**. Usually, two ideal types of internationalisation strategies are distinguished: strategies with are aimed at a high degree of cross-border standardisation and integration, i.e. where home country effects prevail, are called 'ethnocentric' or 'global'. While strategies aiming at local adaptation and decentralisation, i.e. where home country effects prevail, are called 'polycentric' or 'multidomestic' (Perlmutter 1969; Porter 1986). This concept was first applied to the analysis of the internationalisation of retailers by Salmon and Tordjman (1989), who interpreted the international strategies of hypermarkets as multinational showing a high level of adaptation to local markets. In section 2.3.1 we will show that the international strategy of discounters, in contrast, is based on a high degree of cross-border standardisation and thus can be interpreted as global. We would thus assume that the transfer effect is relatively weak in hypermarket MNCs and relatively strong in discounters.

1.3 Selection of countries and companies

It would have been ideal, if our sample could contain four MNCs: two MNC representing the discounter and two the hypermarket format; one of each originating from two different home countries, e.g. Germany and Britain; and having four subsidiaries in each of the other four host countries. However, such a supreme research design could unfortunately not be found in the 'real world'. The internationalisation of most of the grocery firms, especially of the large formats, was a rather selective process. We find that while some discounters like Lidl and Aldi have developed truly pan-European operations, the internationalisation of the hypermarkets in Europe concentrates mainly on emerging markets in East and South European countries, and a few exceptional entries into neighbouring countries, e.g. Tesco in Ireland (for why this is so, cf. section 2.3.1).

Given these circumstances, we proposed to cover the largest possible range of home and host countries in order to study and compare the diffusion of two internationalisation formats (hypermarkets and discounters). Accordingly, we did opt for two hypermarket chains: Tesco from the UK (with the hypermarket format 'Extra') and Real from Germany (which belongs to the Metro Group). Despite the fact that we did not have a French team in our project, we additionally chose Carrefour from France for several reasons: France is the home country of the largest number of big grocery MNCs, especially in the hypermarket sub-sector; and while France is certainly does not have a social democratic welfare regime, its extensive institutions for child care make it very different from Germany and the UK, while in terms of the VoC approach it represents the (less developed) third category of a Mediterranean market econ-

omy.² At the discounter level we aimed to study either Lidl or Aldi from Germany and Dia from Spain, basically because these are the by far most relevant international hard discount chains; Dia used to be a subsidiary division of Carrefour, but was made independent in 2011. However, after our second project coordination meeting, we made the decision to concentrate on Lidl, because we were more successful in gaining access to this firm in most of the countries, except in Poland where we had some difficulties. This problem could be partly compensated for by the addition of Lidl Finland³ to our study, where research partners had very good company access, including to top managers. We also did some research in stores of our second discounter, Dia, but got only access to stores in Spain and not in Turkey (please see also next section for more information regarding our research team and process).

A summary of our company selection, three hypermarkets (Carrefour, Metro Real and Tesco) and two discounters (Lidl and Dia) which have been studied in seven countries are outlined in the table below.

Table: Country presence of sample companies

DE	UK	IE	ES	PL	TR	FI
Metro Real				Metro Real	Metro Real	
	Tesco Extra	Tesco Extra		Tesco hyp.	Tesco hyp.	
			Carrefour hyp.	Carrefour hyp.	Carrefour hyp.	
Lidl	Lidl	Lidl	Lidl	Lidl (prob)		Lidl
			Dia		Dia (prob)	

(prob) indicates access problems

1.4 Research process

1.4.1 Team

As indicated in the table above, we had research teams in seven European countries; Holm-Detlev Köhler and Yvonne Rückert in Spain, Michael Wortmann in Germany, Tony Royle in Ireland, Jan Czarzasty in Poland, Deniz Kağnicioğlu and Banu Uçkan in Turkey, Mike Geppert and Karen Williams in the United Kingdom, and Olli Rusanen and Mika Skipari in Finland. Six of the seven country teams were funded by the Hans Böckler Foundation, as originally proposed. We also got in touch with potential additional project partners in Finland. We received an invitation to Helsinki, in November 2010, where Michael Wortmann and Mike Geppert attended a joined workshop and had the chance to present our project ideas and initial findings. We then agreed in consultation with the HBS and our other team members that our two Finnish colleagues should become new externally funded members of our research team, from the beginning of 2011 onwards.

² It turned out to be of great importance for the project to conduct a supplementary analysis of employment and industrial relations at Carrefour in France. However, we included on existing research (e.g. of Askenazy et al., 2008 and others) on the company and France is part of our additionally industrial sector analysis (see section 2.2.2).

³ The addition of this Scandinavian country with a social democratic welfare regime proved to be very useful. It helps us to understand the role that stronger regulation and welfare state institutions of host countries can play.

1.4.2 Research process, meetings etc.

Seven research teams based in the seven selected European countries have been the core of our project. All country based researchers conducted case studies for their countries. These have been compared systematically cross-nationally and across the two formats (hypermarkets versus discounters). This approach enabled the researchers to develop in-depth knowledge about his/her specific national societal context. Each of our country research teams was made up of national experts in the field of work and employment relations, who of course also had the necessary language skills to conduct this kind of analysis. All research activities required effective and continuous coordination and management. This was carried out by two researchers which were based in the UK: Mike Geppert, the project's principal investigator, and Michael Wortmann, our deputy project leader, who also acted as country expert for Germany and was responsible for the *overall industrial sector analysis*. The daily and continuous project coordination was organised via electronic and telephone communication. Additionally, the project was also structured by four coordination meetings and along four phases of research.

First coordination meeting and pilot phase

We started our project at the 1st of May 2010 and had a consolidating meeting of core project team from six countries. The meeting took place on 27/28th of May 2010 in Guildford, as part of our pilot phase. The aim of meeting was to discuss research goals and methods of the project in detail within the core team and to develop a list of dimensions, which can later on be analysed and compared across countries and companies. The aim of this phase was to collect and analyse first information about developments within the food retail sector in each of the six core countries, i.e. about the employment structures, the wage systems in the local branches /subsidiaries of the MNC etc., and about the national institutional contexts, such as the importance and contents of collective bargaining agreements, role of trade unions, works councils, national specific forms of education and training and welfare state structures.

Second coordination meeting

The first coordination meeting took again place at the lead applicants' institution, the Surrey Business School in Guildford, on the 16/17th of October 2010. The aim of this meeting was to discuss and further develop information and ideas brought forward by each of the core team members for his/her home country and for the European level. Moreover, we discussed the summarised *preliminary country reports*, and especially compared information regarding different national institutions and identified knowledge gaps which needed to be addressed in the upcoming first intensive field research phase.⁴

The meeting also made a final decision regarding our company selection, as already mentioned, and prepared our first intensive field research phase. We especially concentrated our discussions on the structure of our company and country case studies. We discussed and refined the dimensions of our empirical research in order to improve the comparability of country and company cases when analysing work and employment relations.

First field research phase

The main task for the first field research phase was to develop first versions of company case studies, i.e. preparing, conducting, documenting and interpreting interviews at the subsidiaries and stores of the selected MNCs.

⁴ Our project ideas and a summary of our *preliminary report* were also presented at the first HBS Board Meeting (Beiratssitzung) on 14th of January 2011 in Düsseldorf.

The interviews of all research teams mainly focused on trade unionists and employees but also included local managers, team leaders and store manager, as well as HR managers. The interviews were based on semi-structured guidelines, but guidelines were frequently locally adapted, depending to the function of the particular interviewee and the host country.

We were also aware from the beginning that it might be difficult to get access to and conduct interviews within certain companies, especially in discounters, where it is common to intimidate, closely control and survey employees, including managers. Thus, as already mentioned, we did not get access to Lidl in Poland and Dia in Turkey. Access to hypermarkets was usually easier and worked best at Tesco, where we had access to top management in the headquarters and leading local managers, other employees and to the union. For both, hypermarkets and discounters, we were also able to rely on the so-called 'snow ball effects' i.e. first interviews with trade unionists as well as employees and managers did lead to and enabled further possibilities to conduct more interviews.

Interviews were taped, if the interview partners agreed. If not we took notes during the interviews. However, we also did full transcriptions of interviews only occasionally, given funding restrictions. During our first research phase first drafts of 16 company and 6 country case studies were composed, based on the structure we agreed to during our 2nd coordination meeting. All materials were shared and exchanged between all researchers of our team.

Third coordination meeting

This coordination meeting took place on 6/7th of June 2011 in Galway and was co-funded by the National University of Ireland Galway. It aimed to present and discuss our temporary research results of the first half of the project. We also discussed the first draft of the Retail Industry Background Study (see section 2) prepared by Michael Wortmann. Based on these discussions, we were able to structure and coordinate the second field research phase. During the meeting we discussed important questions which remained open so far and which needed to be explored further in more detail. During this meeting we discussed and decided about the structure of our company and country case studies. This was quite an important decision because it not just increased the focus of our study but also aimed to ensure that we were able compare our findings across countries and companies in our final report.

Second field research phase

The second phase continued previous research which started with the pilot study and focused on problems, questions identified and refinements made at our third coordination meeting. We conducted some more interviews per country. These were processed in the same manner as in our 1st field research phase. Additionally Michael Wortmann and Mike Geppert have been in contact with Ver.di and UNI Commerce who not just supported our project by providing documents and information, but also invited us to the UNI Commerce conference on 9/10th of June 2011 in Madrid which helped us to make additional contacts to potential interviewees. This also inter al. enabled us to conduct an in-depth interview with the main union delegate at Carrefour France in order to close some information gaps on the home country operations of one of our sample companies (Michael Wortmann). Our new research results were integrated within the existing case study drafts.

During this phase we also prepared an *interim report* for the HBS, based on updated case studies and reports of our team, focussing on industrial relations at the hypermarket companies of our sample. This was discussed at the 2nd HBS Board Meeting on the 30th of September 2011 in Düsseldorf.

Fourth coordination meeting

At our final team meeting in Berlin on 9/10th of January 2012, which also included our two Finnish team colleagues, we started to collect and further develop ideas regarding the key findings of our project. The key goal of this coordination meeting was the discussion of our central findings within the research team and also the synchronisation of our core results and the structure of the final report for the Foundation. We also discussed and developed some ideas for joint research papers based on the empirical results of our study. Three of these paper ideas have been presented at a pre-conference workshop on ‘Work, Organisation and Employment in the Retail Industry’ at this year’s EGOS colloquium in Helsinki. The one-day workshop took place at the 3rd of July 2012 and was organised by three members of our international research team; Mika Skippari, Michael Wortmann and Mike Geppert. Mike Geppert also took part at the ETUI workshop on Retail and Sustainability in Brussels on 5th of June 2012.

Final research phase

In our two final project phases⁵ we collected missing data in order to write up and edit the final report in English language. This was the main task for Mike Geppert and Michael Wortmann. Moreover, the Retail Industry Background Study (section 2 of this report) required some revisions and needed to be updated in preparation for the final report.

Time schedule

In regard to research phases and coordination meetings, explained above, we have applied the following time schedule:

1 st Consolidation meeting	27/28 May	
Pilot phase	May to Oct 2010	6 months
2 nd Coordination meeting	15/16 Oct 2010	
1 st Field research phase	Oct to June 2011	8 months
3 rd Coordination meeting	6/7 June 2011	
2 nd Field research phase	July to Dec 2011	6 months
4 th Coordination meeting	9/10 Jan 2012	
1 st Final phase	Jan to April 2012	4 months
2 nd Final phase	May to Oct 2012	6 months

1.4.3 Empirical research: interviews

Within the research project, a total of 153 interviews were conducted in the original countries; one interview was conducted in France (for interviews in Finland cf. end of section 5.16). Most interviews (91) were conducted with employees at stores, ranging from cashiers and store assistants to store managers. 14 interviews were conducted with company managers

⁵ The project has been ‘cost neutrally’ extended for 6 months by the HBS, after its official termination at the end of April 2012 to ‘fill’ remaining research gaps and work on planned research papers.

(including HR managers) above store level, and 11 others with (joint) works council members or (joint) company union representatives above store level.

Field interviews for case studies

		DE	UK	IR	ES	PL	TR	FR
Real	management above store level	1				1	1	
	store level	3				5	4	
	company union, works council	2				1		
Tesco	management above store level		4	0			3	
	store level		7	15		7	7	
	company union, works council					3		
Carrefour	management above store level				0	1		
	store level				6		5	
	company union, works council					4		1
Lidl	management above store level	1	2	0	0			
	store level	4	7	7	6			
	company union, works council							
Dia	management above store level				0			
	store level				8			
	company union, works council							
trade union officials		7	6	8	9	1	3	
employers associations		1			1			
others		1		1				
Total		20	26	31	30	23	23	1

1.5 Report overview

The report is organised in the following way. The next section (2) will give an overview of the varieties of retail development first in the home countries and then in the host countries of our study; it will also analyse patterns and strategies of discounter and hypermarket internationalisation.

The next sections will then present some main results of the project. Section 3.1 presents a comparative analysis of industrial relations at the three hypermarket companies. Section 3.2 focuses on management structures and skills, while section 3.3 analyses the organisation of working time, including the problem of part-time work, across all companies and countries of our sample. Finally, a fourth section (3.4) will focus on Lidl across six countries.

These comparative analytical sections will be followed by the country studies (4.1 to 4.7) and the company cases (5.1 to 5.17). Section 6 will summarise the main findings and draw some conclusions.

2 Grocery Industry Background Study

2.1 General developments

Self service slowly emerged in some European countries since the 1950s, after it had spread in the US in the 1930s. The leading country was Great Britain; but, in the 1970s, self service had become dominant in grocery retailing in all advanced West European countries. By the end of the 1970s, the next retail revolution began: information and communication technology began to transform retail processes. The European Article Number (EAN) system was introduced in 1978 (following the American Universal Product Code of 1973) and the first European scanner checkout was introduced by the Austrian retailer Billa in 1979.⁶

The introduction of IT systems had fundamental impact on the organisation of retailing, similar to lean production in manufacturing. In the grocery segment, most of these are discussed under the headline of Efficient Consumer Response (ECR) (cf. Möll and Jacobsen 2002; Fernie 2009; Reyes and Bhutta 2005). By cooperation based on sharing data generated at the point of sale (POS), possibly also including information from customers' loyalty cards, retailers and the suppliers of fast moving consumer goods (FMCGs) can mutually benefit.⁷ Costs in the supply chain can be reduced by coordinating logistics and replenishment similar to just-in-time concepts in manufacturing; specific retail concepts are automated replenishment and vendor managed inventory. But other more qualitative benefits might also be gained reaching from restructuring assortments to the needs of customers, product presentation and promotions; retailers might hand over responsibility for category management to so-called category captains.⁸ Cooperation might even lead to product innovation by suppliers based on detailed knowledge of consumer buying behaviour derived from POS data (Seifert 2006). With discounters the situation might be very different. Their assortments are dominated by their own private labels and their relationships with suppliers are much more straight forward and dominated by the retailer (Ahlert and Berentzen 2010). Information on the details of supplier relationships in this area is very scarce.

In some older studies referring back to the 1980s (Behrens 1992) German grocery retailers' relationship with suppliers are generally described as highly non-cooperative and conflictive, very much dominated by annual buying negotiations (*Jahresgespräche*) that focus on prices and *Konditionensysteme* dealing with complex terms of payment, modes of delivery, and numerous other terms and conditions. The (relatively) conflictive character of supplier relations clearly distinguishes retailing from the findings of comparative capitalisms literature focusing on manufacturing "that relational contracting is more typical in Germany, whereas adversarial contracting is more likely to characterize British supplier relations" (Lane 1996: 288).

Walker (1994; also Fernie 1995) summarises the main findings of a comparative European study funded by Coca-Cola Corp.: Channel stock in the UK was only 28 days, compared to

⁶ Aldi introduced scanner checkouts only after the year 2000.

⁷ In combination with standardisation processes in logistics (e.g. of containers, pallets, and even product packaging sizes) this has lead to an increased efficiency in distribution. Direct delivery from factories (or manufacturers' warehouses) to stores has been replaced by retailers' regional distribution centres. These increasingly operate as cross docking stations, where suppliers' pre-sorted (pre-commissioned) pallets or trays containing a commission of products designated only for one specific store are reloaded (without storing) from incoming trucks to trucks going only to one or a small number of stores.

⁸ This was pioneered by Wal-Mart and Procter & Gamble in the late 1980s (Roberts and Berg 2012).

France with 43 and Germany with 46 days, indicating that throughput time of the German supply chain was nearly twice as long as in the UK, where retailer-supplier relationships have frequently been described as very cooperative (e.g. Wrigley and Lowe 2002). Unfortunately no more recent comparative studies seem to be available.

Despite common trends in retail technology, corporate concentration and growing store size, retail development has taken very different forms in different – developed/mature and emerging – markets.

2.2 Varieties of grocery retail development

If we look at the three home countries of the MNCs in our sample, France, the UK and Germany, striking differences in the grocery retail structures appear.

In France, huge hypermarkets dominate the grocery sector. Hypermarkets are defined as very large stores, i.e. above 5,000 m² of sales space (though statistically sometimes a 2,500 m² threshold is used); the biggest hypermarkets are around 20,000 m². Food and non-food assortments take up roughly half of their sales space. They carry usually at least 40,000 different items or stock keeping units (SKUs). The first hypermarket was opened by Carrefour in 1963 (cf. below).

In the UK the dominant format are superstores. These are somewhat smaller than hypermarkets, usually between 3,000 and 7,000 m²; and they are much more focused on food. These stores developed more gradually in the late 1960s from supermarkets becoming bigger and bigger.

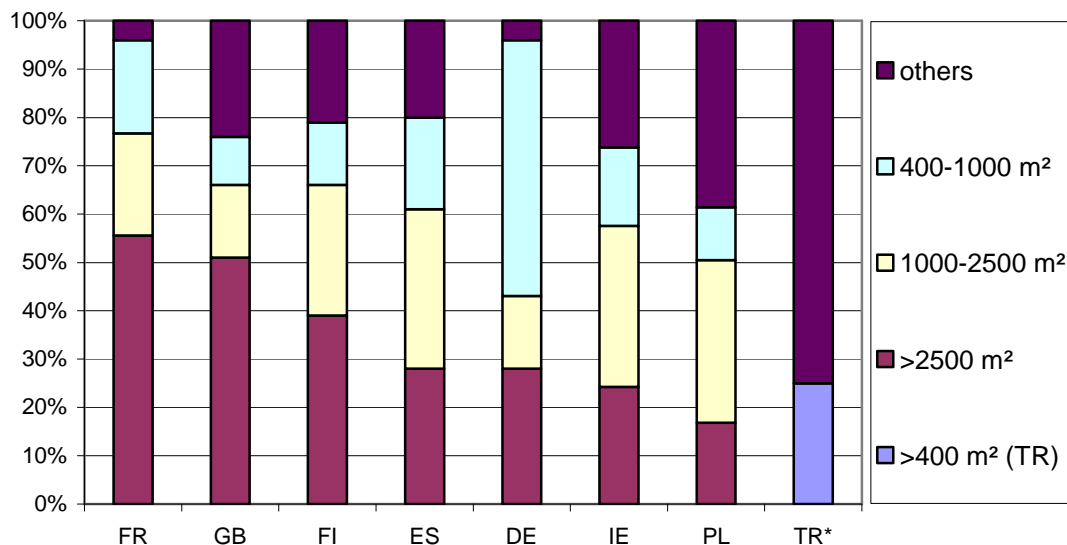
In Germany still another format is quite dominant: hard discounters. These are relatively small stores traditionally of up to 800 m², but recently also a bit larger. They offer a flat regular assortment of a few hundred SKUs – today ranging from around 700 at hard discounters to over 2,000 at softer discounters, supplemented by some continuously changing non-food offers. The first discount store was opened as Aldi by the Albrecht Brothers in 1962.

The table below illustrates these differences. Large stores, hypermarkets and superstores respectively, take over 50% of the market in France and the UK while in Germany discounters have a market share of about 40% (for details see the country analyses below).⁹ These differences can be explained by different forms of spatial or urban planning which themselves are deeply rooted in institutional legacies of the different countries.¹⁰

⁹ Still in other countries, not in our sample like the Netherlands, supermarkets still prevail.

¹⁰ There is a broad stream of literature available that describes the different national retail planning systems that have emerged and have shaped the structure of the retail industry in the various countries (edited volumes by Boddewyn and Hollander 1972; Davies 1979 and 1995; Howe 2003; Colla 2008); but their comparison is quite superficial and they fail to analyse why the different national institutions and regulations emerged.

Graph: Grocery market share according to store size in 2009



Notes:

There is no distinction between hypermarkets and superstores, both having over 2500 m² sales space
discounters are included in the 400-1000 m² category

data on 'others' might not be fully comparable, and might exclude very small stores (<100 m²)

Source: Nielsen Company 2011; * data on Turkey are a rough estimate based on JP Morgan 2007

In the case of France with a long tradition of syndicalist *petite bourgeoisie* movements, Berger (1977) has shown how the threat of the radicalised and increasingly militant post-Poujadist retailer movement CIDUNATI (*Confédération Intersyndicale de Défense et d'Union Nationale des Travailleurs Indépendants*) led by Gérard Nicoud had achieved a law (Loi Royer) in 1973 that imposed an administrative approval procedure to the planning and opening of new larger stores, installing local commission made up by local retailers and consumer representatives. But, these regulations introduced by the state to (successfully) appease social unrest were of a somewhat symbolic nature; and Cliquet (2000) has argued that despite independent retailers' resistance the big retail companies were soon able to exert their influence on the decisions taken by these commissions; and thus the growth of ever bigger stores went relatively unrestricted. Requirement of approval was extended in 1996 to even smaller stores of over 300 m², seemingly directed against German hard discounters (Colla 2003; Askenazy and Weidenfeld 2007).

In Britain the development had been very different; here in a deeply rooted liberal environment, the *petite bourgeoisie* never received much special treatment (Crossick 1984; Shaw et al. 2000). A consistent explanation of the characteristics of retail regulation in Great Britain and its outcome seems to be missing: here superstores, some kind of a huge supermarket, but smaller than hypermarkets and carrying only a limited non-food assortment, a retail format not to be found elsewhere in Europe (own interview with a senior Tesco manager), are dominant. Starting points for an explanation might be seen in the tradition of case law – as opposed to statutory law – which might, as suggested by Nadin and Stead (2008), favour incremental change of planning regulations and practices, and in the generally very restrictively handled planning permissions by local authorities. An element of British national regulations (PPG6, PPS6) that guide local planning – surprising from a capitalist varieties perspective seeing the UK as a LME – is that they require a needs test, asking new retailers to demonstrate that there is sufficient demand for the specific offer of their stores (Guy 2007).

In Germany the *petite bourgeoisie* or Mittelstand, including shopkeepers, has historically had a very strong position (Gellately 1974; Winkler 1991), and repeatedly received government

protection against new forms of competitors: Before the First World War restrictive measures on pedlars, labour movement's consumer co-operatives as well as a special tax on department stores were introduced (Blackbourn 1984; Spiekermann 1999). While the 'old' *Mittelstand* only played a minor political role during the first years of the Weimar Republic, this changed with the economic crisis when first measures issued in 1932 were extended by the retail protection law (Einzelhandelsschutzgesetz) from 1933 that restricted the opening of new stores, and declared consumer cooperatives, single price stores and department stores 'unwanted' retailers (Winkler 1991). Several of the regulations from the Einzelhandelsschutzgesetz remained in place in the Federal Republic; but some regulations were ruled unconstitutional by the Constitutional Court as contradicting the principle of *Gewerbefreiheit* (Scheybani 1996). When the competition from big-box green-field stores increasingly threatened traditional retailers (frequently organised in the industry association HDE but also in buying groups; Wein 1968) again received a protective regulation from the German government introducing an amendment of the planning (or zoning) ordinance in 1968.¹¹ The new §11 Absatz 3 of the Baunutzungsverordnung (BauNVO) limited the construction of new stores outside city centres with a potential supra-regional impact to special zones (*Sondergebiete*) that require a complicated planning procedure. This regulation, different from the French regulation of 1973, was further specified more restrictively by amendments to BauNVO in 1977 and 1986 finally limiting the maximum sales space for most non-down-town retailers to effectively around 800 m². But, contrary to the UK, the principle of *Gewerbefreiheit* did not allow for restrictions of new store openings or of a needs test for certain product offers. Thus, the mode of regulation basically restricting the size of most new stores created a niche for new and more competitive smaller store formats: the growth of hard discounters was as an unintended result of this regulation (cf. Wortmann 2004; 2011a).

Thus legacies in a sector specific institutional sphere not accounted for by VoC approaches have been decisive in determining the retail structures of advanced countries. In the following sections we will briefly look at grocery retail developments in the countries involved in our investigation.

2.2.1 UK

Grocery retailing in the UK is dominated by the 'big four', Tesco, Sainsbury's, Asda and Morrisons; Tesco alone has a market share of around 30%. All four companies are primarily operating superstores (according to IGD a total of only some 1200 in the whole UK in 2011¹²), even though especially Tesco has diversified into other formats, including hypermarkets and also convenience stores (cf. below). Asda, the British pioneer in large scale stores for many years, was taken over by Wal-Mart in 1999, also operates hypermarkets. The other leading three grocery retailers are stock listed.

Hard discounters have entered the UK market in the early 1990s. Aldi and Lidl are growing continuously; their combined market share is around 6%; while Dansk Supermarked's Netto recently sold its stores to Asda.

¹¹ One might even go further and speculate, as Winkler (1991: 114f) seems to do, that the radicalisation of the traditional *Mittelstand*, including independent retailers, that occurred during the first economic crisis of post-war Germany in 1966/67 and the success of the Nazi party NPD at various state level elections during these years were an additional motivation for the German government to turn to *Mittelstand* protectionist measures. But to make this argument would require further evidence.

¹² Exact numbers are difficult, because IGD definitions only refer to store size; for superstores 2,250 to 5,400 m².

Table: Leading grocery retailers in the UK (2011)¹³

	main formats	grocery sales (€m)	number of grocery stores
Tesco	supers, hypers, conv	42,287	2,986
Sainsbury's	supers, hypers	22,594	1,032
Asda	supers, hypers	21,253	514
Morrisons	supers	17,463	469
Co-operative	supers, conv	7,430	2,850
M&S	(cf. Text), conv	5,510	688
Waitrose	supers	5,230	279
SPAR UK	conv	2,919	2,575
Musgrave	supers, conv	2,860	2,436
Iceland	frozen food specialist	2,494	796
Aldi Süd	discount	2,451	430
Schwarz Group	discount	2,449	610

Source: IGD

2.2.2 France

In France, retail change started somewhat slower than in the UK, but eventually came even more as a revolution. This began in 1963, when Carrefour set up the first *hypermarché*; Carrefour (cf. below), Auchan and E. Leclerc take most of their French sales from hypermarkets. Carrefour and Casino are stock listed; about 20% of Carrefour are owned by the (increasingly impatient) equity investor Blue Capital. Auchan is family owned. E. Leclerc, just as Système U and Les Mousquetaires (Intermarché; mainly supermarkets) are voluntary chains of independent retailers, each operating only one or a small number of stores. These organisations only developed in the 1960s in reaction to the emergence of national retail chains.

Attempts of French retailers to develop their own hard discount formats were not overly successful – with the exception of Promodès' Dia in Spain (cf. below). Aldi and Lidl entered the market in the late 1980s; and Lidl today clearly is the market leader in the French discount grocery segment.

¹³ Data from IGD might differ from other published data, since IGD attempts to exclude all non-grocery sales as well as cash & carry markets.

Table: Leading grocery retailers in France (2011)

	main formats	grocery sales (€m)	number of grocery stores	grocery market share
Carrefour Group	hypers, supers, conv	42,924	4,494	20%
E.Leclerc	hypers	33,555	559	15.6%
Casino Group	supers, hypers, discount	24,576	9,156	11.5%
Les Mousquetaires	supers	22,244	2,557	10.4%
Auchan Group	hypers, supers	19,524	536	9.1%
Système U	hypers, supers	13,751	1,021	6.4%
Schwarz Group	discount	7,219	1,605	3.4%
L. Delhaize Group	hypers, supers	7,042	216	3.3%
Aldi	discount	3,497	1,035	1.6%

Source: IGD

2.2.3 Germany

Two of the leading German grocery retailers, Edeka and Rewe, are buying groups of independent retailers who own these enterprises, each with a long history. The existence of these strong organisations distinguished Germany from France and the UK in the 1960s, when new big-box competitors appeared. These independents operating mostly supermarkets are still very important at Edeka but less so at Rewe. Both companies have diversified into discount chains (Netto and Penny, respectively) which are owned by the group. But the discount segment is dominated by Aldi (consisting of Aldi Nord and Aldi Süd) and Schwarz Group's Lidl (cf. below). Most discount chains, that copied the Aldi model, were founded only in the 1970 and have grown continuously since then.¹⁴ Today they have a market share of nearly 40% (ACNielsen 2011).

Hypermarkets (SB-Warenhäuser) emerged in the 1960s; but their growth was restricted by planning legislation. The market leader is the late entrant to this segment Schwarz Group (mostly under the Kaufland fascia) followed by Real, belonging to Metro Group (cf. below).

Table: Leading grocery retailers in Germany (2011)

	main formats	grocery sales (€m)	number of grocery stores	grocery market share
Edeka Group	supers, discount	40,310	12,236	24.3%
Schwarz Group	discount, hypers	28,956	3,987	17.4%
Rewe Group	supers, discount	26,450	9,844	15.9%
Aldi	discount	22,267	4,300	13.4%
Metro (Real)	hypers	8,300	316	5.0%

Source: IGD

2.2.4 Spain

Spanish economic development clearly lagged behind most North-West European countries. Retailing in the 1950s – and far into the 1970s – was characterised by the dominance of small independent shopkeepers and self service developed relatively late (Guerin 1964; Maixe-Altes 2009). The rapid retail change that occurred from the mid 1970 looks very similar to the 'supermarket revolutions' (Reardon and Hopkins 2006) that changed retail structures little later in many emerging markets all over the world. In Spain too, foreign investors, like Carrefour

¹⁴ An additional trigger, besides the planning legislation (cf. above) was the abolition of price maintenance in 1974.

(1973) and Promodès (1975) followed by many others in the early 1980s, played a major role in the process; and hypermarkets were a driving element.

The foreign competition initiated a process of consolidation, led by Eroski, a consumer co-operative, and Mercadona, which was founded only in 1977 and increasingly focuses on private labels and low prices. Spanish retailers like Eroski and El Corte Inglés (Hipercor) also began to operate their own hypermarkets. The share of modern self-service formats (>100 m²) rose from 19% in 1973 to 50% in 1983 (Maixe-Altes 2009).

French Promodés (later merged with Carrefour) had also started the discount chain Día in Spain in 1979 (cf. below). Lidl entered the market in 1994; two other German discounters, Tengelmann's Plus and Rewe's Penny also entered in 1994/95, both not very successful. Aldi came in 2002.

In 1996, the Spanish government introduced the Ley de Ordenación del Comercio minorista, that regulated several aspects of retailing in Spain, delegating the details of regulation to the Autonomous Regions. New stores with more than 2,500 m² sales space now had to apply for approval from municipal authorities and from the Autonomous Community, who amongst other criteria had to consider the effect of the new store on the commercial viability and the existing stores of the area. It seems that this regulation has added to the slow-down of hypermarkets; the market share of hypermarkets has not increased since the late 1990s. In 2009 this regulation was slightly liberalised and more discretion was devolved to the Autonomous Communities.

Table: Leading grocery retailers in Spain (2011)

	main formats	grocery sales (€m)	number of grocery stores	grocery market share
Mercadona	supers	16,448	1,356	17.1%
Carrefour Group	hypers, supers	9,586	329	10.0%
Eroski	supers, hypers, conv	6,674	1,576	7.0%
El Corte Inglés	hypers, some others	4,639	405	4.8%
Auchan Group	hypers, supers	4,442	324	4.6%
Dia	discount	4,143	2,776	4.3%
Schwarz Group	discount	2,637	539	2.8%

Source: IGD

2.2.5 Ireland

With the rapid economic development of Ireland since the late 1980s retailing in Ireland also changed dramatically. But, until today, the vast majority of grocery stores are run by independent shopkeepers. Many of them are organised around strong voluntary groups. Musgrave, Ireland's No.1 retailer, developed from a grocery retailer to a wholesaler that in the late 1950s already supplied about 2,000 independent grocers. Since the 1980s, group members were divided into different brands/fascia according to their format, e.g. SuperValu for supermarkets and Centra (with different sub-brands) for convenience stores. Musgrave also runs a cash & carry business that also supplies some franchised convenience retailers (DayToday, Day-break).¹⁵ Other voluntary chains are BWG/Spar, Barry Group (Costcutter, Quickpick). ADM (Allied Dublin Merchants) was set up as a retailers' cooperative in 1957 and now operates the

¹⁵ Since 2000 the group has also internationalised, buying Dialsur (Dialprix Supermarkets and Dialsur Cash & Carry) in Spain and Londis, the biggest voluntary chain in the UK (Londis and Budgens).

voluntary chain Londis in Ireland. Some of the voluntary chains together with some independent retailers cooperate in the Stonehouse buying group.

There are only two Irish owned vertically integrated grocery chains: Superquinn is a supermarket chain founded in 1960, while Dunnes, founded in 1947, operates a kind of department stores consisting of a food and a textile department (similar to Marks & Spencer).

Today there are four foreign chains operating in Ireland: Marks & Spencer entered the country in 1979. Tesco, after a first unsuccessful market entry in 1979, bought the Irish chain Powers Supermarkets (Quinnsworth, Crazy Prices) from British food conglomerate Associated British Foods in 1997, rebranded these stores and then expanded the chain by setting up new big stores; its first hypermarket was opened in 2005 in Coolock, north of Dublin. Finally, the German discounters Aldi Süd and Lidl both entered the Irish market in 1999.

This has lead in 2000 to the introduction of new “Retail Planning Guidelines, which set upper limits on store size and set down guidelines for planning authorities in assessing retail development proposals. The limits on food store size were 3,500 square metres in the Greater Dublin area, and 3,000 square metres in the rest of the county. The maximum size of any single retail development was set at 6,000 square metres. The objective was to prevent the growth of hypermarkets and large superstores” (Foley 2005: 126).

Today the voluntary chain Musgrave clearly is the market leader, followed by Tesco.

Table: Leading grocery retailers in the Republic of Ireland (2011)

	main formats	grocery sales (€m)	number of grocery stores	grocery market share
Musgrave Group	supers, conv	4,059	880	28.9%
Tesco plc	supers, hypers	2,824	138	20.1%
Dunnes Stores	(cf. text)	2,070	83	14.8%
SPAR International	supers	1,182	447	8.4%
Aldi Süd	discount	674	88	4.8%
Schwarz Group	discount	554	144	4.0%

Source: IGD

2.2.6 Poland

In socialist times, Poland had a very small retail sector dominated by state owned and (state controlled) co-operative stores. The early 1990s were characterised by the privatisation of small stores (including the privatisation of premises or leasing premises) and the opening of an additional large number of small (and smallest) retail units. The number of stores (all segments) grew from 152.100 (1989) to 311.000 (1991) and reached its peak level of over 450.000 in 1998 (Karasiewicz and Nowak 2010).

Following rapid privatisation, foreign retailers entered Poland in large numbers, buying smaller local companies and/or setting up new stores. The first foreign investors were Belgian GIB (‘Globi’) and Austrian Billa; followed by Reitanen, Metro’s C+C, Ahold, Tesco (cf. below), E. Leclerc, Tengelmann, Dohle, Rewe, Casino, Auchan, Carrefour and Jeronimo Martins. Foreign investment added to a steep rise of new formats, and a growing average size of stores.

After 2000 a phase of concentration and consolidation began (Karasiewicz and Nowak 2010). As competition intensified economies of scale especially in sourcing became important leading to a wave of mergers and acquisitions (and retreats of several foreign companies). The hard discount chain Biedronka, set up with assistance from former Aldi manager Brandes and

owned by the Portuguese group Jerónimo Martins took over stores from Metro (Tip), Reitanen (Rema 1000), Royal Markets (local chain) and from Tengelmänn (Plus). Tesco took over hypermarkets from German Dohle (Hit), supermarkets from Austrian Julius Meinl and discount stores from Casino (Leader Price). Carrefour bought supermarkets from Rewe (Billa), as well as hypermarkets (Hypernova) and supermarkets (Albert) from Ahold, and through the acquisition of Belgian GIB in 2000 also acquired their Polish supermarkets (Globi). Metro's Real finally took over hypermarkets from Casino (Géant). Foreign owned companies dominate the Polish grocery sector, as they do in several Central East European countries.

There were 222 large stores ($>2,500 \text{ m}^2$) in Poland in 2006 (ACNielsen 2007). In May 2007 the Polish government introduced regulations to limit the further growth of large out-of-town stores (hypermarkets). Companies like Tesco and Carrefour reacted by developing smaller, so-called compact hypermarkets and by increasing diversification into smaller formats (Karsiewicz and Nowak 2010).

Table: Leading grocery Retailers in Poland 2011

	main formats	grocery sales (€m)	number of grocery stores	grocery market share
Jerónimo Martins	discount	5,829	1,873	15.4%
Schwarz Group	discount, hypers	2,762	620	7.3%
Tesco	hypers, supers	2,706	412	7.1%
Carrefour	hypers, supers	2,137	360	5.6%
Auchan Group	hypers	1,544	51	4.1%
Metro (Real)	hypers	1,300	54	3.4%

Source: IGD

2.2.7 Turkey

Turkey still has the largest traditional retail sector among the countries in our sample. Modern retail formats were frequently introduced by local governments. The first foreign entrant, Swiss Migros, in 1956 founded a joint venture, Migros Türk, with the municipality of Istanbul; Koç Group, Turkey's largest industrial conglomerate, later took this over and set up few additional stores in Izmir; but nation wide expansion only started in the 1990s. During the 1990s several foreign grocery retailers entered the Turkish market, usually in joint ventures – either with local governments or Turkish companies, mostly using the hypermarket format: Prisunic, Promodès and Carrefour from France (the latter entered a joint venture with Sabanci, another huge Turkish conglomerate, cf. below); a Belgian company was involved in setting up Kipa hypermarkets; Real opened its first store in 1998; finally Tesco took over Kipa in 2003 (Özcan 2000; Koç et al. 2009).

The number one Turkish retailer today is the discount chain BIM; it was founded by Turkish entrepreneurs with assistance from former Aldi manager Brandes in 1995, and later was headed by still another former Aldi manager; the hard discounter (Dawson 2007) has a regular assortment of around 600 SKUs, 45% of which are private label. The same year Migros Türk started its own discount chain Sok. The Spanish subsidiary of Carrefour, Día entered the Turkish market in 1999.

In 2006, modern chain store grocery retailers – hypermarkets, supermarkets of all sizes and discounters – had a combined market share of one quarter of the Turkish grocery market, which is still dominated by independent grocery retailers (JP Morgan 2007).

Table: Leading grocery retailers in Turkey (2011)

	main formats	grocery sales (€m)	number of grocery stores	grocery market share
BIM	discount	3,533	3,306	5.7%
Migros Türk	supers, hypers, conv	2,412	756	3.9%
Carrefour	hypers, conv	1,094	258	1.8%
Tesco Kipa	hypers, conv	862	160	1.4%
Sok	discount	518	1,230	0.8%
Dia	discount	485	1,090	0.8%
Real	hypers	320	12	0.5%

Source: IGD

2.2.8 Finland

Finally, the Finish grocery market is dominated by tow companies: S Group is a consumers' co-operative that is also engaged in various non-retail activities; about one third of its retail sales come from hypermarkets (about 60 Prisma stores). Kesko is a buying group and about 40 of its sales come from 75 K-citymarket hypermarkets.

Table: Leading grocery retailers in Finland (2011)

	main formats	grocery sales (€m)	number of grocery stores	grocery market share
S Group	supers, hypers, conv.	7,552	988	42.5%
Kesko Food	hypers, supers, conv.	5,667	1,022	31.9%
Suomen Lähikauppa	conv, supers, hypers	1,175	689	6.6%
Schwarz Group	discount	685	137	3.9%

Source: IGD

2.3 Retail internationalisation

There is a vast amount of literature on the internationalisation of retailing. Remarkably this literature is dominated by geographers and retail specialists,¹⁶ and is only weakly linked general international business or international management studies (and theories). Many authors follow Dawson's (1994), argument that retailing is very different from manufacturing and that therefore 'general', i.e. manufacturing-specific theories and concepts cannot be applied to retailing (cf. overview in Alexander / Doherty 2009). We would agree that there are differences between retail (and many other *uno actu* services) and manufacturing, especially the fact that the firms cannot be exported; but we do not agree that this leaves general theories completely inappropriate.

There is a broad agreement in the literature that the internationalisation of retailing started much later than that of manufacturing. In the grocery segment it began (with a few earlier exceptions) in the 1960s and increased considerably in the 1970 and 1980s. Supermarket chains had attempted to internationalise their business, frequently through large acquisitions (like Tengelmann's acquisition of A&P, the then biggest retailer in the US, in the mid 1970s) and, in the long run, frequently unsuccessfully. For at least the last two decades, grocery retail internationalisation has mainly been driven by two formats: hypermarkets and discounters (Zentes 1998).

¹⁶ Cf. E.g. the two volume reader published by Coe and Wrigley (2009)

Our research project is interested in the differences between hypermarkets and discounters. The following section will show that

- a) the internationalisation of both type of companies follows very different strategies based on different competitive advantages, and that
- b) there are very different geographic internationalisation patterns that can be explained by these strategies.

2.3.1 Internationalisation strategies and patterns

The management literature about MNCs distinguishes between two internationalisation strategies (Fayerweather 1969; Prahalad 1975; Porter 1986): A strategy of global standardisation and integration is opposed to a strategy of multinational adaptation or responsiveness to local markets.

Discounters follow a 'global' strategy characterised by cross-border standardisation and integration. Stores are highly standardised, and so are assortments, especially private label items. This allows Aldi and Lidl to largely source on a European scale (Gurdjian et al. 2000; IGD 2012) and thus reduce buying costs for their core assortments across European borders. This considerably adds to the competitive advantage of discounters, and allows them to operate profitably with relatively small market shares in a large number of countries. But, food production is still a very regional, i.e. European and not global, business and FMCGs are rarely traded (and transported!) between continents/regions; this restricts discounter's 'globalisation' to Europe.

Hypermarkets follow a multi-national or multidomestic strategy characterised by a high level of adaptation to local markets. Especially the large number of SKUs has to be adapted to local consumer preferences. And, what is more, branded manufacturers sell their products via national distribution companies.¹⁷ Thus the share of locally sourced merchandise is frequently said to be above 80% or even 90%.¹⁸ This means that cross-border synergies remain relatively low.¹⁹ The competitive advantage of hypermarket companies is based on their knowledge about the highly complex operations of their huge stores, today including the massive IT systems. His competitive advantage is greatest over competitors in less developed markets with less experienced local retailers.²⁰

And indeed it can be shown that hypermarkets primarily internationalise into emerging markets of Southern and Eastern Europe, Latin America and Asia, while discounters internationalise across Europe. The graphs below show that for hypermarkets the relative immaturity of

¹⁷ Despite the internationalisation of retailers and FMCG producers, grocery supply chains are mostly organised on a national scale; branded products are sold by national distribution companies (Wortmann 2011b); Roberts and Berg (2012) now have also confirmed this for Wal-Mart. At this point it might be interesting to note that, Wal-Mart started its first ECR projects not with small and relatively week suppliers but with Procter & Gamble, one of the strongest FMCG manufacturers in the world.

¹⁸ This probably includes purchases imported products from local distribution companies of multinational FMCG manufacturers.

¹⁹ Even within their home markets, hypermarkets are not fully standardised; they differ in size and in adaptation to local customer bases. While discounters – not only the stores but also the distribution systems – are highly standardised.

²⁰ Referring to the OLI-paradigm of Dunning (1993), one could argue that internationalising hypermarkets have asset based ownership-specific advantages (O_a advantages), while internationalising discounters have transfer based ownership-specific advantages (O_t advantages).

host countries retail markets is decisive (independent of geographical distance), geographic proximity is decisive for discounters (independent of maturity of host markets).

Graph: Geographical distribution of foreign stores of discounters and hypermarkets

		geographic proximity	
		high	low
retail market maturity	high	North-western Europe 36%	USA, CND Australia, NZ Japan 7%
	low	Southern Europe (incl. Italy and Spain) 49% Eastern Europe	Latin America Asia (excl. Japan) 8% Africa

		geographic proximity	
		high	low
retail market maturity	high	North-western Europe 3%	USA, CND Australia, NZ Japan 0%
	low	Southern Europe (incl. Italy and Spain) 51% Eastern Europe	Latin America Asia (excl. Japan) 46% Africa

Note: high proximity and high maturity: North-western Europe

low proximity and high maturity: USA, Canada, Australia, New Zealand and Japan

high proximity and low maturity: Southern Europe²¹ and Eastern Europe

low proximity and low maturity: Emerging markets in Latin America, Asia and Africa

Source: Based on a store count of Europe's 16 biggest retailers (Wortmann 2011b)

The different competitive advantages can also explain the different growth patterns of discounters and hypermarkets in the respective host countries. A competitive advantage based on cross border sourcing allows discounters to operate profitably with very little market share in single host countries. Hypermarkets can first, when new host markets open up also operate with low market share, but as host markets develop and mature, hypermarket subsidiaries increasingly need a certain size in every single host market in order to achieve favourable/competitive prices from their local suppliers and to remain competitive. Thus foreign hypermarket chains usually try to be among the small group of leading retailers in every country they operate in. The development in Poland has been quite typical, where a phase of numerous market entries was followed by a phase of mergers, consolidation and divestments.

The assumption that hypermarkets follow a multidomestic strategy is also supported by the mode of market entry: discounters usually take 100% ownership and thus full control of their foreign operations and to a large extent grow internally setting up new stores.²² Hypermarkets frequently are operated as joint ventures with local partners who might help to add knowledge about the local market or assist with gaining political support (e.g. from planning authorities). Mergers and acquisitions are also more common amongst hypermarkets, adding to the diversity (or non-standardisation) of their operations.

2.3.2 Carrefour

Carrefour had opened a first big supermarket at a crossroads (literally *carrefour*) in 1960.²³ At a time when there were only very few self-service stores in France, this store became an im-

²¹ This includes Italy and Spain, because both markets were relatively immature at the time when foreign retailers like Carrefour, Promodès and Auchan entered these markets.

²² This is not true for D  a, which has a big franchise business and also operates in joint ventures (e.g. with Sabanci in Turkey)

²³ On the history of Carrefour also see Lhermie (2003); cf. also Dupuis et al. (2006) and Durand and Wrigley (2009).

mediate success; and their next supermarket already had a large parking lot.²⁴ The first hypermarket (*hypermarché*) was opened in Sainte-Geneviève-des-Bois, in the surroundings of Paris in 1963. This store had a sales area of 2,500 square meters, twelve checkouts and 400 parking spaces. Its assortment was concentrated in food, but it also carried a large range of non-food items. Carrefour's hypermarkets quickly became larger and larger; and a hypermarket opened in 1972 south of Toulouse with 23,000 m² is the largest hypermarket in Europe until today.²⁵ The additional floor space was increasingly used for an extended non-food assortment. Cheap land in commercial areas, accessible by highways, and a simple architecture reduced construction costs per square meter to one third of traditional supermarkets (Bell et al. 2004). Hypermarkets were to become the backbone of Carrefour's rapid growth. Carrefour strengthened its position in its domestic market also with the introduction of private 'brand-free' or 'no-name' products (*produits libre*) for a limited range of low priced basic foods, offered in simple white packages since 1976. In addition, Carrefour also entered partnerships and licensing agreements with several other companies that set up hypermarkets under the Carrefour brand, among them Promodès, which all operated their own hypermarket brands a few years later. When in 1999 the Promodès merged with Carrefour and several smaller French retailers were acquired at about the same time, Europe's largest and the world's second largest retailer was created.

Carrefour's internationalisation had begun in 1969 when a first hypermarket was opened Belgium. Within eight years, market entries into Switzerland, the UK, Italy, Spain, Austria and Germany followed; all were based on the hypermarket format; in all cases (except Austria) Carrefour had a local partner; and within a few years all these investments failed – except for Spain.

Here, in a joint venture with Grupo Radar, which held 50%, the first hypermarket opened near Barcelona in 1973. In 1986, Carrefour took 100% in the company. Shortly after Carrefour had introduced the new format into Spain other French chains – the first was Promodès in 1975 – as well as Spanish companies followed (Cuesta Valiño 2004). In 1975 Promodès had also entered Germany (activities until 1996); and other countries followed.

Carrefour's plans for internationalisation were not limited to Europe. It was the first international grocery retailer to enter the Latin-American market. In 1975 it set up its first hypermarket in Brazil and little later in Argentina. In the 1990s other Latin American countries followed. In 1989 Carrefour also turned to Asia and opened its first hypermarket in Taiwan; many other countries followed, usually as joint ventures, including China (1995). Between 1994 and 1998 Carrefour entered seven additional new Asian markets, including China. As these markets matured, some of the smaller operations later became divested.

1993, Carrefour set up its first hypermarket in Turkey in a joint venture with the second largest Turkish enterprise, the conglomerate Sabanci, which also was involved in joint ventures with food processing firms like Philip Morris Kraft or Danone (Tokatli and Boyaci Eldener 2002). Carrefour's expansion to Eastern Europe began relatively late, when it opened its first hypermarket in Lodz, Poland, in 1997. Little later new hypermarkets were also set up in the Czech Republic and Slovakia; but here Carrefour had not been able to grow considerably, and

²⁴ The entrepreneurs behind Carrefour had also made a trip to the United States where they visited several stores and participated in seminars of retail guru Trujillo ("pile them high – sell them low", "no parking – no business") in Dayton, Ohio. Many other European retail entrepreneurs had made such trips – like the founders of Tesco, of Metro Cash + Carry, and of several German hypermarkets.

²⁵ It has nearly the size of Wal-Mart's biggest supercenter at Crossgates Commons in Albany that opened in May 2008. Its 259,650 square feet (24,100 square meters) are spread over two floors, while most European hypermarkets are completely at ground level.

thus it decided to retreat from the market and sold out to Tesco (cf. below).²⁶ In contrast, Carrefour was able to consolidate its position in Poland with 27 Globi hypermarkets owned by Belgian GB; and in 2007 it became the country's number one mass food retailer, when it took over 183 supermarkets and 15 hypermarkets from Dutch Ahold. In Turkey, too, Carrefour strengthened its position as the number two retailer by buying some supermarket chains including Gima, the country's third largest supermarket chain with 81 stores. A further East European country entered by Carrefour was Romania.

Since 2000, Carrefour also entered some other less mature European markets like Italy and Greece, mainly by acquiring share in relatively large local companies. There were also some further entries into mature markets. While the acquisition of the Belgian leading retailer GB (Grand Basar), became a success, a joint venture in Switzerland failed. Finally it should be mentioned, that attempts to set up hypermarket operations in the United States, in the same year when Wal-Mart opened its first supercentre (1988), also had failed. A later investment into Japan also failed.

Today (2011²⁷) Carrefour is the second biggest retailer of the world and the number one retailer in Europe, as well as in France, Spain, and several other countries in the world. France accounts for 43% of total net sales of 81 billion €, other European countries account for 29%, Latin-America for 19% and Asia for 9%. About two thirds of worldwide sales come from hypermarkets.

Table: Carrefour in 2011 (consolidated outlets)

	hypers	supers	sales (net) m€	sales area (1000m²)
France	205	558	35,179	3,093
Spain	166	110	8,373	1,634
Turkey	27	216	1,071	373
Poland	84	176	1,892	611
other Europe	170	552	12,363	1,851
Latin America	335	150	15,082	2,340
Asia	361	17	7,312	2,636
world	1,348	1,779	91,506	12,538

Source: Carrefour annual report 2011

2.3.3 *Metro / Real*

Real (real,-) is the hypermarket division of the Metro Group. The German Metro AG was set up as a stock listed company in 1996, and until 1998 integrated a broad range of very different companies with very different histories, making it Europe's largest retailer.²⁸ Until today, Metro AG is majority family owned by the Haniel and the Schmidt-Rutenbeck families.²⁹ Otto Beisheim, who was the entrepreneur behind the introduction of the Metro cash & carry format in 1963, had retired from active management in 1994 and has sold his shares in 2009.

²⁶ The hand-over of another four hypermarkets in Slovakia to Tesco was bared by local authorities for monopoly reasons.

²⁷ These data do not include several franchised operations all over the world.

²⁸ This position depends on the inclusion of Metro's C+C sales, which are strictly speaking wholesale.

²⁹ The holding company Franz Haniel & Cie. GmbH owns several businesses, including Europe's biggest pharmaceuticals wholesaler Celesio. Franz Markus Haniel is the chairman of the supervisory board of Metro AG.

Cash & carry markets still clearly is Metro's core business under the Metro and Makro banners in 30 countries around the world. Other division are department stores (mostly Kaufhof) and electrical appliances and electronics specialists MediaMarkt and Saturn. Many other retail activities have been divested since the late 1990s.

By 1993 Metro had step by step gained majority control in another big German retail conglomerate Asko group that operated hypermarkets and other larger grocery stores; it had been the result of numerous mergers and acquisitions of smaller, usually regional chains, including Basar, Real, Esbella, Continent (where Promodès had also been involved), Comet, Massa. Hypermarkets were restructured and rebranded; and by 1998 there were 162 Real hypermarkets. Further 94 Allkauf and 20 Kriegbaum hypermarkets were acquired in 1998; and finally in 2006, Metro also acquired 85 German Wal-Mart stores.³⁰ Recently a few stores were sold to a smaller, regional competitor, Globus.

Today, Real operates 316 (2011) hypermarkets in Germany, that carry up to 80,000 SKUs, accounting for sales of around m€ 8,300. It is the number two hypermarket chain in Germany behind Schwarz Group's hypermarkets, mostly branded Kaufland.

The internationalisation of Real began in Poland, where the first four stores were opened in 1997/98. In 2006 Metro also acquired 19 Géant hypermarkets from the French retailer Casino in Poland. The first Turkish store opened in 1998. Since 2005 stores were also opened in Romania, Russia and Ukraine. Today, Real operates over 100 hypermarkets abroad, including 54 in Poland and 12 in Turkey. The foreign stores abroad account for total sales of m€ 2,926.

Metro's Real hypermarket business is – compared to the operations of Carrefour or Tesco – small and much less internationalized, and internationalisation is limited to Europe. Again and again there have been speculations about whether Metro will sell its hypermarket division. Commenting on speculation in May 2012 that Real might sell operations in Eastern Europe to Auchan a Real spokesman was cited saying: "We are amenable concerning all theoretical scenarios: a complete or partly sale as well as that Real stays within the group on long-term." (just-food; http://www.just-food.com/news/metro-auchan-coy-over-real-talks_id119204.aspx)

Table: Real (2011)

	stores	employees (headcount)	employees (FTE)
Germany	316	38,805	29,781
Poland	54	10,303	9,471
Turkey	12	1,858	1,672
other countries	34	11,538	11,291
World	416	62,504	52,215

Source: Metro annual report

³⁰ Wal-Mart had entered the German market only in 1997/98 when it took over the stores of Wertkauf and Interspar. The reasons behind the failure of Wal-Mart in Germany have been discussed in the literature. Most authors refer to some kind of a cultural clash and the inability of Wal-Mart to adapt to the distinctive German environment, especially consumer tastes and labour regulations (Knorr and Arndt 2003; Konzelmann et al. 2005; Christopherson 2007). Another reason might be that Wal-Mart Germany could not operate economically: The combined sales of Wal-Mart in Germany were only a fraction (little more than 10% in 2005) of Wal-Mart/Asda sales in the UK and thus their buying power was very limited (there were always rumours that Wal-Mart intended to acquire additional hypermarkets in Germany, but this never realised).

2.3.4 Tesco

Starting business in 1919, by the end of the 1930s, there were already one hundred Tesco stores, grouped around a modern food warehouse. After a first self-service supermarket in was opened in 1956 expanded through new stores and through acquisitions; and by the late 1960s, the supermarket chain consisted of about 800 stores. Its supermarkets had become larger and larger; and in 1968, the first store was opened that was labelled superstore extending on nearly 4,000 m². In the 1970s, the company closed some 500 small stores and focused its growth on superstores.

These superstores became bigger and bigger, and the company also increasingly engaged in the development of shopping centres which held Tesco superstores as anchor stores. The first of these out-of-town shopping centres had a 6,000 m² Tesco superstore with 900 employees and 42 computerized checkouts. By 1994 Tesco had become the number one grocery retailer in the UK. In the same year Tesco also started operating a new store format, Tesco Express convenience stores.

The 1980s had also seen the introduction of Tesco's own private labels. Quite different from private labels in other countries, these were high quality products. Only later – in reaction to foreign hard discounters entering the UK market – the low-priced 'Tesco Value' brand was introduced, and even later complemented by 'Discount Brand'. Today more than 10,000 private label SKUs account for 48% of total sales, the highest share of any full-assortment retailer in the European Union.

Tesco's first steps towards internationalisation came quite late in comparison to its main competitors; and the acquisitions of relatively small supermarket chains in Ireland (1979) and northern France (1992) were not successful and were divested. While these first two foreign investments directed towards neighbouring and (relatively) mature retail markets had failed, Tesco's further expansion into the emerging markets of Eastern Europe and Asia were to become successful.

Tesco entered Hungary and Poland in the mid 1990s, in both cases acquiring small supermarket chains and used these companies to acquire some knowledge of the local markets including a pool of experienced managers that Tesco could use for establishing its own large stores, while closing down the acquired small ones. The next step in 1996 was quite different: Tesco bought 13 department or variety stores from US Kmart who had bought them from the governments, six in the Czech Republic and seven Slovakia. With these acquisitions, Tesco was dealing for the first time with a broad range of non-food merchandise lines, and the company used this experience as a starting point to radically depart from its established superstore format in the UK (Palmer 2005). Tesco had decided to develop its own hypermarket stores – conjointly in its UK home market and in the three Eastern European markets. After a short period of experimentation, hypermarkets became the main driver of Tesco's growth in the new century.

In the UK, Tesco opened its first hypermarket in 1997 under the new banner of Tesco Extra. This store covered around 10,000 m², with one-quarter of the sales area occupied by non-food assortments; and by the end of 1999 Tesco operated 5 hypermarkets in the UK. Today there are 230. The average size of Tesco's hypermarkets is now nearly 7,000 m².³¹

³¹ Tesco has recently also started operations of a store format (Homeplus) that only sells non-food products, mostly the same items available at Extra hypermarkets.

The new competencies in operating hypermarkets format also allowed the company to grow quickly in Eastern European countries where hypermarkets were set up since 1998. In addition, stores of some competitors were acquired, including 13 Polish hypermarkets from German Dohle.

In 1997 Tesco entered the Irish market for the second time, this time acquiring the supermarket businesses of Associated British Food (ABF), which had been the market leader in both the Republic of Ireland with 75 supermarkets and in Northern Ireland with 34 supermarkets. Since then store assortments have been expanded to now include clothing, household, entertainment and other non-food ranges. A first Tesco Extra hypermarket was opened in 2005.

In 2003 Tesco entered Turkey acquiring the local operator of 5 hypermarkets in the Izmir area, Kipa, which had started operations ten years ago. Additional openings have increased the number of hypermarkets and Express convenience stores have also been added.

Internationalisation into Asia began in 1998 and right from its start concentrated mostly on hypermarkets which were operated in joint ventures. As the first country, Tesco entered Thailand 1999, followed by South Korea, Malaysia, Taiwan (later sold to Carrefour), and finally China (2004). In Japan Tesco acquired several smaller chains in 2003/05, and most recently, Tesco entered the US market with a newly developed supermarket format, called Fresh & Easy, an investment that has incurred huge losses so far.

Traditionally focused on supermarkets and superstores, Tesco has become a multi-format retailer. Especially its hypermarket outlets, developed since the late 1990s in the UK and abroad, have allowed the company to triple its sales since then. Hypermarkets have allowed the company to expand its assortment into non-food where far above average growth rates have been achieved, and hypermarkets have also been the central vehicle for expansion into emerging markets. In stark contrast to Carrefour, Tesco has concentrated its expansion abroad on a relatively small number of countries, and after some failures in earlier decades, has recently only retreated from one country, Taiwan. Domestic sales still account for two thirds of total sales of b£ 66, and Ireland adds another 4%. But in terms of total retail space, the UK only accounts for about one third.

Table: Tesco (2011)

	hypers	other stores	1000 m² at hypers	net retail sales (m£)	employees (headcount)
UK	230	2,749	1277	42798	300,000
Ireland	13	124	76	2444	14,000
Poland	79	333	520	2288	30,000
Turkey	54	94	302	693	9,000
other Europe	254	297	1293	4441	42,000
Asia	418	1,254	3598	10828	117,000
Japan and US	---	581	---	1066	(US) 5,000

Source: Tesco

2.3.5 Lidl

Lidl is the discount chain of German Schwarz Group, owned by Dieter Schwarz, which also operates hypermarkets in many European markets, mostly under the Kaufland fascia that account for roughly 30% of the group's sales. Both divisions are managed separately of each other. The legal structure of the enterprise is quite complicated and includes several foundations as well as GmbH & Co. KGs (see also Hamann and Giese 2004); this implies that the

group does not have to publish information and brings several other advantages (cf. also section 5.12).

Schwarz Group had begun to experiment with the hard discount format since 1973, supported by former Aldi manager Gehrig who today is the company's most senior manager. Systematic replication of the format began since 1978 under the Lidl fascia.

Stores are usually somewhat below 1,000 m²; but in some foreign markets like Greece and Austria they are somewhat smaller. Lidl's discount format has always been slightly 'softer' than that of Aldi; Lidl carries slightly more SKUs and also a larger number of branded products. Today Lidl stores carry about 1,000 to 2,000 SKUs, depending on the country (IGD 2012). Private labels, sold as 'exclusive labels' not carrying the Lidl name, in Germany account for around 70% of grocery sales; in most foreign country the share is even higher (in the UK about 85%). Lidl, like other discounters, also sells a broad variety of non-food items as one-off offers which are changed twice a week. Increasingly – and indicating a slight departure from strict every-day-low-price (EDLP) discount principles – single food items are also sold in this way, i.e. as highly advertised special offers. Regular food assortments have also been extended over the years, and additional categories like fresh bread (usually prepared from frozen dumplings) or newspapers and magazines have been added.

All items are sourced on a national or frequently on a European scale by German headquarters³² and distributed through regional distribution centres (RDCs), except for perishables. Every RDC is joined by a regional management headquarters and supplies somewhere between 60 and 120 stores.

When Lidl enters a new country it usually sets up a RDC surrounded by a larger number of stores as quickly as possible in order to establish an economically operating regional unit. Sometimes, a small number of foreign stores might also be supplied from a RDC in Germany (or a third foreign country) that is located close to the border.

The first foreign market Lidl entered was France in 1989, where Lidl has become the leading discounter. In the 1990s, Italy, Spain and UK (both 1994), Belgium, Portugal, the Netherlands, Austria and Greece; Ireland was entered in 2000, followed by Lidl's first East European market, Poland in 2002, Denmark and Finland were entered the same year; since then entries into a large number of other markets followed: Luxembourg, Sweden, Czech Republic, Hungary, Slovakia, Norway (the only country from which Lidl retreated), Croatia, Slovenia, Malta, Switzerland, Cyprus, Bulgaria and Romania. Entry into Lithuania is being planned.

Table: Lidl store count

	2005	2007	2009	2011
Germany	2493	2700	3000	3300
Finland	85	102	128	137
France	1186	1309	1436	1605
Ireland	54	80	105	144
Poland	100	240	295	470
Spain	360	408	450	521
UK	400	430	500	610
others	1232	1919	2396	3113
total	5910	7188	8310	9900

³² In contrast to most other larger retailers, non-food items are not sourced directly through a corporate buying organisation (with offices in Hong Kong etc.) but from national experienced intermediaries. Lidl recently announced to stronger integrate non-food buying across Europe.

Within two and a half decades, Lidl has set up a total of about 10,000 stores throughout Europe. This has sometimes led to speculation about the financial sustainability of Schwarz Group's growth (their Kaufland hypermarkets and large supermarkets have also expanded quickly in Germany and many European countries), especially when the company announced the sale and lease-back of store property in the mid 2000s.

2.3.6 Dia

The discount chain Dia had been founded by the French retailer Promodès in 1979 in Spain. It had always been a quite separate business unit headquartered and managed from Madrid. This independence continued when Promodès merged with Carrefour, and culminated in 2010 when Dia was listed on the Madrid stock exchange as an independent company.

The concept is slightly softer than that of Aldi and Lidl. Dia stores, despite of being significantly smaller (around 400 m²), carry at least 1600 SKUs. As the first hard discount chain in Spain Dia was to gain a dominant position in this growing segment of Spanish retailing, assisted by the acquisition of three chains in the early 1990s (Dirsa, Mercapopular and Ahorro Diario). Since 1993 Dia also opened larger 'parking stores' (around 800 m²; today as Dia Maxi) that carry in around 3,000 SKUs.

Carrefour had also started a discount chain, Ed banner, in its home country France; but this was not overly successful and attempts to internationalise failed. Following the merger of Promodès and Carrefour in 1999, Ed became integrated into Dia; and Ed stores were gradually rebranded as Dia. Before, attempts of Dia to enter Italy and France had failed. But expansion onto Portugal (1993), Greece (1995) and Turkey (1999) fared better. Dia discount stores were even introduced to Argentina (1997), and with the logistical support of Carrefour to Brazil (2001) and China (2003).

With total banner sales of 11 €m Dia is the numberthree discounter in the world. In contrast to Aldi, Lidl and many other discounters, Dia has franchised an increasingly large number of stores; today these are 38% of all stores. Store sizes and assortments also vary much more between and within countries.³³ But the company aims to increase the cross-border synergies for the core countries Spain, Portugal and France.

Table: Dia (2011)

	owned stores	franchised stores	net sales*	gross banner sales	employees
Spain	1640	1187	4141	4,666	
Portugal	345	208	806	934	
France	671	245	2357		
Turkey	703	412	412	462	
Greece	---	---	---	---	---
other					
total	4249	2584	9780	11124	

* probably includes sales of merchandise to franchisees

³³ New stores in Argentina, e.g., have 3,000 m².

3 Cross country analyses

3.1 Industrial Relations in European Multinational Food Retailers – a Comparison of Hypermarkets in Seven European Countries

3.1.1 Introduction

The retailer Wal-Mart in the US has attracted much attention from the general public as well as from social scientists; it has been labelled the new American template company, comparable only to General Motors in earlier decades (Lichtenberg 2006); a ‘Wal-Mart effect’ (Fishman 2006) has been traced on many levels of society, including work and employment conditions not only in the US but also in its host countries all over the world (Tilly 2007). However, European multinational retailers like Carrefour, Tesco and Metro – all among the top four global retailers following Wal-Mart – have not received similar attention. The influence of large and frequently multinational food retailers on employment relations and working conditions in European societies is increasing. Carrefour, Tesco or Metro have grown domestically by mergers and acquisitions and the crowding out of smaller retailers; Tesco and Carrefour are now the largest private sector employers in their home countries. At the same time, these companies have seen a growing internationalisation over the last two decades as they engage in setting up stores, most frequently hypermarkets, i.e. big-box stores that sell food as well as non-food products, in countries all over the world (Coe & Wrigley 2009; Wortmann 2011b).

In this study we focus on the industrial relations of Carrefour, Tesco and Metro which have primarily used the hypermarket format in order to internationalise their retail operations. Encouraged by the call for papers of this *Special Issue* but also by earlier calls in the *British Journal of Industrial Relations* for conceptual pluralism and especially for more institutionalism based comparisons of industrial relations across countries (Heery 2005: 4-5), in this paper we are going to explain similarities and differences in the industrial relations in their three home countries as well as in four European host countries where these companies operate. In doing this we follow a conceptual approach frequently applied to investigate human resource management and industrial relations in foreign subsidiaries of multinational companies (MNCs) (e.g. by Ferner 1997; Ferner et al. 2001; Marginson et al. 2010; Meardi et al. 2009). This approach assumes that operations in MNCs’ foreign subsidiaries are influenced by home and host country effects, i.e. by the institutions of the MNC’s home country as well as those of the respective host country. The conceptualisation of country specific institutions is taken from comparative capitalism concepts such as Hall & Soskice’s (2001) varieties of capitalism (VoC) theory which distinguishes between coordinated (CME) and liberal market economies (LME).

Recently this approach has received criticism from a group of researchers for concentrating on manufacturing and ignoring the existence of low wage sectors even in CMEs like Germany. Gautié et al. (2010) and Bosch et al. (2009) have provided an international comparative analysis of low-wage industries, including retail (Carré et al. 2010; Mason et al. 2007), which has demonstrated that many characteristics of the employment models dominant in these low-wage industries differ fundamentally from those assumed by VoC and similar approaches. Carré et al.’s (2010) study of the retail industry across six countries, including the USA, sees

the retail industry as a typical low-wage and low-skill sector as being at the forefront of a process of deterioration in working conditions and employment relations and highlights their influence on the growing trend towards the fragmentation of compensation and working hours (ibid: 260): ‘...the retail industry has been a leader in such fragmentation and in experimentation with non-standard hours, segmented work arrangements, and a variety of other exit options from the institutions that safeguard job quality.’

While we generally agree with this critical intervention and the need for conceptual adjustment if an analysis of the whole retail sector is intended, our analysis of multinational retailers operating in the subsector of hypermarkets suggests that VoC oriented approaches still have explanatory value. In the following two sections of this paper we will first outline the theoretical concepts that have informed our analysis; followed by some remarks on methodology and the three companies of our sample. We will then summarise the main findings from our ongoing project concerning the companies’ industrial relations in their home countries, followed by the findings from four host countries in which they operate in Europe. Finally we will draw some general conclusions.

3.1.2 Comparative institutionalism and industry-specific diversity in the retail sector

Many international comparative institutionalist studies build on the VoC approach developed by Hall and Soskice (2001) which distinguishes between two types of capitalism. LMEs are said to be characterised by market-like relationships in the spheres of corporate governance, intercompany relations, vocational training and industrial relations. While in CMEs these spheres are said to be characterised by a high level of coordination. Building on this distinction, Streeck (2005) has identified two patterns of historically deeply rooted industrial relations. In Great Britain, a typical LME, trade union power is traditionally based on job control at plant level, which has led to a unitary system of interest representation with a large number of unions competing for different groups of employees and/or companies. There was limited regulation of industrial relations by the liberal state until measures were enacted under the conservative government of Margaret Thatcher to reduce trade union influence in this until then highly voluntaristic system. On the other hand, in Germany, seen as a typical CME, unions are relatively detached from questions about the organisation of work and are supplemented by institutions for employee representation at factory and enterprise levels, leading to the dual structure of works councils in the workplace and sector-level collective bargaining outside the workplace through industry unions.

The distinction between the two variants of capitalism has frequently been criticised for not allowing enough variety. Several countries, including France (the third home country in our sample), do not fit well into either pattern and have been labelled as ‘Mediterranean’, a pattern characterised by extensive state interference (Hall & Soskice 2001; 21) and complex layers of institutions introduced by the state reacting to political constellations varying over time. Streeck (2005) argues that this reliance on the state implies close ties between trade unions and different political parties and to a pluralism of competing trade unions historically divided along ideological lines .

Since VoC oriented research has primarily been interested in ‘comparative institutional advantage’ in the global competition between the leading economies, its proponents have been much less interested in formerly less developed countries like Ireland or Spain and have more or less ignored ‘dependent’ economies (Bruszt and Greskovits 2009) like Poland or Turkey. Ireland is usually seen as a LME with a unitary form of industrial relations that resembles many features of the British system; but, very untypical for a LME, trade unions have partici-

pated in national-level tripartite coordination (Von Prondzynski 1998) from 1987 until the crisis of 2008. Spain, in contrast, is seen as a ‘Mediterranean’ type with a dual system that resembles many features of France, but here the bargaining power of (representative) trade unions depends on the votes gained in works council elections. Turkey is sometimes also grouped into the ‘Mediterranean’ bracket and is characterised by a very strong influence of the state on industrial relations via legislation issued a few years after the military coup in the early 1980s and only marginally changed since. There are three main national labour confederations divided along ideological lines, but, in contrast to other ‘Mediterranean’ countries, there are no works councils and a unitary system prevails (Uçkan 2007). Poland, finally, has a unitary system with two dominating unions, Solidarność and OPZZ, both with strong historical ties to political parties. However, the actual trade union movement in this emerging economy with a limited capitalist tradition is highly decentralised and fragmented, and altogether – especially in the private sector – quite weak (Pańkow and Gaciarz 2001).

In addition to its limited country differentiation, a more recent criticism of the VoC is that it largely ignores differences within countries (e.g. Bosch et al. 2009; Gautié et al. 2010). It has also been argued that its bias towards manufacturing has led to conceptual flaws which make it difficult to capture new developments in global capitalism (see e.g. Artus 2008). Again, its preoccupation with ‘comparative institutional advantage’ leads to a focus on manufacturing industries competing (and possibly relocating production) in global markets; while service industries, especially those that neither provide important inputs for manufacturing nor produce services that are themselves subject to international competition, have largely been ignored. By far the largest sector of this kind of *uno actu* consumer services is retail.

Retailing frequently has sector specific features which differ significantly from those found in manufacturing firms in many respects including industrial relations. Retailing is generally characterised by a (relatively) high share of female employment, and also by part-time work and low wages, even though there are some differences between various leading industrialised countries (cf. Carré et al. 2010; Mason et al. 2007; Askenazy et al. 2008; Voss-Dahm 2008). Industrial relations in retailing is frequently characterised by lower union density (Dribbusch 2005) and by a lower coverage of collective agreements compared to manufacturing sectors. Moreover, in Germany some of the biggest retailers are hard discounters like Lidl and Aldi, which have come under severe public criticism for their anti-union behaviour (Hamann and Giese 2004) and obviously do not follow some of the key features of the ‘German model’. It has been argued that these companies have recently gained significant influence in the international food retailing sector, enhancing the trend towards more precarious work and employment in the sector (see e.g. Artus 2010).

However, in contrast to the Artus study, which focuses on the peripheral small and medium sized retail establishments, like supermarkets, hard discount or convenience stores, where organised labour and industrial relations have historically been weak, this paper focuses on another food retailing subsector, namely hypermarkets. Here, single stores frequently have several hundred employees and we therefore expect to find quite different results to Artus, as establishment size seems to matter (Noorderhaven & Harzing 2003), especially when it comes to trade union organisation (Dribbusch 2005). Despite increasing, and sometimes justified, criticism of the VoC approach as briefly discussed above, we believe that the social context in which conceptual ideas are applied or tested is important. We further assume that a fine-tuning of social theories will contribute towards a better understanding of both the limits and merits of established conceptual frameworks such as the VoC approach. Therefore, we propose that the typology of national institutional systems developed by the VoC approach might still be useful for cross-national comparisons of industrial relations in the social context of big-box retailers.

Accordingly, we arrive at our first proposition:

1) Industrial relations in the home country operations of the three hypermarket retailers may be quite similar to those expected by VoC approach (and quite different from the industrial relations found in other retail companies operating smaller formats).

3.1.3 Home country and host country influences on industrial relations in international food retailing hypermarkets

There is a broad strand of literature on human resource management practices in MNCs. Authors like Almond et al. (2005), Ferner (1997), Ferner et al. (2001), Pulignano (2006), Marginson et al. (2010) and Meardi et al. (2009) all assume that MNCs develop their preferred mode of operation in their home country where they are highly influenced by their home country institutional environment. When internationalising they are then inclined to transfer this model to their host countries thus leading to what is frequently called a home country effect. At the same time, where the host country institutional environment is very different, this may force foreign subsidiaries to adopt localised management and HR practices, thus leading to host country effects.

Empirical research predominantly informed by varieties of capitalism concepts has found significant contrasts between subsidiaries of MNCs originating from CMEs, such as Germany and Japan, and MNCs originating from LMEs, such as the UK and the USA (Meardi et al. 2009), for example in the dimensions of organisational control (Harzing & Sorge 2003), HR practices and employment relations (Almond et al. 2005), indicating strong home country effects on foreign subsidiaries.

On the other hand, host country institutions such as the educational, financial and industrial relations systems and labour market regulations may operate as ‘constraints’ and ‘barriers’ to the transfer of home country operation models: and empirical research has shown how MNCs have to adapt their production models (Djelic 2001), HR practices (Almond et al. 2005), work organisation and work systems (Geppert et al. 2003; Woywode 2002), and employment practices (Edwards 2004) to local institutions indicating what is called a host country effect.

The strength of this host country effect also varies between countries. Countries with dense employment and industrial relation frameworks like Germany can provide ‘robust tools kits’ for local managers and employees in foreign owned subsidiaries (Williams and Geppert 2011). On the other hand, studies on Central and Eastern Europe (CEE), where institutional environments are much more permissive, have found that MNCs have some scope for strategic choice and are quite selective, especially when transferring industrial relations practices. Here, German MNCs have tended to transfer work and production system related elements but not their home country-specific industrial relations practices (Bluhm 2001; Dörrenbächer 2004; Meardi et al. 2009).

In Tilly’s (2006: 1823) study on Wal-Mart it was suggested that “...Wal-Mart does not necessarily bring the same package of characteristics (such as low wages, opposition to unions, and low prices) everywhere it goes.” He has shown that Wal-Mart, despite being fiercely anti-union in its home country, collaborates with company unions in Mexico in order to comply to the law and keep more militant unions out; has fought unionisation in Canada; was forced to recognise a union at ASDA, its UK subsidiary, following a bitter battle; had to accept trade unions and works councils in Germany; opened up to Chinese official unions under pressure from the Chinese government; in Argentina collaborates with quiescent *gordo* (fat cat) union

leaders; and in Brazil different parts of Wal-Mart are organised by two competing militant unions.

It has been suggested, that the relative strength of home and host country influences also depends on corporate internationalisation strategies (Noorderhaven & Harzing 2003). Within the grocery sector the internationalisation of hypermarkets can be contrasted with that of hard discounters (Wortmann 2011). While the expansion of the hard discounters (like Aldi or Lidl) follows a so-called global strategy, attempting to integrate their operations across borders in order to gain cost advantages from standardisation and cross border sourcing, the internationalisation of hypermarkets follows a more multi-domestic strategy where subsidiaries adapt to local markets, selling a huge variety of mostly locally sourced products³⁴.

Based on this discussion, we suggest our second proposition:

2) Since hypermarket operators generally follow a multi-domestic internationalisation strategy, industrial relations in the host countries will not be strongly influenced by the industrial relations model and experiences of the parent companies in their home countries, but will be adapted to a large extent to the host country environment. In permissive host country environments in particular the companies will try to abandon restrictive elements of their home country industrial relations.

3.1.4 Summary of research design and methodology

Our paper draws on findings from an ongoing larger research project on ‘Work and employment relations of European multinational food retailers: discounters and hypermarkets’, which concentrates amongst other things on the study and comparison of three multinationals operating the hypermarket format (Metro-Real, Carrefour and Tesco). The research is conducted by a team of researchers working in six European countries (Germany, Ireland, Poland, Spain, Turkey and the UK).

The data on which this paper is based has been collected through documentary analysis of country, sector company specific information and semi-structured interviews with managers, employees, works councils and trade unionist officials in all these six countries, as well as in France. A total of over 50 interviews have been conducted so far, most of which took over 60 minutes and have been transcribed.

All empirical materials and data have been systematically collected and interpreted by locally based researchers, who also speak the native language³⁵, if required, and finally compared across countries during four team meetings. A key aim of these team meetings was developing and agreeing on templates for company and country case studies, based on a comprehensive review of the literature in the field. These templates guided data selection and were systematically applied when analysing matched cases across countries and companies.

³⁴ The term global here refers to a type of strategy and not to the geographical reach of internationalisation. There is a number of typologies trying to capture the differences between strategic internationalisation approaches. See e.g. table 2 in Harzing (2000) for an overview. All typologies, however, make clear distinctions between multi-domestic and global approaches (ibid). It was first introduced to the analysis of retail internationalisation by Salmon and Tordjman (1989).

³⁵ The only exception is France where needed the help of a local interpreter.

3.1.5 Introduction to the three companies of our sample

Our analysis focuses on three of the world's leading multinational food retailers, Carrefour, Tesco and Metro, who are also the biggest or – in the third case - second biggest operators of hypermarkets in their respective home country. A hypermarket is a large surface self-service store selling a broad food as well as non-food assortment focussing on car-borne shoppers (Carrefour literally means crossroad). In the US, this format is called a supercenter. Definitions vary from a minimum sales space of 2,500 m² to 5,000 m²; the largest stores have slightly over 20,000 m². In terms of annual sales, hypermarkets also vary greatly: While an average Carrefour hypermarket in France takes about 100 m€, an average Real store in Germany takes only about 25 m€. Tesco's hypermarkets are somewhere in between.

It was the French company Carrefour that invented the hypermarket format setting up the first hypermarket on the outskirts of Paris in 1963 (Lhermie 2003). The German company, Real, is the result of a consolidation of various smaller hypermarket chains within the Metro Group, some of them also dating back to the 1960s, including failed foreign owned operations like those of French Promodès and US American Wal-Mart.. Tesco, the British chain of supermarkets (mostly superstores), developed the hypermarket format only in the late 1990s simultaneously in its home market and several foreign markets in Eastern Europe (for more on the development of these companies cf. Wortmann 2011).

Carrefour began its internationalisation in the late 1960s and 1970s when it invested in seven European countries. Spain, entered in 1973, was – besides Brazil – the only market entry of this period that was successful in the long run. Many other market entries in Latin America, Asia, and Eastern Europe as well as Southern Europe followed. The first hypermarket in Turkey was opened in 1993 in a joint venture with the second largest Turkish firm, the conglomerate Sabanci. The first hypermarket in Poland was opened in 1997. In 1999/2000 Carrefour merged its operations with its also highly internationalised competitor, Promodès, who also operated hypermarkets in Spain and Turkey.

Real, the hypermarket division of the Metro Group, developed from the acquisition and merger of over a dozen smaller regional hypermarket chains that emerged from the late 1960s. The internationalisation of Real began much later, trailing the expansion of Metro Group's cash and carry (whole sale) markets (branded Metro or Makro). Its first four stores abroad were opened in Poland in 1997 and the first Turkish store followed just one year later. Since 2005 stores have also opened in Romania, Russia and Ukraine. In 2006 Metro also acquired 19 Géant hypermarkets in Poland from the French retailer, Casino.

After Tesco had failed in its first attempts to internationalise supermarket operations in Ireland and France the company strategically decided to develop its own hypermarket format as a tool for future internationalisation. Tesco's first hypermarkets were opened almost simultaneously in 1997/98 in its home market, under the banner of Tesco Extra, and in Eastern European markets, including Poland, where it also bought 13 stores from German Dohle in 2002. Several other countries, especially in Asia, followed. In 2003 Tesco entered Turkey acquiring Kipa, a local operator of 5 hypermarkets. In Ireland, a first Tesco Extra was opened in 2004, several years after it had re-entered the market acquiring the leading local supermarket business, Quinnsworth, in 1997.

In the following sections we will first look at the industrial relations of the three companies in their respective home countries. This will be followed by an analysis of their industrial relations in the four different host countries.

Table: Sample companies – year of first hypermarket and number of hypermarkets at the end of business year 2010 or 2010/11

	Home country	Ireland	Spain	Poland	Turkey	Other European countries	Non-European countries
Carrefour	1963 231	---	1973 171	1997 82	1993 27	BE, CY, GR, IT, RO	AR, BR, CO, CN, ID, MY, TW et al.
Tesco	1997 212	2004 11	---	1998 68	2003 46	CZ, HU, SK	CN, MY, RK, TH
Real	late 1960s 320	---	---	1997 54	1998 13	RO, RU, UA	---

3.1.6 Industrial relations of the three companies in their home countries

As already mentioned above industrial relations in the German retail sector show both similarities and differences from those found in manufacturing. Collective bargaining in the German retail sector has become highly concentrated. This follows the merger of the commerce union HBV and the white collar union DAG (which had not been a member of the federation of German trade unions – DGB - and had members across several industrial sectors) as well as several other service unions into the Verdi union in 2001. On the employers' side, there was a merger in 2002 and the dissolution of a competing association of the HDE in 2009. The collective sectoral agreement – composed of several very similar regional agreements – between Verdi and HDE covers about 51% of the workers in the West German retail sector (East Germany: 28%) and only 2% (5%) are covered by a company agreement; this is considerably lower than in manufacturing where 56% (25%) are covered by the sectoral and 11% (13%) by company agreements. In addition, only a few companies in the retail sector fully comply with all the regulations laid down in the collective agreement, e.g. concerning the payment of so-called mini-jobbers. An even greater difference appears if we compare employees working in establishments with works council representation: in German manufacturing this is 66%, but in the trade sector (including retailing and wholesale) it is only 31% (Ellguth & Kohaut 2011).

At Real there are besides the legally stipulated works councils at its stores, a joint works council for the whole Real group, as well as additional inter-establishment works councils on an intermediate level based on a company agreement. The latter used to be set up at regional level, but recently the focus has moved more to a more local level where representatives from three to four stores meet every six to eight weeks. Workers' and trade union representation on the supervisory boards (codetermination) is also fully established in Real and its parent company, Metro. In terms of collective bargaining, organised workers from many Real stores are at the forefront of industrial action in the retail sector, although there are differences between stores which are rooted in the distinct histories of the different merged companies. Real is one of the very few retailers that fully apply the collective agreement, including the full payment of mini-jobbers. Experiments to operate outside the collective agreement with one or two stores that were transferred to a separate subsidiary company ('dritte real' - SB Warenhaus GmbH) – including the first store to open until midnight (in Lübeck) – were short lived and were terminated in 2008. Real might, however, not be a very typical German retail company, even though - or because – it comprises many elements of industrial relations typical for the 'German model'.

In France, companies are legally obliged to organise elections for works councils (*comités d'entreprise*). This gives trade unions a platform despite the low trade union density. In retail, union density is even lower than the national average, reaching only 2%. There is strong competition between the different unions, especially CGT and CGT-FO, in the elections for staff representatives and works councils. In the retail sector “‘independent’ lists of non-unionised workers, some of whom are directly linked to the company’s management”, are frequently more important than the representative unions, especially in those companies where none of the national trade unions have elected delegates (Askenazy et al. 2008:222). In the retail sector strikes are rare, and it was only in 2008 that the three major unions FO, CFDT and CGT organised joint country wide industrial action at hypermarkets (Eurofound 2008). There is a collective agreement for the retail sector and it is made generally binding for all companies in the sector by the Labour Department. This agreement is relevant in regulating minimum working hours by giving employees the right to receive a contract with at least 26 hours per week from their employer upon request. But with regard to wages it is quite irrelevant. For many companies, including large numbers of independents and franchisees, it is the minimum wage set by the state (SMIC) and not the collective agreement that sets the wage standard for employees.

At Carrefour, there are elected trade union delegates at nearly all its hypermarkets and the vast majority of the works council members belong to one of the national unions, FO being the strongest union in the company. The position of the unions vis-à-vis the company is relatively strong, especially as French laws on industrial action support some militancy. In the case of hypermarkets, this allows striking workers to seriously interrupt trading business, e.g. by blocking customer parking lots. Despite considerable rivalry between the trade unions, they have been able to negotiate collective agreements for Carrefour’s hypermarket operations which contain better conditions than the national industry agreement but also than most other company level agreements, including that at Carrefour supermarkets, concerning wages, social insurance and working time regulation. The latter is especially relevant: Workers have a right to a contract of at least 30 hours per week. With 35 hours being a full-time contract in France, this renders impracticable the frequent practice of retailers to use over-time allocation to part-time workers as an instrument of reward and control.

In comparison to CMEs the constitution of the industrial relations system of LMEs, including Great Britain, has been characterised as rather weak (Godard 2002). Industrial relations in retailing mirror certainly the weakness of unions in manufacturing. However, there is one significant difference. The trade union dominating the retail sector, USDAW, has for a long time been following a strategy that has been characterised as ‘business unionism’, referring to the union’s rather conservative political stance and its interest in developing cooperative relations with employers (Lynch et al. 2011). A focus of their organising activities has been the country’s leading food retailers: Tesco, Sainsbury’s, Morrisons and Co-op – while Asda is organised by GMB. Smaller retailers including the foreign hard discounters have received much less attention from USDAW.

USDAW was the only union Tesco recognised as representing workers at its stores when in 1997 the company demanded concessions regarding flexibility and bonuses e.g. for Sunday work. Tesco threatened to de-recognise USDAW unless they agreed to their demands and signed a partnership agreement. The partnership agreement was signed after membership supported the agreement in a ballot 4 to 1 (cf. also Haynes & Allen 2001; Blyton and Turnbull 2004). This makes Tesco a special case in the UK retail industry. The agreement also includes support for trade union membership during employee induction and union fee deduction from company payroll, which have helped the union to grow significantly and steadily over the years (Lynch 2011). While one third of USDAW’s over 400,000 members work with Tesco,

two thirds of the Tesco's employees are organised with the union. USDAW has also set up a special branch, called SATA, for managers and directors with a membership density of about 20 per cent.

Interviewees on both the management and union side stress that there have been no strikes so far and do not anticipate any strikes in Tesco in the near future. Tesco operates the partnership agreement on the basis of employee forums set up on three levels: a) Store Forums, b) Regional Forum, and c) the National Forum. Forum delegates are elected by all employees, and many of them are trade union members. All in all there are more than 1600 employee representatives across the company (DTI 2007). The forums can be described as a form of co-management where employees and union members are engaged in company affairs at different levels. In interviews with management and union reps, both sides stressed that the collective agreement is supportive in improving working conditions, training and career opportunities, salaries and bonuses for staff and that these are better than at all other food retailers. However, ongoing modifications to the collective agreement have created a two-tier workforce of those employees, now dwindling, who are on old contracts and those on the new, less advantageous contracts. Newly recruited employees have reduced benefits with regard to sickness, overtime and especially Sunday payments.

3.1.7 Industrial relations of the three companies in four host countries

The industrial relations system in Ireland has been characterised as voluntarist and adversarial. But, very untypical for a LME, since the late 1980s the relatively strong trade union movement, represented by the ITUC, became involved in a series of national tri-partite social pacts. These have set a loose framework for company partnership agreements, especially since the late 1990s (Roche 2007) and several companies, including many foreign MNCs, have set up such agreements since then.

When Tesco took over Quinnsworth in 1996, their stores were already highly unionised. The company has a membership agreement with two unions in Ireland, Mandate and SIPTU, although the latter is only represented in a small number of stores. In addition, Tesco introduced the deduction of union subscriptions through the company pay roll, similar to its operations in the UK. Today, Mandate has a very high level of membership in Tesco and about one quarter of Mandate members work for Tesco. There is a well-entrenched network of shop stewards and union activists, and industrial relations have been quite adversarial, e.g. in 2001 10,000 employees took part in the one-day work stoppage. In 2005 the firm signed a partnership agreement with Mandate and SIPTU and started to set up its own customized consultation structures, similar to those in the UK providing for three levels: store, regional and national level. But, different from the UK, forum delegates are always trade union representatives and Tesco continues to face a more adversarial industrial relations climate in Ireland than at home. E.g. a recent open company-union dispute took place in a store in Douglas, Cork, where Tesco attempted to transfer 80 staff to a new store in an attempt to reduce the terms and conditions of these workers. Finally, again different from the UK, collective bargaining has not been integrated into the employee forum structure, but is kept outside by Mandate and SIPTU. Since 2007 there has also been an ongoing court battle over the payment of pay rises in accordance with the collective company agreement.

In the Spanish large surface retail sector a special situation prevails: industrial relations are dominated by two yellow unions, which is quite unknown in other sectors of the Spanish economy, including smaller stores like supermarkets. Spanish retailing conserved a traditional structure well into the 1970s, and department stores, especially those of El Corte Ingles, were

the dominant modern retail format. With the end of the Franco regime and economic liberalisation, foreign investors starting with Carrefour and Promodès in 1973/75 followed by many other foreign green-field big-box retailers, triggered a dramatic change of retailing in Spain within one decade. When, at the same time, trade unions quickly began to organise themselves after Franco, El Corte Inglés set up two yellow unions, FASGA and FETICO, in 1977/78 which during the following years succeeded in pushing the two big national unions, UGT and CCOO, into a minority position (Royle & Ortiz 2009). At the last works council elections in 2010 the two yellow unions, especially FETICO, were able to gain about two thirds of the seats at Carrefour hypermarkets. During these (as in previous) elections supporters of UGT and CCOO were harassed and intimidated. Bullying of workers supporting UGT or CCOO has frequently been reported to UniCommerce and has also been reported in interviews to us. Carrefour joined ANGED, the Spanish association of large-surface retailers in 1978 and the collective agreement is signed by ANGED, FETICO and FASGA. CCOO and UGT both refused to sign this agreement, criticising issues such as working time deregulation, sick leave payments, pregnancy regulations as well as wage payment levels (see also Royle and Ortiz 2009).

Industrial relations in Poland, as mentioned above, have been characterised until recently by a unitary system. This is dominated in the private sector by two national trade union organisations, Solidarność and OPZZ, both historically with strong ties to politics. Both organisations have sectoral units on the national level as well as cross-sector regional structures. The absence of sectoral structures on a regional or local level, however, leaves most of the thousands of unions, usually set up on an establishment or company level, highly uncoordinated. Such unions, and there are over 7,000 of them in total (ETUI 2010), can be established by a minimum of ten employees. In order to gain representative status they must organise at least 10% of the employees of the establishment/company and belong to a representative national general union. A representative union on establishment or company level has prerogatives in three areas: it may veto specific elements of a collective agreement (if there is one), it must be consulted in setting regulations on pay, social benefits, holidays and work organisation, and, finally, its representatives are protected from dismissal. Works councils have only been introduced legally in reaction to the EU Directive 2002/14/EC: a works council has to be established on the request of 10% of the employees. In the retail sector there is no collective agreement at industry level. Union density in retail stands at an estimated 12% (ibid). In this permissive environment the state of trade union representation varied considerably between the three companies in our sample.

The Real store in Szczecin was the first to be operated by a multinational retailer and in 1999 a trade union, in this case belonging to NSZZ Solidarność, was successfully established. Today the company has trade union representation in the majority of its over 50 stores (37 Solidarność, but also two by OPZZ). Works councils have also been established. Real, unlike other foreign retailers in the country, operates all its Polish stores as formally separate companies, a structure that supports store egoism and hampers coordination between store unions. Real takes advantage of the decentralised interest representation and the absence of inter-store structures and has not negotiated a collective agreement. In this situation the company can also exert pressure to extract concessions especially from employees at weakly performing stores.

At Carrefour representative trade unions (NSZZ Solidarność) have been set up in the form of a supra-store union with representatives from around 30 stores, and additionally via four different single store unions. Altogether, less than half of Carrefour's hypermarkets have a trade union representation. Three works councils have also been formed. In 2002 the inter-company

union signed an agreement on cooperation with the company, intended as a first step towards a collective agreement which has not yet been realised..

Tesco signed a partnership agreement with a company level trade union belonging to NSZZ Solidarność (with support from USDAW) in 2002, which was renewed for an unlimited time in 2005. There are no separate unions on the store level, but sub-sections of the company level union. Aside from Solidarność, there are four more trade unions in the network but all are present in only one outlet respectively. Due to the weakness of the trade unions, no collective agreement is in place. Tesco has, however, transferred its concept of employee forums to Poland. Store level forum representatives are elected by all employees: they meet every six to eight weeks and deal mainly with matters relating to work organisation. They in turn send delegates to regional forums and on to the national forum. Since January 2011 the company has also run a pilot test of a Union induction programme at two stores where new employees are (positively) informed about union membership during induction by the HR department. According to the unions, the results have been promising, so it is likely they will request that the programme be continued and extended to cover a larger number of outlets.

Industrial relations in Turkey are quite different from those in other, especially Western, European countries (Uçkan 2007). The state plays a central role; and industrial relations are highly regulated by legislation issued a few years following the military coup in the early 1980s and only marginally changed since then. This legislation sets a high threshold for union recognition/authorisation on a company level. Such a union must not only organise at least 10% of all employees in a (broadly defined) sector, but also at least 50% of the employees of a company. Despite the fact that employers are informed about workers' union membership and trade unionists are not protected against harassment or dismissals, organising campaigns by Turkish unions have in many cases been able to meet this high threshold, especially at larger establishments, including hypermarkets. The union then must apply for authorisation with the Ministry for Labour and Social Security (MLSS). Employers, however, may appeal to the court which can suspend the authorisation for up to two years. Authorised unions have certain rights of information and consultation, e.g. on redundancies and short-time work. They may also enter into a highly regulated collective dispute resolution process, which must start with a process of negotiation. This usually fails in practice. Only after this may authorised trade unions call for industrial action. All bargaining is on a company basis and there is no employers' association in the Turkish retail industry. For the three companies in the sample, Tez-Koop-İş, the biggest Turkish trade union in this sector characterised as secular and non-communist, was the union organising the workers.

At Real the organising campaign started in 2004 and ended in 2005 with 1480 of the around 2000 workers now organized. Real did not appeal against trade union authorisation and was the first foreign retailer to recognise trade unions. In 2005, a collective agreement was signed, the second one in 2007. During the collective agreement negotiations in 2010 a disagreement arose about wage increases. Despite the employer's threats to close stores if the union went on strike, a new collective agreement was signed before an issued strike warning was carried out.

At Carrefour the organizing campaign by Tez-Koop-İş began in 2003. When 2600 out of 3570 workers had joined Tez-Koop-İş in 2005, the union applied to the Ministry of Labour and Social Security for the authorisation. Carrefour, however, appealed against the authorisation. When the judiciary procedure had been going on for 13 months Carrefour acquired the local supermarket chain, Gima, where Tez-Koop-İş had already signed an agreement. Following appeals from UNI Commerce, the European retail union federation, to the head office of Carrefour in Paris, the company withdrew the appeal and recognized the Tez-Koop-İş in December 2006. Collective bargaining began in March 2007 and an agreement was concluded in June 2007 and has been renewed in 2010.

The struggle by Tez Koop-İş for unionisation at Tesco-Kipa has been ongoing since 2003 and is supported by both national and international labour unions; even Sosyal-İş, the greatest rival of Tez Koop-İş, supports Tez-Koop-İş in this struggle. Tez-Koop-İş started organising activities at Kipa shortly before it was purchased by Tesco in November 2003 and applied for workplace majority verification to the Ministry of Labour and Social Security, which was granted in May 2004. However, Tesco-Kipa appealed against the decision, and the court made a judgement against Tez-Koop-İş in 2006. Tez Koop-İş has continued unionisation activities at Tesco-Kipa, and applied for workplace majority verification to the Ministry of Labour and Social Security once again and attained authorisation in July 2010. Tesco-Kipa again appealed the respective call, and since then the law suit is still continuing. Tesco-Kipa is the only multinational retailer operating hypermarkets in Turkey that has not signed a collective agreement yet. But the company has set up employee forum sat store, regional and national levels, similar to those in its home market. On the store level, each department of the store elects its own representative. These department representatives then elect workplace representatives among themselves. Workplace representatives then elect regional representatives and the regional representatives then constitute the national workers forum. Store forums are held once a month with the participation of the store representatives and the HR manager, whereas regional forums are held once in every three months and national forums once a year. While for an interviewed manager, Tesco's participatory management "... *reflects the British democracy ... [and] shows that central HR systems of multinationals work well when applied appropriately*", interviewed workers claim that forum representatives are mostly elected from amongst workers who will not question management prerogative and are therefore unable to adequately represent workers' interests or challenge management in an effective way.

3.1.8 Summary of cross-national comparisons and concluding remarks

In their home countries, two of the three retailers in our sample, Carrefour and Real, have full store and enterprise level interest representation through works councils and trade unionists' presence reflecting their home country models as the institutionalist literature would suggest. The size of hypermarket establishments, resembling the size of manufacturing plants is also probably an important factor here for the establishment of formal systems of employee representation in the companies (cf. also Dribbusch 2005). The two companies are the national pioneers in the hypermarket segment in France and Germany and their operations have a relatively long tradition; thus industrial relations at these companies were shaped in the 1960s and 1970s at a time when traditional industrial relations institutions had not yet come under the deregulating pressures caused by high unemployment and intensified competition. In the UK, industrial relations at Tesco have been shaped by the business unionism approach of USDAW and its partnership agreement with the company. Overall, these results confirm our first proposition that industrial relations in the three companies' home country hypermarket operators are to a large extent shaped by an institutional system that fits with established VoC arguments. These companies have more in common with many manufacturing companies than with many of their local retail competitors who operate smaller retail formats, and who are sometimes seen as more representative of the retail sector (e.g. Artus 2008). However, the strength of trade unions in these companies is considerably lower than in many manufacturing companies. In the case of Tesco in the UK USDAW is not prepared to take strike action believing it would not be supported by its members anyway. In Real in Germany when employees go on strike they do not have the power to significantly disturb the companies' business. It is only in Carrefour in France that trade unions can interrupt hypermarkets' trading business through strike action by the more militant membership.

At the eight foreign subsidiaries we found significant differences between countries as well as companies. These result from the interplay between the companies' different industrial relations systems developed in their home country which are transferred and are adapted to host country institutions to very different degrees. The German MNC Real, which has firmly established relationships with trade unions and works councils in its home country, has been relatively open to trade union representation in its subsidiaries. In Turkey it has, for example, accepted union representation and has set up a collective agreement without turning to the courts and fighting union recognition unlike the two other companies in our sample. But in Poland Real supports the fragmentation of trade unions in the majority of its stores with its decentralised company organisation; there is no supra-store interest representation and no collective agreement. Real benefits from this fragmentation, which is common in Polish industrial relations, as it allows the company to put more pressure on workers, especially in those stores that operate at a loss and where closure is always an alternative.

Carrefour, coming from a background of more adversarial relationship with trade unions in France, at first opposed trade union authorisation/recognition in Turkey, but finally conceded and has also signed a collective agreement. In Poland, trade union representation covers less than half of Carrefour's over 80 stores. There are talks with the inter-store union, but no collective agreement has been signed as yet. Finally, in Spain Carrefour has set up works councils as, similar to its home country, it is obliged to by law. However, the company collaborates with the two yellow unions that dominate the sector and even puts pressure on employees not to support the independent Spanish national unions, for example in works council elections. Carrefour is also an active member of an employers association that has negotiated collective sector agreements with the two yellow unions.

Finally, in Tesco industrial relations in its home country and three host countries show the most striking differences. In Ireland as well as in Poland, Tesco has set up a partnership agreements with unions. Whilst in Poland, where trade unions are very weak and thus seem to welcome the opportunity offered by the company to gain some influence (and members), the partnership agreement has not yet led to any kind of collective agreement, in Ireland the partnership has not been able to absorb all conflicts with the trade unions. In Turkey, where trade unions can attempt to establish their own power base in a company based on organising members and authorisation from government, Tesco has not yet been willing to collaborate with a trade union, but instead has fought fiercely against the establishment of a union in their subsidiary. However, Tesco has transferred a key element of its UK model to all three subsidiaries analysed: the employee forums but, again, with different implications: while in Ireland the unions have retained a strong representation in the forums, the forums are being used as a substitute for union recognition in Turkey.

Thus all three companies have adapted industrial relations in their subsidiaries to the local institutional environment to a large extent, as might be assumed with companies following a multi-domestic strategy. We also found, as outlined in our second proposition, that Carrefour and Real have used the opportunities to escape the more restrictive elements of their host country industrial relations, especially in the highly permissive industrial relations environment of Poland but also in Spain, where Carrefour cooperates with yellow unions. In Turkey, in contrast, they have adhered to statutory union recognition. Tesco, coming from a more permissive home country industrial relations environment which has allowed it to develop its own corporate industrial relations model based on a partnership with USDAW has, in contrast, fought statutory union recognition in Turkey. The operation of the employee forums, too, shows considerable variety between the different host countries, which reflects the influence of the different host country industrial relations environments. Thus, our case studies

confirm our second proposition that host country institutions are important in shaping industrial relations outcomes in the subsidiaries of hypermarkets in the food retail sector.

In conclusion, our study has firstly shown the importance of certain contingencies, such as the retailing format (in our case hypermarkets) and the organisational size of establishments (in our case large stores). These need to be taken into account when analyzing industrial relations systems because they have moderating effects on the applicability of the VoC approach. Thus, concerning the operations of large hypermarkets in the three highly developed home countries of the three retail multinationals our study confirms some key arguments of VoC scholars, even though this approach has been criticised as not being suitable for the study of employment and industrial relations in retailing (see e.g. Carré et al. 2010). Secondly, our findings also confirms other key arguments of comparative institutionalists, especially that MNCs prefer adapt to local host country specific industrial relations systems. Thus, all our MNCs showed adaptations to both the formal but also informal industrial relations institutions of the host countries. The important influence on hypermarkets of national industrial relations systems of the host countries can be explained according to the multi-domestic internationalisation strategies of the MNCs in question. Finally, our research calls for a more fine-tuned application of conceptual frameworks which might help to improve both the accuracy of empirical analysis and further development of social theories. In other words we believe that solid empirical analysis is better served by not turning former mid range theories as such as VoC into grand theories but keeping them alive by fine-tuning.

3.2 Management Structure and Skills

3.2.1 Universal tendencies in European hypermarkets

Sophisticated IT systems (based on POS data and linked with suppliers) have led increasingly to the centralisation of many managerial functions, such as assortment planning, pricing, product display, ordering, to the HQs. The increased implementation of IT systems brought about a reduction of the number of in-store managers and employees. In addition, the number of hypermarkets throughout Europe has continuously been growing while their market share has been stagnating over the last decade (ACNielsen 2011), and in many countries, like Germany, the UK or Spain has even been decreasing, losing out to discounters and supermarkets. Our research on hypermarkets provides some evidence that these changes significant reduction in personnel in hypermarkets, across countries. We found that reductions seem to be quite common in the middle level of the store hierarchies, where we found job cuts across countries and hypermarkets³⁶. We also have evidence that a reduction of working hours for part-time staff is quite common across countries.

Technological change in food retailing has increased already existing industrial trends. Thus, e.g. traditional tradesman skills based on detailed product knowledge which in the past was needed on all levels, incl. shop assistants, are losing ground in European hypermarkets. We also found some evidence that the managerial requests for multi-tasking often meant that employees of specialised sections in hypermarkets, including food and non-food, were expected to switch sections and work wherever the ups and downs of the daily workflow in the stores

³⁶ One could argue that there is some devolution of middle manager responsibilities to team leaders. There was at least clear evidence of a decline in the staffing in hypermarkets in UK. This was e.g. seen as part of the reason for the decline in sales over last year's Christmas period. Store managers in the UK, we spoke to, found this development highly problematic for customer service.

required extra staffing. The latter tendencies were especially eminent in Spain, Poland and Turkey where distinct job descriptions are less and less common in hypermarkets³⁷.

Our research of hypermarkets also confirms some findings of former studies on retail work (Carré et al. 2010): we have a high amount of female employees in most European hypermarkets, but upward mobility for female employees is rather limited. Team leader and especially managerial positions are mainly occupied by men, with the biggest exception for Poland (please see below for further discussion) and also for the UK, where we found more equal distribution of males and females. Our cross-country comparison also shows that lower level positions e.g. at checkouts are primarily filled with female part-timers in European hypermarkets.

3.2.2 Country specific differences

Our research points also to some country specific institutional effects, related to both the home and the host countries. These 'effects' can be explained in relation to various layers of the home and host country institutions, such as welfare state, tax system, educational system and the system of industrial relations. Next we are going to reflect on some of the most significant country specific differences we came across in our study.

First of all, our study found results similar to earlier empirical findings comparing French, German and British manufacturing factories (see e.g. Maurice et al. 1980). Accordingly, we found differences that can be linked to home country institutions related 'effects' like managerial education and training, as found in earlier studies on retailing firms applying the societal effects approach (see e.g. Baret et al. 1999). However, in addition to earlier studies, which did not study MNCs, we found that home country specific management structure features are transferred to various host countries. Thus, we found generally steeper hierarchical relations in Carrefour stores in Europe in comparison to the other two MNCs, confirming earlier empirical findings regarding higher focus on centralisation and stronger influences of power of managerial elites (see e.g. Maurice et al. 1984). Tesco hypermarkets also seem to be generally more organised also more hierarchical than Metro-Real hypermarkets, but Tesco seems to have more lateral differentiation than Carrefour. Moreover, we also found the special function of compliance managers in the UK at Tesco stores which we did not find anywhere else. Compliance managers are mainly responsible for both controlling and organising smooth work flows in and between sections. Quotes from a personnel manager in Cardiff indicates they actually have an important line manager role: 'they keep the store safe and legal'; 'they are also in charge of all labelling, prices, customer services, safe and legal books, ensure that the controls are right, that people have the right safety gear, have the right licences'; and they also 'hold the purse strings for the payroll of the store'. In Real stores were we found the flattest hierarchies and more integration of work tasks related to product sections and groups (ibid), we did not find the separation of specialised replenishment shifts, as in Tesco and Carrefour hypermarkets³⁸. Again similar home country related differences were also found in earlier comparisons of manufacturing firms between these three countries by Maurice et al. 1980.

³⁷ This was, however, not true of the counters in Tesco, where we even found some talk of upgrading the function of the counters to deliver better customer service.

³⁸ These developments are criticised by Voss-Dahm (2008), because deskilling (or non-training) of employees who are only allocated to replenishment functions.

Additionally, we found some evidence that Carrefour hypermarket store managers in Spain and Turkey are more likely to have an authoritarian management style in comparison to Tesco and Metro-Real. Tesco store managers, however, somewhat different as what one would expect from research stressing the importance of country-of-origin effects in the transfer of knowledge within MNCs (Noorderhaven and Harzing 2003), seem to be most open to involvement of lower level managers and employees, an approach which is certainly triggered by company's partnership agreement, which has been transferred abroad and requires store management to involve lower level employees (see also section XXX). In Turkish and Polish Real stores we found, however, that employee involvement here seems to be rather a secondary matter. The latter finding leads us to our next proposition the role of transfer effects in case of the hypermarket format, i.e. weak employee involvement in Polish and Turkish hypermarkets can definitely be explained with, in comparison, weaker industrial relations systems and unions in these countries (see also section 3.1)

Hence, when comparing management structures, career patterns and gender across different host countries, we found evidence for our hypothesis of only small transfer effects in hypermarkets as they follow a multinational strategy involving a high level of adaptation to local environments. Thus, we expected and found significant host country effects. The most striking host country influence on management structure and skills have been found related to welfare state institutions, especially number and role of woman in management and employment in hypermarkets below (please see the table below for an overview). Turkey and Poland clearly stick out. Turkey because of the exceptionally high male employment in stores, a rather unusual constellation given the high female employment most food retailing outlets worldwide. However, the picture is different for cashiers where we find higher amount of female employees who are low skilled and on low paid part-time contracts. Managers and team leader positions in Turkey are predominantly filled with male personnel. These developments can be explained by quite weak family friendly institutions and traditional role of woman in family child care in Turkey, which leave limited space for female employees with smaller children to work full-time and take on managerial roles. Even higher male employment is triggered especially in rural Turkish areas with high unemployment and more traditional family relations. In Poland, however, the picture is quite different in terms of female career prospects. Here we found the best opportunities for woman to occupy middle and even upper managerial roles. One Polish Tesco manager therefore described 'Tesco as a woman'. A good example is Carrefour where 65% of the management staff in hypermarkets (from the level 5 upwards) are female. Thus, even when Poland has been described as conservative Christian democratic welfare state, like Germany (see Polish country report), the socialist legacy of equal rights for woman in terms of education and career development must be seen as a specific host country influence here. This is a major difference, compared to Turkey where the conservative breadwinner model seems to prevail even in an industrial sector which in other countries is dominated by female employees.

Table: Gender in stores – hypermarkets

	FR	DE	UK	ES	IE	PL	TR
Tesco	--	--	<i>Female: 57% (only USDAW) Male: 43% (ibid)</i>	--	No information	Female: 77% Male: 33%	Female: 36% Male: 64%
Carrefour	58% (FTE)	--	--	Female: 75-80 Male: 25-20%	--	Female: 80% Male: 20%	Female: 30-35% Male: 65-70%
Real	--	Female: 76% Male: 24%	--	--	--	Female: 70% Male: 30%	mostly male

3.2.3 Concluding comments

We can see the performance pressure in hypermarkets has been increased across Europe. This led to significant reductions of personnel, especially of middle and lower level employees in most the countries of our sample. This can be explained by large related technological innovations which supported increased standardisation of decision-making across stores and related to the shift of demand away from hypermarkets and to smaller formats like discounters and supermarkets. Along these lines, we also learned from expert interviews (at the ETUI workshop June 2012 in Brussels) that in the past both, Tesco and Carrefour, were siphoning off profits from their home country stores to pay for international expansion. Both companies have now announced that they need to address the underinvestment in staff and stores. These developments might also involve the re-assessment the strategic development of the hypermarket format.

There is evidence that detailed measures of performance which aim to exactly calculate how much time employees need for a particular job have spread widely across the hypermarket sector. One store manager at Tesco summarised these developments by stating that ‘there is nowhere to hide anymore’. However, indifferent from hard discounters, the larger size of stores and generally higher unionisation of hypermarket stores provides employees with more possibilities to get involved and fairer chances to all employees to move up the store hierarchy. We also found that managerial hierarchies, even when flatter or steeper related to the country-of-origin of the MNC, are mainly populated by men, except in Poland and partly also for the UK, where career prospects for woman are more open.

However, we found again some institutional effects of how our three companies streamlined their international operations: Tesco showed the strongest drive in this direction when imposing its partnership model which contains both management and IR tools; Carrefour seem to be quite ‘French’ in its drive towards re-centralisation similar to the findings of Hurt and Hurt (2005) for French hypermarkets operating in Poland, based on a rather authoritarian management structure. In comparison, Real hypermarkets seem to be steered centrally to a lower extent and managed more de-centrally. There is also evidence in Poland, Spain and Turkey that the ongoing discussion regarding Metro’s plans to sell its Real stores has led to instability in management structures and performance at store level.

3.3 Working time management

In many, esp. Northwest European countries, Governments have supported the creation of part-time jobs as a means to fight unemployment. At the same time, part-time employment, esp. in combination with low wages, is increasingly seen as a social problem of capitalist societies, reflected e.g. in debates on increased numbers of ‘working poor’ and the future of the European social model (e.g. Bosch and Kalina 2007; Bosch et al. 2009). Increased low-paid part-time work does not just create a class of working poor, but also might have an impact on the power of employers and managers over employees.

In the retail industry, the organisation of working time is an important issue (Sparks 1982; Kirsch et al. 1999; Baret et al. 2000; Voss-Dahm 2009; Carré et al. 2010). The high volatility of customer footfall and spending distributed unevenly and irregularly over a single day, over days within a week and between seasons makes part-time work a welcome means to flexibly adapt the staffing of stores to these fluctuations; in grocery retailing this refers especially to checkout work. In replenishment, too, part-time work can be an advantage when shelves are stacked in the early morning before customers populate the stores for their pre-lunch shopping (on night shifts as an alternative cf. below).

Part-time work also facilitates to adapt the volume of labour to short-term changes, like unforeseen customer footfall, a short term sick-leave notice, or changed deliveries. If contracted hours are below needed hours and if a sufficient number of workers is willing or is even keen to work overtime staffing of stores can be changed quickly by assigning (or not assigning) overtime at short notice without having to pay an overtime bonus. This practice might also have an additional advantage: since overtime would primarily be assigned to ‘good’ and reliable workers overtime can be used as a work incentive (while not being given overtime hours might be seen as punishment, especially by those workers that rely on this in order to earn enough money). There are even more potential benefits of part-time work for employers: Physically demanding work like some replenishment work can be carried out more intensively for a shorter time period, and concentration of checkout workers declines after five or six hours; this seems to be a main reason for checkout work most frequently being part-time work. Finally, workers who are sick might not call in sick but might try to recover or visit the doctor during their time off.

3.3.1 Country variety

The studies by Baret et al. (2000), Kirsch et al. (1999) and Carré et al. (2008) had shown big differences in the distribution of full-time and part-time work in the retail sectors of advanced European countries; and they have explained this with the different institutional environments. Over all sectors, Germany and the UK show a relatively high share of part-time employment, especially among women (cf. table below); this seems to be the result of a conservative and a liberal welfare state, respectively; the first frequently financially favouring women that stay at home, and both providing very little state funded child care. France here is quite different: An extensive state funded infrastructure for child care seems to reduce the part-time rate for women significantly. Ireland seems to be quite similar to the UK, and Spain displays similar values as France – though probably for different reasons. In emerging and transformation economies like Poland and Turkey part-time rates are usually very low. Finally, in Finland part-time work is also not very common because the social democratic welfare state does not disadvantage double income households and provides extensive child care.

Table: Distribution of full-time and part-time employment by gender in national economies and retail sectors (2011)

		FR	DE	UK	IE	ES	PL	TR	FI
all	FT m	49 %	48 %	47 %	47 %	52 %	52 %	66 %	46 %
	FT f	33 %	25 %	26 %	30 %	34 %	40 %	22 %	39 %
	PT m	4 %	6 %	7 %	7 %	3 %	3 %	5 %	5 %
	PT f	14 %	21 %	20 %	17 %	11 %	5 %	7 %	9 %
retail	FT m	36 %	26 %	29%	28 %	33 %	27 %	73 %	23 %
	FT f	40 %	28 %	22%	29 %	47 %	63 %	20 %	41 %
	PT m	5 %	6 %	14%	11 %	4 %	2 %	3 %	7 %
	PT f	19 %	39 %	35%	32 %	16 %	8 %	3 %	28 %

Source: evaluation from European Labour Force Survey; own calculations³⁹

In the retail sector, due to the retail-specific demand for a flexible labour force, part-time work is on average more widely spread than in other industries in all countries (cf. table above); in the grocery sector it is usually even higher (for sub-sector differences cf. below). Among all countries in our sample, Turkey is quite a special case, because the share of male full-time employment, which is generally very high, is even above average in the retail sector (73% of all employees). In terms of gender, Poland is quite the opposite: Retail is dominated by female full-time employees (63%); the socialist legacy, the availability of some child care and the need to work in order to make a living (cf. 4.5.2) might explain this. In Spain, too, mostly female full-time employment (47%) characterises the retail sector. Finally, in Finland the female part-time rate in retail (28%) is clearly above the national average, but still clearly below the levels of Germany and the UK.

Germany is the country with the highest share of female part-time workers in retail (39%), many of them mini-jobbers (cf. 4.1.2). The UK and Ireland too have high shares of female part-timers (35% and 32%); and here the share of male part-timers (14% and 11%) is – at least in international comparison – also relatively high; this could include pensioners that need to supplement low pensions or students having to finance their high tuition fees (on high numbers of student workers in British retail cf. Mason and Osborne 2008).⁴⁰

In French retailing the share of part-time work is relatively low. This is mostly the result of the availability of an extensive infrastructure for child care. But, the reduction of the standard working time in the early 1980s and further in the late 1990s to 35 hours per week also is relevant here. Government intervention stipulated unions and employers to negotiate this working time reduction. The collective agreement for the retail industry says that all part-time workers in the retail sector with less than 25 hours have the right to have their contract changed to at least 25 hours; on their request, the employer must change their contract within 3 months.

3.3.2 Company specific differences

The collective agreements at Carrefour is even better than the industry agreement, it gives part-timers the right to work at least 30 hours; so all part-timers have the right to nearly work full-time (35hours) if they wish so. The share of part-time workers at Carrefour (29%) is

³⁹ This dataset contains some problems. The variable refers to the main job. The distinction between full-time and part-time work is based on a spontaneous response by the respondents.

⁴⁰ The minimum wage is also lower for persons aged 20 or younger.

slightly above French retail average,⁴¹ but is much lower than at Real and Tesco. At both companies home country operations, around 70% of the workforce are part-timers, which is also above the national retail average.

Table: Share of part-time workers in analysed hypermarkets, and in country and retail sector employment (ca. 2010/11)

	FR	DE	UK	IE	ES	PL	TR	FI
Tesco	--	--	70%	probably like UK	--	13%	12%	
Carrefour*	29%	--	--	--	37%	18%	** 33%	
Real	--	70%	--	--	--	29%	no info	
All sectors***	18%	27%	27%	14%	24%	8%	12%	14%
Retail***	24%	45%	49%	44%	20%	10%	6%	35%

* data include all company operations; hypermarkets clearly dominate these

** based on case study in one store

*** LFS data

When we look at the companies' foreign subsidiaries, Carrefour having a relatively low share of part-time workers in its home country does not seem to be greatly influenced by the national host country environments; their part-time rate seems to be above host countries' national averages. While for Real and Tesco part-time rates are much lower than in their home countries and – especially in the case of Tesco – are only slightly above the typical national rates. For the subsidiaries of these two companies there seems to be a strong host country effect.

This is quite different from Lidl. (cf. also section 3.4). Lidl in Germany also employs a high share of part-timers (interviewees estimated at around 80%). The share of part-timers is also high at its foreign operations in the countries of our survey: UK, Ireland, Spain and Poland, where interviewees estimated the percentage similar to that in Germany. Even in Finland, 71% of the organised workers⁴² are part-timers – compared to 43% in national average.⁴³

Part-time work seems to be a core element of Lidl's business model. Small stores where scheduled staff sometimes is made up by only two or three employees (including the SM or DSM) require even more personnel flexibility (the impact of one worker more or less is stronger in a small team). But the exploitation of other possible benefits also seems to be relatively important for Lidl: full exploitation of the workforce, and using overtime as an incentive.⁴⁴ The uniformity of the dominance of part-time work in Lidl stores seems to be a format

⁴¹ This could be because in grocery it is generally above the retail average. It should be noted here that INSEE (2011) data show a higher part-time rate for retail (in 2008: 34%); and the figure cited by Askenazy et al. (2008: 221) for 2003 is even 48%. It might also be noted here that part-timers in France on average work more hours than part-timers in other countries (WSI 2011), probably because of the collective agreements; this means, there could be a high share of part-timers that, with a few additional hours of overtime, practically work full-time.

⁴² Among un-organised workers the share might even be higher.

⁴³ It seems that in France, too, part-time clearly dominates: store level job vacancies announced on the internet (http://www.lidl.fr/cps/rde/xchg/lidl_fr/hs.xsl/4193.htm checked three times during June and July 2012) – except those for a store manager – are all part-time.

⁴⁴ Women working part-time in West Germany on average would like to work 4.1 hours (East Germany: 5.2 hours) longer than stated in their contract and 3 hours (2.9 hours) longer than they actually work (Holst and Seifert 2012).

effect; the model developed in Germany is transferred abroad to all its foreign subsidiaries following a global strategy.

Opening hours and night shifts

Lidl has since kept its opening hours relatively short in Germany; this is part of Lidl's discount strategy that tries to keep costs down and thus to avoid trading on less busy hours; and, as can be seen from the table below, Lidl also extends its opening hours only slightly (primarily a few hours on Sundays) in countries where some competitors open more or less around the clock like the UK or Ireland. Carrefour and Real have also somewhat limited opening hours in their home countries – despite liberalised regulations allowing for 24 hours on six days⁴⁵ – and have only slightly extended these in the various host countries, especially also opening on Sundays. This is quite different for Tesco that developed its model in a relatively unregulated environment. Its hypermarkets in the UK are opened as many hours as legally allowed, i.e. with the exception of reduced hours on Sundays 24 hours a day; and the company has transferred this practice to Ireland and Poland, where Tesco hypermarkets are opened 24/7 without interruption.

Table: Typical store opening hours and opening hours regulations

	DE	UK	FR	ES	IE	PL	TR	FI
Carrefour			Mon-Sat 9:00-21:00	Mon-Sat 10:00-22:00		Mon-Sat 8:00-22:00 Sun 9:00-21:00	Mon-Sun 10:00-22:00	
Real	Mon-Sat 8:00-22:00					Mon-Sat 9:00-22:00 Sun 9:00-21:00	Mon-Sun 10:00-22:00	
Tesco		Mon 6:00-24:00 Tue-Sat 0:00-24:00 Sun 11:00-17:00			Mon-Sun 0:00-24:00	Mon-Sun 0:00-24:00	Mon-Sun 9:00-23:00	
Lidl	Mon-Sat 8:00-20:00	Mon-Sat 8:00-21:00 Sun 10:00-16:00	Mon-Sat 8:30-20:30	Mon-Sat 9:15-21:15	Mon-Sat 8:00-21:00 Sun 10:30-15:00	Mon-Sat 8:00-21:00 Sun 9:00-18:00		Mon-Fri 9:00-21:00 Sat: 9:00-18:00 Sun: 12:00-18:00
regulation	Mon-Sat 24 h/d Sun 0 h/d	Mon-Sat 24 h/d Sun 6 h/d	Mon-Sat 24 h/d	Mon-Sat 12 h/d 33Sun 0 h/d	Mon-Sun 24 h/d	Mon-Sun 24 h/d		Mon-Fri 7:00-21:00 Sat: 7:00-18:00 Sun: 12:00-18:00

Own compilation taken from companies' internet sites.

Store opening hours are typical examples and might deviate slightly; details of regulation of store opening hours is frequently devolved to regional levels; in addition there are usually several exceptions, e.g. concerning special Sundays or tourist areas.

This is probably also linked to the practice of Tesco to use night shifts for replenishment; this might also be connected to the low sales space per capita in the UK leading to a situation where stores are generally more crowded by shoppers than in other countries. Carrefour has

⁴⁵ In 2006 responsibility for regulating store opening hours was devolved to the state level; and most states have completely liberalised store opening hours from Monday to Saturday.

had plans to introduce replenishment night shifts in France, but these plans were fought by trade unions and became abandoned; though early morning shifts now start at 4:00am.

3.3.3 Concluding comments

While store opening hours of foreign subsidiaries seem to follow the pattern of the companies' home country operations; but they have frequently added opening hours on Sundays where ever possible.

Concerning the use of part-time host country institutions seem to have a strong impact on foreign hypermarket operations; while Lidl's stores are staffed mainly by part-timers independent of different institutional environments. This fits with the assumption of discounters pursuing a strategy of global standardisation while hypermarkets adapt to local environments within their multinational strategy.

3.4 Lidl Europe

3.4.1 Universal tendencies at Lidl in Europe

3.4.1.1 Introduction

The hard discounter format has been developed in Germany and it is widely believed that Lidl initially copied many of the ideas on how to run its business from Aldi, the pioneer of the hard discounter model, by offering customers a limited range of products (mainly own labels) and low prices (see e.g. Moesgaard Andersen and Poulfelt 2006; Straub 2012). However, in comparison to Aldi, Lidl has slightly larger stores, a broader range of products, including more brand labels.

The imitation process was facilitated when Lidl owner manager Dieter Schwarz, recruited Klaus Gehrige in 1976 as a manager for the twelve Lidl stores, which existed at that time. Gehrige has started his professional career at Aldi in 1971 (Munzinger Online) and is leading the Schwarz group now, who owns both Lidl and also the hypermarket chain Kaufland, since 2004 (ibid). He is understood to be Lidl's main strategist and responsible for Lidl's rapid internationalisation and Lidl's success abroad. Compared to Aldi, Lidl has grown internationally more rapidly and at the same time primarily concentrated its expansion on the European market (see e.g. Moesgaard Andersen and Poulfelt 2006)⁴⁶.

An important element that Lidl copied from Aldi's is its secretive management and organisation culture. This can also be linked to Lidl's corporate governance and ownership structure. Like the Albrecht family at Aldi, the Schwarz Group makes use of an obscure ownership structure which is comprised of a complex network of foundations and about 500 independent companies and subsidiaries which helps the key owners, Dieter Schwarz and his family, to hide their exact influence and power. What is more, the obscure ownership structure helps the company's to keep its legal obligations for revealing strategic and financial information to a minimum (see also Moesgaard Andersen and Poulfelt 2006). Lidl's specific form of corporate governance together with the small size of stores are also key reasons (ibid; see also Hamann and Giese 2004) why the company is able keep union influence at minimum at the store level.

⁴⁶ Aldi has compared to Lidl also expanded into markets outside of Europe, such as the USA and Australia.

However, our research reveals that parts of the secrecy culture at Lidl have currently been the target of organisational reform. The company has started to develop a more open HR policy across Europe. In our case studies, we see some evidence that the company is moving away from its old-fashioned, aggressive and crude Lidl system. Lidl has professionalised its management and organisational practices, since 2009 in UK, meaning that some of the negative and abusive work and employment practices, described in black book on Lidl Europe (Hammann et al. 2006) became less prominent.

There are at least four reasons for these developments. First of all, Lidl felt forced to respond publicly in the aftermath of scandal regarding the systematic surveillance of Lidl store employees in its home country Germany. The increased criticism of Lidl's work and employment practices mainly in Germany threatened not just its international reputation but also the success of its rapid internationalisation strategy. Second, critical media coverage (see e.g. in-depth Lidl story in the *manager magazin* by Hirn et al. 2007) which e.g. pointed to military like management principles at Lidl, pointed to a much deeper problem, that rigid hierarchical forms of organisational control at Lidl, has become increasingly a barrier for the recruitment and maintenance of university graduates, especially for above store level management positions. Fourth, the international expansion and increased size of the company created a much more complex organisational design and structure, which made it more difficult for Lidl to keep running its business top down with a small number of powerful decision-makers concentrated in the German headquarters (ibid). We finally found some evidence of that external 'normative' institutional pressures (DiMaggio and Powell 1983) such as media coverage (e.g. in Finland) and public campaigns (e.g. in Germany) might more have triggered more a professional approach towards work and employment related practices in Europe. This was facilitated by new technologies (e.g. clock in system, fruit&veg scanner codes, etc.) and HR management practices (e.g. performance appraisal schemes and Personal Welfare Coordinators in the UK). In short, Lidl shows signs of being more law abiding in the various host country environments it operates in. Nevertheless there are remaining problem that specific elements of Lidl's secretive organisational culture, still encourages 'aggressive' and 'abusive' behaviour towards managers and employees in stores; exceptions have been found, however, in Finland. This will be discussed in more detail below.

Generally, it can be stated that personality and management style of store managers, as well as managers above store level, seem to be quite important in terms of how a store is managed and its employees are treated. We found evidence that larger size, good location and high performance of stores provide store managers with some autonomy to soften the rigid personal, bureaucratic and technological driven output control mechanisms (Child 1984: 159) of Lidl stores. Similarly, a former Aldi manager (Straub 2012: 315) summarises the control model of hard discounters as a clever mix of central and de-central decision-making: the official rhetoric is that store managers act as 'local entrepreneurs', but at the same time they are tightly hierarchically controlled. On the one hand, the enormous pressure from the top to meet keep costs under control makes many to store managers to 'go beyond borders' (ibid) to achieve key performance measures, which can have positive or negative effects on work and employment in stores. On the other hand, stores are - to a certain extent - similar to small businesses, where staff is willing to accept a certain amount of 'exploitation' and 'self-exploitation'. However, an important difference is that if anything is going wrong in stores, the upper managers 'can wash their hands of responsibility' (ibid) and 'blame' store management and employees for this (ibid).

3.4.1.2 *Industrial relations*

It can be said that IR of Lidl stores in Europe are generally rather weak in terms of collective representation of employees reflecting general trends in the retailing industry (see e.g. Appelbaum et al. 2010). However, our study shows that the organisation of labour in discounters is much more difficult than in the hypermarkets. The latter indicates that store size matters; in smaller retailing outlets it seems to be more difficult for unions to organise workforce. This is in line with a current international comparative study on service work in small and medium enterprises (SMEs) of Artus (2008), which found that work and employment in service sector SMEs can be quite ‘precarious’, when compared to larger firms and especially in the manufacturing sector, with traditionally stronger unions and IR. Other contingencies are responsible for weak and sometimes ‘precarious’ IR at hard discounter are that stores attract a high proportion of low-skilled, part-time, female, young and foreign workers. In short, we found a marked discouragement of employee voice in Lidl stores, because key interest of Lidl is to make sure that everybody follows the centrally set rules, norms and performance targets, which are highly standardized across Europe.

However, Lidl’s approach to IR and employment representation in Finland seems to be significantly different from its general stance of avoiding union influence. In the UK we actually got the impression that the company neither encourages nor discourages unions⁴⁷. Talking to unionists they see Lidl stores generally not as a ‘fertile ground’ for recruiting and organising labour. However, we have evidence - even in countries where union influence is weak - that employees might decide to join a union as a personal safety net should they be unjustly treated but this is kept secret. As already indicated, there is some evidence that Lidl developed some soft HR instruments to generate more employee engagement and voice in certain limited areas, e.g. via the Lidl newsletter in the UK.

3.4.1.3 *Store management structure and skill development*

The key to understand the store management structure is Lidl’s strategic cost leadership approach across Europe, which has also been described as aggressive ‘go to market strategy’, based on ‘simplicity’ of stores, products and marketing. This simplicity also helps Lidl’s internationalisation approach, which is based on rapid opening a large number of stores after entering new host countries (Moesgaard Andersen and Poulfelt 2006).⁴⁸ Even when there is some statistical evidence, e.g. from Finland, that prices dropped after Lidl opened its first store in new host countries, it is also argued that Lidl’s cost leadership strategy in terms of cheapness of product prices is often based on perception of customers that Lidl products are cheaper compared to local competitors (ibid).

Lidl’s aggressive cost leadership approach together with ‘simplicity’ of the format materialise at store level in its focus on three key performance measures: sales per hour (and/or per wage costs), waste and inventory loss⁴⁹. The first two measures seem to be directly linked to the question of how stores are managed and staffed. There seems to be always pressure on reduc-

⁴⁷ Most of the Lidl managers and employees we talked to did not know about the possibility to get union support.

⁴⁸ Lidl needs to have at least 40 to 50 stores in a country (except for market entry through near-by cross-border hopping, e.g. in Slovenia). This is because they need to operate a complete unit with a distribution centre – and this centre would be inefficient if it only supplied a small number of stores. Thus Lidl always prepares to operate a larger number of locations.

⁴⁹ Similarly, Straub stresses that the management of stores is focused on these measures and that the ‘numbers (always) need to be right’ (2012: 141).

ing personnel costs which is difficult for small stores and easier for larger stores and stores with high turnover, because they can build some slack in terms of extra hours and staffing. Their every-day working processes are more efficient, e.g. they have more shelf space, so they can replenish more items within one procedure. One person is probably consistently at the checkout and does not have to shift between checkout and replenishment work. Related to this, Lidl stores have less waste because turnover of produce, milk etc. is much faster, e.g. in comparison to hypermarkets. The other measure inventory loss is an indicator how well store is managed by the store manager which is often used by upper management, District Managers (DMs) and Sales Operations Managers (SOMs), to exercise control - not just in terms of output, but also in terms of personal control store managers and employees. For the latter, meaning how these personal audits are organised and how often these take place, seems to be significantly influenced by the personality and work experience of the DMs, who is supposed to visit to stores at least every week.

When comparing work and employment in Lidl stores across countries with hypermarkets, we found that most of the Lidl store employees seem to be younger - in their twenties and thirties - due to the hard physical and manual labour tasks. Compared to hypermarkets, store employees who are beyond their forties seem to be a crucial cost factor. Moreover, longer serving and older employees tend to be perceived as less flexible, especially because they 'lack' the physical abilities of younger peers which seem to be quite prominent across European Lidl stores.

Generally, it can be stated that Lidl offers sound financial incentives for both managers and employees. Lidl seems to pay more than its national competitors, including hypermarkets, which proof to be attractive for recruitment and maintaining, especially full-time store employees.

Let's have a closer look at the level above Lidl store management next, here we found that turnover of managers above store level, i.e. DMs, SOMs and Regional Managers and National CEOs seems to be quite high. The recruitment strategy for DMs⁵⁰ focuses on young university graduates with hardly any former work experience. However, only a few of them seem to stay for longer and are willing or able moving up the Lidl hierarchy. These young and inexperienced graduates join trainee programmes which seem to be highly selective, meaning that only a few and those who in the end find a fit into the very specific Lidl culture⁵¹ are seen as cadres for upper managerial functions. Most of them seem to leave when they are still trainees or immediately after the end of their time as trainee. There are also indications as in the case of Aldi (see also Straub 2012) that Lidl trainees are treated as cheap labour as long as they are on a trainee salary (see also next section). It can be assumed that many DMs who 'survive' the intense period as trainees are those who do not question the rigid management principles of Lidl and have proven that they are capable to exercise 'efficient' control in stores in the area they are responsible for. We found of course also indications that Lidl employs some 'decent' DMs. The question for the SMs, however, is whether these DMs are going to stay or whether they will be replaced by new cadres who are less interested in a decent working climate at local stores but rather interested in moving up the Lidl hierarchy, which requires being more output oriented and thus more 'tough',⁵² DMs are usually attracted to work for Lidl

⁵⁰ We found some evidence that SOMs are probably not recruited directly, at least not from university, but that young 'successful' DMs are selected to become SOMs.

⁵¹ We have evidence in the UK that less than 1/3 of all DM trainees decide to stay at Lidl in the end.

⁵² A management style of trust, motivation and team spirit might of course also achieve high performance (along Lidl's own criteria), but this might not fit into the organisation culture of Lidl which, as we found, does not support this kind of management style.

because of higher than average salaries, including perks like company cars; they seem to work long unpaid hours though. We found across our sample that DMs usually control 5-6 stores in their regions/districts.

Next, let's move to management and skill development at the store level. Store size seems to depend on location (market size and degree of local competition), property availability, planning permission which are linked to store performance. However, physical store size cannot be directly linked, but staffing depends on sales volume. Small Lidl outlets in Europe seem to have 1 SM, 1-2 deputy store managers (DSM) plus up to 8 to 10 other part-time employees, so-called store assistants. Some of them have SM 'duties', when both SMs and DSMs are not in store. We also found that larger stores have similar proportions in terms of division of labour but up to 20-30 employees. In Lidl stores all employees are expected to work in a team led by the SM, the DSM or a duty manager, who is in charge when the former two are absent. In most Lidl store across Europe all employees are expected to engage in multi-tasking, meaning that 'everybody is supposed to do everything' which usually includes working on check-outs, shelf-stacking and cleaning. This does apply also to SMs and DSMs. All employees that take over managerial duties and need to fulfil tasks which include regularly checking dates and times of products on display, product ordering, responsibilities for the (cash) save and the store keys. Skill and career development of store employees is significantly influenced by SMs, who can alleviate and burden them, but needs finally the permission of the DM for promoting them e.g. to DSMs. SMs seem always on the look out for hard working and flexible employees who can also take over managerial duties because they help sharing managerial burdens with them. It also gives employees 'on duty' the opportunity of career progression in the future. Usually Lidl stores have informal budding-up type of training systems in place, however, we found evidence in the UK that this is becoming more formalised and being linked to appraisals carried out by store managers.

Finally, we found evidence across countries that the personality of SMs seems to matter in terms of how the generally quite 'authoritarian' and rigid management principles at Lidl are implemented at store level and thus on the work climate in the stores. Interviewees across Europe gave examples of rather hostile and aggressive management culture at Lidl; a blame culture which looks to discover the mistakes of store managers and employees and does not accept any criticism or suggestions for improvements. One store manager in the UK stressed that there is a suspicious cynical attitude towards all the staff including managers and the belief that they are all trying to somehow 'beat the system'.

3.4.1.4 Working time management

Across countries we found that employees in Lidl stores are mostly part-timers, only Store Managers (SMs) and Deputy Store Managers (DSMs) are full-time employees (see also section 3.3 for comparison with hypermarkets). SMs and DSMs seem to work opposite shifts to each other, i.e. one of them is always around most of the opening hours per day. However, they seem to share key administrative tasks, but key managerial responsibilities for rosters, store performance and store level training lies with the SM. SMs and DSMs often work longer hours (unpaid overtime) especially, when the store doesn't meet performance measures. It seems that store performance is directly related to managerial abilities and organisation talent either on the part of the SMs or DMs. All other store employees are part-timers and often quite dependent on working more than contracted hours to make a living. This might vary; some were said to reduce their hours as their seniority pay increases. All employees are expected to be very flexible both in terms of working hours and taking on multiple tasks when working within stores. However, we found less evidence of staff being penalised if they genu-

inely cannot do extra hour⁵³ as reported by Hamann and Giese (2004). The expectation of that staff needs to be available for unpaid overtime work seems to be less common now across countries⁵⁴, after introduction of new technologies and more professional HR policies. Employing more part-timers in a store makes the store also more flexible in terms of unexpected events, e.g. when stores are very busy at certain times of the day, month or year (such as X-mas) more staff part-timers be employed at such occasions. Moreover, a higher number part-timers helps SMs to avoid staff shortage at occasions when need to be replaced on short notice such as sick leave.

Good performing stores, that score high on the central KPI: sales per hours worked, seem to be able to get more hours, meaning having more part-time employees and give good performing employees more hours. We also learned in the UK, that such good performing stores might also be able to expand in terms of size because of good performance/location.

3.4.2 Country-specific differences of Lidl Europe

3.4.2.1 Introduction

We have studied Lidl in five European countries (FIN, ESP, G, IRE, UK), but unfortunately had no direct access to Lidl stores in PL. The most significant differences in terms of store management, skill development and working time management across the five countries studied, we have found in FIN.

In Lidl in **Germany and the UK** we found evidence of the implementation of more professional HR management practices, meaning that we did not find some of the ‘abusive’ work practices, reported in the black books on Lidl (Hamann and Giese 2004 and Hamann et al. 2006). For Lidl **UK** we found that the firm has become more attentive to labour law requirements in terms of health and safety, unpaid overtime, disciplinary procedures, training and staff appraisals in the past two years. The HR department at centre seems have been expanded and keener to avoid initial crude and unprofessional management practices in Lidl stores. However, the most striking similarity for IR in both countries was that both key unions in the retail sector, ver.di and USDAW, have not been successful in organising labour at Lidl in both countries.

In **Ireland** we found a similar picture to these two counties. However, here we still found evidence of the former less professional and ‘abusive’ approach to work and employment in Lidl stores.

Lidl in **Spain** seems to be an in-between case with **Finland** on one side and **Germany** and the **UK** on the other, because employment and industrial relations are more supportive, compared to large retailers in the Spanish retail sector such Carrefour and Corte Ingles. In the hyper-market segment we found the influence of so-called yellow trade unions have hindered effective employee representation and voice, because these unions (FASGA and FETICO) are heavily influenced by the employer association ANGED, which in fact controls the outcomes

⁵³ This has been reported in the black book (Hamann and Giese, 2004). We also talked to former Lidl employees, e.g. in the UK, who experienced this in the past and often stated that they left the company because of excessive unpaid overtime.

⁵⁴ However, we also found evidence, where unpaid overtime might be still expected (more or less demanded), e.g. to cover up for unexpected short term sick leave (a colleague would be expected to stay at least until another cover up would arrive, in case of a late delivery or if several staff are on long-term sick leave.

of collective bargaining rounds in particular with regard to the classification of workers into different wage groupings and working time arrangements at Carrefour and Corte Ingles (see e.g. Royle and Ortiz 2009 and section 5.15.4). Since 2010 Lidl is a member of ACES (Association of Spanish Supermarket Chains). However, works councils, which operate on the regional level, are not dominated by so-called yellow unions but organised by CCOO and UGT members. In short, in *Spain* we found some regulation in retail sector, especially in terms of IR, which give union a limited influence on organisation via collective agreements of work and helped to establish works councils.

Finland shows the highest degree of regulation in retail but also in general at the national level. Most of the Lidl employees are member of the retail union, PAM, as in the rest of the Finnish retail sector. Moreover, Lidl is part of the employer association (FFC), has signed a binding collective agreement and established shop stewards system in stores (see also 5.16.4). In short, Lidl needed to locally adapt most to host country institutions in Finland, which is most coordinated market economy of our sample.

a) *Industrial relations*

Compared to the hypermarket segment, size of stores makes it more difficult to organise labour at hard discounters such as Lidl and Aldi (Dribbusch 2003; 2005). Our findings are in line with another comparative study of IR and employee representation in the medium-sized service sector firms in Germany and France, which (anonymously) includes Lidl (Artus 2008). This study found that employment relations in these firms differ significantly from national patterns found in core industrial sectors of both countries. Accordingly, the author argues that if we want to understand work and employment relations in such rather ‘precarious’ service firms, we cannot stick to the mantra of VoC studies which show that (national) ‘institutions matter’. Alternatively it is suggested that research needs to refine the research focus by asking ‘which institutions matter and in which way and within which context’ (Artus 2008: 372) in order to study precarious work and employment relations in companies like Lidl.

Our study confirms that IR and employment representation in European Lidl stores are weak. This is especially true for Lidl stores in *Germany, Ireland and the UK*. Employee structure of stores, i.e. small number of employees, high amount of female, part-time and migrant employees together with a repressive culture, discourages employees to join unions, intimidation of union members and employees who intend to found a work council or are just union members. However, the historically strong *German* IR system - which still functions quite well, especially in large, male dominated core manufacturing firms – does not appear to have a strong influence on the organisation of labour at Lidl and what is more for the foundation of work councils. Moreover, the main union in Germany organising Lidl seems to have given up the idea that Lidl can be successfully organised, as Schlecker before, after its Lidl campaign failed to gain ground in this direction. In Lidl stores in the *UK* we found evidence that some individual employees are organized in USDAW the biggest union in the food retailing sector for personal protection reasons. There were also some instances of union reps representing individuals in legal cases (disciplinary/dismissal cases). However, British Lidl stores - like in G and IRE - are largely union-free zones; there is no recognition of a trade unions and therefore no collective agreement. USDAW has given up organising Lidl stores because their small size would lead to high organising costs of recruitment campaigns. We found a very similar situation in *Lidl Ireland* where Mandate tried to gain recognition but without success. There is however evidence that a small number of Lidl employees are actually members but secretly, similar to the UK.

To sum up, in all three countries above we found that size of outlets matters and that small number of employees makes it difficult for unions to organise labour, and to set up work

councils in G. The relatively strong union influence of Verdi in G, USDAW in the UK and Mandate in IRE in other larger food retailers such as Tesco or Metro has had no positive effects on developing better employment relations in the hard discounter segment. A key reason for this is certainly the need for unions to decide where they can afford to mobilise and spend their limited resources.

The story is slightly different in *Spain* and *Finland*. For Lidl in *Spain* we can see, as proposed, that sub-sector institutional settings for discounters are slightly different in comparison to the three countries (G, IRE and the UK) discussed above. We have seen in section (5) that the Spanish hypermarket sector has got a relatively a weak IR and employee voice systems because of the historical legacy of yellow unions in this retailing segment going back to Franco regime. In the hard discounter segment, however, we found that two traditionally strong Spanish unions (CGT and CCOO) have gained ground in Lidl stores, because unions do not organise individual Lidl stores as in G, IRE and the UK, but several Lidl stores across a whole province, such as Asturias. Spanish law requires companies to organise elections for comités d'emepresa.

There are two important institutional differences to the German situation: a) works councils are established on company level (empresa, not Betrieb) and b) employers are obliged to organise elections, while in Germany initiative has to come from employees. The provincial level comes in because Lidl is organised in formally independent regional companies, who then have to establish the works council.

The problem in Spain, however, seems to be the competition between the two trade unions for members and their political approaches to management with the UGT taking a rather uncritical, management friendly approach and the CCOO having a more labour oriented anti-management focus. This makes it difficult for them to have a larger impact on work and employment in Lidl stores, because political in-fights between unions about influence and members hinder the development of joined strategic approaches for improvement of work and employment within stores. It seems to matter whether the local works councils in each of the provinces investigated are mainly run by the UGT or CCOO; the latter union for instance took a more aggressive stance to fight for employee rights which had e.g. impact for Lidl stores in Madrid where a new job category was introduced to deal with complaints of cashiers regarding unreasonable demands of management to take shelf-stacking and cleaning responsibilities while working on the counter.⁵⁵

Lidl in *Finland* sticks out in comparison to the other countries investigated, not only in terms of the quality of work, employment and IR but also because the Finnish state was highly involved when Lidl as the first international food retailer entered the country. This has ensured that Lidl joined employers association and immediately recognised trade unions. This gives the union a much stronger impact on work and employment in Lidl stores, also in comparison to ESP, where unions, though represented, are still relatively weak and involvement of Lidl in the employers association seems to be unclear. The role of the national IR system together with labour law have the greatest and most consistent influence on employee voice, good work and employment of all the Lidl stores. Our cross-national comparison also shows that if the state is willing to take on the role of a 'caretaker' as in Finland the standards for work and employment retailing industry are likely to be more 'decent'. Finnish IR and labour law provide shop stewards and the industry safety delegates with some influence because they can act as 'toolkits' for labour actors to ensure that rules laid out formally in collective agreements and H&S law are properly implemented in practice (Williams and Geppert 2011; see section

⁵⁵ However, the 'success' in Madrid can also be interpreted as an old-fashioned approach of British or US unions focusing on mainly professional job demarcations.

5.15). For Lidl in Finland we can therefore summarise that a relatively strong national IR system, based on collective agreements across industrial sectors including retail together with legally binding roles, such as shop stewards and industrial safety delegates, provide ‘robust toolkits’ for unions and employees (Williams and Geppert 2011) to ‘tame’ Lidl.

3.4.2.2 Store management structure and skill development

Given the global strategic approach of Lidl which is focused on centrally controlling and standardizing work and employment across Europe, we found that store managers have generally not much influence on the key operating and performance measures. Most of them are laid down by the Lidl’s headquarters in Germany.

One could, however, argue that DMs and SMs do have an influence in terms of work climate, e.g. providing decent working conditions for employees, by being fair when allocating rosters, work tasks and providing opportunities for every store employee to take breaks etc. Thus, there is an input of local management on how stores are run and managed. However, SMs seem to have generally no influence on key management functions such as assortment, pricing, product display, ordering, etc. We also found evidence that there are more and more demanding performance targets set centrally which are tied to turnover as in other food retailers like Tesco and Carrefour. This puts pressure on SMs to cut down hours for part-timers. This leaves less room for SMs to make a major difference and can open the door for ‘abusive’ behaviour which is actually encouraged by Lidl’s ‘blame culture’. However, one can say that personality and attitudes of SMs and DMs (e.g. positive motivation versus fear) do play a role in the rather de-regulated social space of food discounters such as Lidl in IRE, UK and G in our sample. However, in countries such as ESP to a limited extent, and in FIN to a larger extent, the role of IR, labour law and welfare state institutions make it more difficult for ‘abusive’ managers to bully employees and act repressively. Comparing Lidl in Germany and Spain, one might now argue that not just the higher or lower general level of regulation, but their specific details, i.e. whether they apply to companies comprised of several small establishments. The latter makes it easier for Lidl in Germany to avoid unions and control collective action.

Another example of host country influences on store management and skills is the role of national education and training system. We found some evidence that degree of training and skill development for store managers and employees varies between countries and host specific societal support of education for retail workers and apprenticeships, e.g. in G and FIN have impact on providing a higher skill levels within stores.⁵⁶

Moreover, we found some evidence of reinterpretation of already existing H&S and labour law which seem to have some impact on improving work and employment in stores embedded in host country environments with less regulated IR and education and training systems. The introduction of more employee oriented HR strategies of Lidl UK, such as the introduction of electronic time measurement, formal guidelines requiring managers to document appraisals and being more accountable and some formalisation of training, are examples here. These changes in HR seem to come directly from Lidl HQ’s, that after the Lidl scandal in Germany. In short, Lidl became much more serious about ensuring that local managers abide by the existing H&S regulations and labour law in the UK.

Our table below shows that store hierarchy and head count of staff in small stores is quite similar across countries; the major differences are the use of mini-jobbers in Germany and the

⁵⁶ However, one could argue about quality of vocation and education at Lidl stores, since they used to offer only two-year courses; providing a third year only to those that might become DSMs.

new category of shelf-stacker/cleaner in Spain. The Spanish example provides evidence that employee oriented unions, such as the CCOO, gained some influence on work organisation in Lidl stores, when they taking a more critical stance towards increasing demands of management to increase flexibility of allocation of work tasks. The mini-jobbers in Germany, which are usually students, however, never sit on checkouts. They usually come in the morning for a few hours to remove empty boxes, consolidate half-empty shelves and tidy those up.⁵⁷

Across countries there seems to be some in-store mobility from shop assistant, first taking up the role of duty manager, to DSM, and from DSM to SM. However, we have evidence that the latter career path from DSM to SM has become more limited in the UK. Currently, Lidl UK still draws from two different labour pools for the recruitment of SMs: externally on graduates and internally. However, it looks like a shift towards that external recruitments of graduates only for the position of SMs might become the preferred option.

3.4.2.3 Working time management

In working time management we also did not find many significant differences across the countries studied (see table below and section 3.3). Even in Lidl Finland unions have complained about increasing use of part-time work and seem not to be able to counteract the trend towards part-time employment which has become the norm in retailing outlets worldwide (Carré et al. 2010). As already mentioned, above we also found evidence that Lidl is more professionally dealing with unpaid overtime across Europe. However, full-time employed SMs it is quite common that they unpaid overtime. This is especially the case, if they lack experience, have difficulties to organise work in teams, both issues seem to be closely connected with poor store performance and might lead to sanctions⁵⁸ if demanding or inexperienced DM are in charge. We also found some evidence that stores, e.g. in Spain and Ireland, have scaled down hours of part-time employees in the aftermath of the financial crisis. This puts pressure especially on part-time employees with low salaries to make a decent living and they need to gain extra hours which makes them more vulnerable to abusive managerial behaviour.

There is also no significant difference in specific groups who work for Lidl stores across our sample – with two exceptions: In the UK we find a somewhat higher share of male workers in Lidl stores. In Ireland a majority of the workers are migrants.

3.4.3 Concluding comments

Our study shows that Lidl has a global cost leadership strategy that goes hand in hand with a high degree of standardisation of management, work and employment practices across Europe. We found that some host country institutional influences, especially IR, national education system and labour law have some influence on how Lidl operates and how Lidl stores are managed. However, given that unions in retailing are less powerful than in manufacturing due to the combination of lower skilled employees, high number of part-time workers and small size of stores, employees in Lidl stores seem to be often quite vulnerable. Thus, with the exception of Finland and less so in Spain, we found that trade union organisation in Lidl stores is relatively low. These host country influences are, however, not always in line with predictions of VoC (e.g. Hall and Soskice) and thus strengthen suggestions, e.g. by Artus (2008), to concentrate future research, especially in non-core or peripheral industrial sectors

⁵⁷ Pensioners looking after the parking lot also are employed as mini-jobbers.

⁵⁸ Besides formal sanctions such as notice and dismissal, we also came across informal ones like bullying, rude treatment etc.

of the host country, not so much on the question if institutional differences still matter. Instead the crucial questions, which we suggest to ask in this study is how sectoral and sub-sectoral institutional related to the format that the MNCs transferred abroad influence work and employment in food retail stores. In the case of Lidl we found that the MNC tried to universally impose its 'model', developed in the home country and based on global cost leadership, across Europe. Accordingly, we found only limited evidence of significant influences of host country institutions on management, skill development and working time arrangements. However, as in the case of hypermarkets, the strength of host country specific IR systems, especially within the retail sector and the discounter sub-sector do also matter for discounter as seen in the cases of Finland and Spain.

The Finnish case is the best example for the latter. Here we see the huge importance of governmental regulation of IR and more employee friendly host country institutions. This shows clearly that without governmental supports it is virtually impossible to organise disparate low skilled workers in small establishments in the face of aggressive and 'authoritarian' owners and managers, especially when unions are weak and less organised.

Additionally, we also found some evidence, especially in Finland and the UK, that Lidl started learning from mistakes, especially in the aftermath of the Lidl scandal in 2008. An important reason for this was probably an increasing external stakeholder pressure from e.g. the media and trade unions like ver.di in Germany and in other host countries like Finland, to steer clear of negative effects on its European expansion. The firm has introduced new 'foreign' practices which differ sometimes from the way they operate in Germany such as the shop steward and the industry safety delegates in Finland among others. Lidl also started appointing non-Germans to senior positions such as the UK HR director, who seems to be making quite a difference to their operations here and is moving the culture slowly away from the rigid authoritarianism associated with the German HQ culture. It's also interesting how the union in Finland is shown to have 'helped' Lidl to learn how to operate differently via a combination of intervention initially and more recently collaboration (see section 5.15). The development of trust to key stakeholders in the host country seems to be an important feature as well as the building of trust between Lidl HQ and its foreign operations (ibid).

4 Country studies

4.1 Germany

4.1.1 *Introduction*

Within the varieties of capitalism debate, Germany is considered a (or in fact: the) typical Co-ordinated Market Economy (Hall and Soskice 2001), characterised by cooperative forms of interaction between firms and their business partners in different domains:

- Corporate governance and finance: networks of cross-shareholding; ‘network reputational monitoring’ of companies’ business success and creditworthiness, allowing long-term relationships with investors (independent of short-term profitability). In the grocery sector, family ownership (Aldi, Schwarz Group) and independent retailers’ cooperatives (Edeka, Rewe) dominate.
- Inter-company relations: relational contracting with suppliers and customers and collaboration (e.g. in R&D and standard setting) with competitors. Different from what might be expected from a standard VoC perspective, German grocery retailers’ supplier relationships are frequently characterised as price focused and conflictual (Behrens 1992), while e.g. in the UK, a typical LME, they are much more cooperative (Fernie 1995; Wrigley and Lowe 2002).
- Education and training system: employer associations in cooperation with trade unions supervise vocational training; industry-wide skill categories and training protocols providing high levels of industry-specific skills.
- Industrial relations: coordinated collective bargaining where strong trade unions and employers associations in lead sectors set a (usually moderate) wage increase which is then followed by all other sectors; supplemented by a system of works councils with ‘considerable authority over layoffs and working conditions’, but detached from industrial conflict.

The latter two domains will be discussed in more detail below. In manufacturing they are closely related to what has been described as ‘diversified quality production’ (Sorge / Streeck 1988; Streeck 1991), i.e. a form of high-volume production of customised quality-competitive products that developed in Germany in the 1980s when new (IT) technology allowed the combination of craft-like quality and customisation with Fordist-like high volume output. This development has been based on the following institutional elements: Rigid wage determination leading to a high and even wage level makes employers willing to invest broadly in training and retraining and to organise work in a ‘non-Bravermanian’ way; while employment protection through collective agreement, co-determination and legislation creates cooperative attitudes among workers including the acceptance of technological change; and finally, a training regime with nationally standardised and ‘rigorously enforced curricula’ closely supervised by semi-public Chambers with compulsory membership results in an excess pool of polyvalent workers and skills.

It is obvious – and is frequently discussed – that this model is under pressure (Streeck 1997; Streeck and Thelen 2005); factors frequently discussed include: increased global competition, the shift from manufacturing to service industries, the aging population and the unification of Western with Eastern Germany.

Other authors, interested not only in core manufacturing industries, have criticised these comparative capitalisms theories because for them “the institutions in the manufacturing sector are assumed to represent the whole of the system, although they actually constitute only one segment of the economy as a whole” (Lehndorff et al. 2009: 109); and they have warned that the ‘German Model’ is also threatened by developments emerging in their non-core sectors. In addition to the four institutional domains described above they have stressed the importance of the German welfare state that structures the supply of the predominantly female labour force in non-core sectors; one of them being retail.

4.1.2 The welfare state and institutions shaping the structure of labour supply

Esping-Andersen (1999) characterises Germany as a conservative welfare state. It is built around the idea of a male breadwinner and favours the role of women as house-wives and child carers.

Social insurance

Germany combines an extensive contribution-based, i.e. non-distributive, social insurance system providing for unemployment benefits and pensions with a system of minimum social assistance for those in need and a somewhat distributive health insurance system. In contrast to unemployment and pension insurance, health insurance contains a redistributive element; it provides a general service to the whole population but is financed through contributions linked to income (again with caps and exemptions for high income earners who do not (fully) contribute to the redistributive system).

Traditionally (semi governmental) social insurance systems are financed through equal contributions from employees and employers as certain percentages of gross wages.⁵⁹ Recent reforms have slightly shifted contribution payments to employees. In total, employees’ contributions to statutory social insurance amount to slightly above 20% of gross earnings. Above an annual gross income of about € 45,000.- contributions are capped, and several exemptions apply.

There is a continuous debate in Germany about whether this system is sustainable. Central government repeatedly had to assist the (formally independent) social insurance systems with tax money. Especially employers argue that their (share to the) contribution to the social security systems (‘Lohnnebenkosten’; which are usually greatly exaggerated) is too high, destroying their competitiveness and hampering the creation of jobs. Benefits have been cut step by step; an important step was made by the Red-Green government in the mid 2000s: the restriction of (full) unemployment benefit to one year putting those unemployed for more than a year on minimum social assurance (so called Hartz IV) presently set at € 364 (plus housing allowance and a few other benefits) for a one-person household.

The social insurance system supports the German male breadwinner model. Wives who do not work – as well as children – are automatically co-insured (in the health and the pension system) with their husbands (at unchanged contribution rates).

Tax system

For many low income earners, deductions from their gross wage in the form of social insurance contributions are considerably higher than income tax payments. Starting rate at an an-

⁵⁹ An exception is (Berufs-) accident insurance which is solely financed by employers, contributions varying between industrial sectors.

nual income of € 8004.- for a single household is 14% with linear progression of the marginal tax rate to 24% on an income of € 13,469.-; at this point € 1,038.- have to be paid. From here, the marginal rate progresses linearly to 42% on an income of € 52,882.-; at this point € 14,038.- have to be paid. There is no further increase of the marginal tax rate until an income of € 250,731.- where the marginal tax rate increases to 45%.⁶⁰

Just like the German social insurance system the German income tax system also supports a male breadwinner model (Dingeldey 2001). This is because for married couples' income tax is not calculated for both partners separately but incomes of both partners are added up and then split up into two fictional equal incomes for which tax is calculated ('Ehegattensplitting'). Thus the higher income (usually of the husband) is taxed at a lower rate, while the lower income (usually of the wife) is taxed at a higher rate. This discourages wives from taking up lower paid jobs to supplement household income. An important exception are mini-jobs.

Mini-jobs

Mini-jobs (officially called marginal employment, 'Geringfügige Beschäftigung') have become an increasingly important part of the German labour market. Originally, marginal employment had been a regulation that was supposed to facilitate income tax declarations for a relatively small number people earning an insignificant and usually irregular extra income (Knospe 2007). But, with increasing unemployment, the (relative) attractiveness of mini-jobs increased.

Government reforms of the regulation also intended to increase their attractiveness (for employers and employees), because unemployed who would pick up a mini-job would disappear from unemployment statistics. E.g. the Red-Green government increased the maximum income of mini-jobs to € 400.- and abandoned the restriction of weekly working hours (until then 15 hours).⁶¹ Job centres frequently pressure unemployed persons to take up mini-jobs even when wages earned are extremely low by threatening to cut their benefits.

For mini-jobs, the employer usually pays a lump sum of about 31% of the net wage as social systems contributions and as tax. The employee has no or very little deductions; his/her gross earnings more or less equal net earnings.

For married women the mini-job regulation has significant benefits. Income from mini-jobs is not included in the joint tax calculations of married couples. Thus the wife's income from a mini-job can be taken tax-free to supplement household income.

In March 2009 there were about 7.15 million mini-jobbers. For 2.25 of these, the mini-job was a second job; for the other 4.9 million, accounting for over 12% of the working population, it was their only job. Of these, 1.35 million were students; 1.85 million were married women.

Pre-school child care

The limited provision of pre-school child care services works in the same direction: The legal entitlement is limited to half-day kindergarten care for 3 to 6 year olds; and in reality such spaces are sometimes hard to find (especially in former West Germany). Crèches are also relatively scarce. From 2013 onwards, parents will also be entitled to give their children 1 to 3 year olds to a crèche. The present discussion about the introduction of a child care subsidy of

⁶⁰ In addition, there is a solidarity charge (Solidaritätszuschlag) of up to 5.5% of income tax (and other taxes) originally intended to finance the German unification process.

⁶¹ Presently the German government plans to raise the threshold to € 450.-

€ 150.- to parents that do not give their small children to a crèche again demonstrates the conservative tendencies of German welfare state policies.⁶²

Redundancies and dismissals

There are basically three forms:

- Redundancies for economic reasons (betriebsbedingte Kündigung) when workers can no longer be employed profitably.
- Dismissals for personal reasons (personenbedingte Kündigung) when the worker is no longer capable to work effectively, e.g. long-term illness. Such a dismissal may not be justified with the age of an employee.
- Dismissals for behavioural reasons (verhaltensbedingte Kündigung) like rude behaviour, violation of work-related duties, or criminal action. Usually in the first incidence a warning notice (Abmahnung) has to be issued before – in the case of repetition – the worker can be dismissed.

There were cases, where petty offences had been used to substantiate such a dismissal. In the infamous case of ‘Emily’, a cashier had found a few empty bottle deposit receipts somewhere in the store and had handed them in for cash; she had been dismissed without notice, on the spot. In 2010, the Federal Labour Court has ruled this dismissal as unlawful (2 AZR 5341/09).

Working time regulations

The Working Time Law (Arbeitszeitgesetz 1993; superseded Arbeitszeitordnung) restricts daily working time to 8 hours or a maximum of 10 hours when compensated by time-off. Working time of more than 6 hours must be interrupted by a break of at least 30 minutes (may be split up in two breaks of at least 15 minutes).⁶³ Working is usually not permitted on Sundays and bank holidays – with an increasing number of exceptions. Working time regulations do not apply to managers (‘Leitende Angestellte’).

Store opening hours

From 1957 the Ladenschlussgesetz (for its history cf. Spiekermann 2004) regulated opening hours from Monday to Friday 7:00 until 18:30 and Saturday 7:00 until 14:00 (except first Saturday every month 7:00 until 18:00). Since the end of the 1980 opening hours have been gradually extended: 1989 allowing longer hours on Thursdays; 1996 extending hours from Monday to Friday to 20:00, and Saturdays to 16:00; 2003 on Saturday until 20:00. Since 2006 store opening hours are regulated on the State level (reform of the federalist system), and most state governments were quick to completely liberalise store opening hours except Sundays, when stores still have to close, with varying exceptions.

4.1.3 Education and training

School system

School education is regulated by state governments leading to significant differences within Germany. Primary school is for four or six years. This is followed by three main tracks: Main

⁶² This child care subsidy (Betreuungsgeld) is massively opposed by trade unions and employers’ associations including the retailers’ association HDE.

⁶³ In Germany, this break is usually not counted as working time and thus is unpaid.

school (Hauptschule) is for a total of nine or ten years (inc. primary school); pupils from this track are highly disadvantaged in the labour market. The middle school (Mittelschule) is for 10 years. Finally there is the Gymnasium (twelve or thirteen years) which leads directly to a qualification for university study ('Abitur'). Attempts to integrate the different tracks in a single school form (Gesamtschule) have frequently not been successful. Especially academics seem to want to maintain the Gymnasium as a distinguished school for their children.

The German school system has regularly received low marks in the international comparative school (PISA) tests, primarily because especially children with a 'migration background' who visit main schools frequently lack basic skills.

There are also relatively few all-day schools. And stories about schools and teachers who expect parents to assist their children with homework abound. The German school system has two effects: The social status of parents significantly determines the social status of their children. And there is a high fit with the male breadwinner model when one parent (the wife) looks after the children in the afternoon and supervises their homework (Enders-Dragässer et al. 2004).

Vocational education and training

One of the core institutions characterising the German economy is dual vocational education and training (VET) (Hall and Soskice 2001; Streeck 1991). Thelen (2004) analyses how the apprenticeship system became institutionalised in German manufacturing: In 1897, as part of a conservative *Mittelstand* policy, craftsmen masters were given the sole right to conduct apprenticeships ('Lehre') with a journeyman's examination based on national standards and certified by Chambers of Crafts. In the early years of the Weimar Republic, manufacturing (and especially engineering) companies had attempted to extend vocational training to their remit by developing their own industry standards. Finally, the Nazi government gave Chambers of Industry and Commerce the same rights as Chambers of Crafts (Thelen 2004).

Concerning vocational training in the retail sector, Kutscha (1988) and Schenkel (1988) sketch out a very different development: Dual vocational training for retailers (Einzelhandelskaufmann) had been introduced in 1940 while saleswoman (Verkaufsgehilfin) had been a two-year training-on-the-job course (*Anlernberuf*) since 1941. In 1950, the vocational training of Verkaufsgehilfin was abolished while the three-year course of Einzelhandelskaufmann/frau was (re-) introduced. But, since then there had been a continuous discussion about the reintroduction of a simplified and shorter qualification for sales assistants, usually seen as especially appropriate for women (Ehrke 1981). Criticism from chain store retailers led to two different tracks of this apprenticeship: It could have either a more sales focused, i.e. narrow orientation or a more administrative, general orientation. In 1956 the number of retail apprentices peaked at 231,164. In 1955, 92.8% of the apprentices were on the narrow sales oriented track, while only 7.2% were on the broader, more commercial and administrative track. Of those on the narrow track 83.9% were female, while of those on the broader track only 59.2% were female (Kutscha 1988: 23-4). With the growth of self service and of chain stores, where many of the merchandising functions were no longer located on the store level but at company headquarters, the qualification needs of retail companies changed. In 1968, the pressure from chain store companies led to the introduction of a two-year apprenticeship for sales persons (Verkäufer/in). Within a few years, most of the apprenticeships were two-year apprenticeships, while the number of three-year apprenticeships decreased significantly, and within twenty years, the majority of vocational trainees, especially women, were in these two-year courses (Kutscha 1988).

In 1987, the government replaced the old three-year apprenticeship (Einzelhandelskaufmann/-frau) with a new three-year apprenticeship (Kaufmann/-frau im Einzelhandel), which recog-

nised the structural change in retailing from the independent shopkeeper to chains of larger, centrally administered stores, as well as the introduction of new technologies. This new three-year vocational training was highly successful, and again the majority of vocational training contracts were three-year courses, while the number of two-year contracts decreased dramatically. But two-year vocational training contracts have grown again over the last 15 years.

Today, about 80% of the retail workforce have had vocational training; Voss-Dahm (2009) also stresses, that not only the majority of full-time employees are vocationally trained but also the majority of part-time workers and even of mini-jobbers (cf. below). But, about two thirds of them have two-year VET; Verkäufer/innen are by far the biggest group accounting for about 80% of all two-year vocational trainees in Germany (data from Bundesinstitut für Berufliche Bildung, BIBB). While many retail companies consider three-year VET as a basic requirement for recruiting team leaders, department or store managers, a two-year trained Verkäufer/in would not have a chance to progress over the years to these levels. But in principle it has always been possible, and has recently even been facilitated, for two-year trainees to add a third year of training.

Some general questions remain about the value and function of two-year VET courses, and whether VET in this sector also leads to a 'high road' production model as it frequently does in manufacturing. But still Voss-Dahm (2008; 2009; Carré et al. 2010) argues (a) that shop assistants at German retailers are frequently given more responsible tasks and scope for discretion than their colleagues in other European countries, and (b) that VET ties retail employees to the sector through identification with their job seen as a profession (*'Beruf'*) and despite low pay. The latter argument points to an additional non-business function of an institution transferred from manufacturing to retailing, i.e. that of general social integration; while the interviews conducted for this project so far provided only little support to the first observation/argument.

On the other hand, all interviewees where the interview dealt with this question said that their companies [Lidl, Aldi Nord and Real] undertook vocational training primarily in order to 'produce' future team and/or store managers. Frequently a three-year vocational training is a precondition for a career within stores – and in rare cases even beyond. All interviewees denied that their company would employ two-year apprentices because they could be used as a cheap work force – a statement that could not be tested within our research.

During these last 15 years, the number of vocational trainees in retailing has increased continuously and the share of male apprentices has increased above average. Especially in two-year apprenticeships, the share of women has decreased from around 80% to 61% (cf. table below).

Table: Development of new vocational training contracts

	1991	1995	1999	2006	2008	2010
Verkäufer/in	11,648	9,537	15,021	21,306	25,008	27,439
women		7,509	11,163	13,545	16,329	16,776
% women		79%	74%	64%	65%	61%
Kaufmann/-frau*	31,584	26,529	33,483	32,823	34,101	33,345
women		16,059	20,583	18,069	19,644	18,720
% women		61%	61%	55%	58%	56%
Verk. + Kauf	43,232	36,066	48,504	54,129	58,947	60,784
women		23,568	31,746	31,614	35,877	35,496
% women		65%	65%	58%	61%	58%

Note: * includes follow-up contracts for two-year trained Verkäufer: 4,047 in 2008; 6,234 in 2010

Source: BIBB

Advanced vocational training

An advanced vocational training on top of three-year vocational training could be 'Handelsfachwirt' (the equivalent of 'Meister' in crafts and industry), which takes 3 to 24 months.

Young people with advanced secondary education (Abitur) are also offered an advanced/extended three-year dual training course ('Handelsassistent') organised by Chambers of Industry and Commerce; this training, including 22 weeks of theoretical education, leads to an equivalent to the three year vocational certificate plus a qualification as supervisor of vocational training, similar to 'Handelsfachwirt'.

Many sections of the retailer association (HDE) also run professional training centres (Bildungszentren des deutschen Einzelhandels) that offer a broad variety of retail related training courses.

Higher education

Higher education is presently undergoing transformation within the Lisbon process. Management has been one of the first disciplines to adopt the new bachelor/master system. In addition to universities, there are polytechnic schools (Hochschulen) offering bachelor courses. Increasingly polytechnics and 'professional academies' (Berufsakademien) also offer dual studies courses (Duales Studium) combining study classes with practical work in enterprises, designed in the style of dual vocational training.

4.1.4 Industrial Relations

Workers interest representation in Germany occurs on three somewhat independent levels: There are works councils ('betriebliche Mitbestimmung'), there is some codetermination on enterprise level ('Unternehmensmitbestimmung'), and there is collective bargaining – primarily on industry but sometimes also on company level.

The union: Verdi

Trade unions are not only dealing with industrial relations. They also are incorporated in many institutions, e.g. within Chambers of Industry and Commerce, where the jointly with employers' representatives decide on vocational training.

Trade unions in Germany are organised along industrial sectors. The only nationally relevant union that did not fit into this system, the DAG organizing white collar workers, became part of Verdi. Verdi is the result of the merger of five unions in 2001, including besides DAG the

HBV (Gewerkschaft Handel Banken Versicherungen; trade, banking, and insurance) and the ÖTV (public services, transport, and travel) which organised transportation and logistics workers and thus was also relevant for retail companies. With over two million members, Verdi is the second largest German union. Verdi is organised in sections (Fachbereiche), including FB 12–Handel (trade), and sub-section (Fachgruppen), like Fachgruppe Einzelhandel (retail). These industry-specific sections together with regional organisational units make up a matrix organisation.

After exceptionally high membership growth rates of HBV in the 1960s and 1970s (Bayer 1980), when the size of stores grew, and a decline since the early 1990s, union density in retail is clearly below German average: Verdi's trade section (Fachbereich Handel) has 307,000 members (2010; including pensioners and unemployed) in and industry (retail and wholesale) with some 4 million employees.

Employers' association: HDE

Due to conflicting interests, the organisation of employers had for a long time been fragmented between various types of retailers (Wein 1968; Teuber 2009). The Hauptgemeinschaft (later: Hauptvereinigung) des Deutschen Einzelhandels (HDE) organised mainly traditional retailers; a, and in 2002 became part of HDE; but only in 2009 with the dissolution of the Bundesarbeitsgemeinschaft der Mittel- und Großbetriebe des Einzelhandels (BAG), dominated by department stores and other down-town retailers, HDE (Handelsverband Deutschland) became an all encompassing retailers' association – but still characterised by fragility and internal tensions. Trade unions are an important element in the German neo-corporatist system.

Collective bargaining

Before dealing with collective bargaining, it is important to note that Germany is the only country in our sample that has no general minimum wage. The sometimes desperate situation resulting from this is reflected in a Federal Labour Court ruling from 2009, that wages below 66% of the usual wage in a sector ('branchenüblicher Lohn') would be *contra bonos mores* or immoral ('sittenwidrig') and thus against the law (Bundesarbeitsgericht, verdict 22.4.2009, 5 AZR 436/08).

Regulations on strike are not cast in laws but have developed over a series of court rulings (Däubler 2010). The right to go on strike is a collective right that can only be exercised through unions (usually unions undertake ballots). Works councils are not allowed to engage in organising strikes.

Strikes are only allowed in order to support goals that can be regulated by collective agreement. Strikes are not allowed while a collective agreement is in place and has not been terminated by one of the parties. While parties are engaged in bargaining, only short warning strikes are allowed.

Union members usually receive wage compensation from their union while on strike. Germany has the lowest level of strike action in Europe.

In earlier decades, the Federal Ministry of Economics had declared many collective agreements in industries where coverage was somewhat low binding for all companies in the respective sector ('Allgemeinverbindlichkeitserklärung'). Since employers associations increasingly vetoed this practice it has become very rare. In retail it ended in 2000.

Collective agreement in the retail sector

The following is a crudely simplified description of the highly complex collective agreement – or rather: the system of several collective agreements – where highly complex categorisations of employees according to vocational training, retail work experience, possibly other work experience and age, as well as the job description apply. It refers to the region of Nordrhein-Westfalen at the end of 2010. Wages in Eastern Germany are somewhat lower.⁶⁴

Most retail workers (sales personnel and cashiers) are grouped into salary bracket I. This reaches for employees with two-year vocational retail training from € 1,558.- (including a € 52.- bonus) in the first year to € 2,192.- after 4 years of retail work experience. A beginner with three-year vocational retail training would start at € 1,732.- and reach the highest level of 2,192.- after three years; but chances are that these employees might be promoted and become grouped into salary bracket II with a slightly higher income or even higher.

Team leaders (categorised as ‘Substitut’; salary bracket III) would earn between € 2,214.- and € 3,147.-; department and store managers (‘Abteilungsleiter’, ‘Verkaufsstellenleiter’; salary bracket IV) between € 2,623.- and € 4,079.- depending on their work experience and the number of their subordinates.

Workers without professional retail (or similar) training (starting to work at an age below 18) would start at € 1,280.- and would reach the highest level of € 2.140 or 2.129 after eight years of retail work experience (if they stay in bracket I).

Employees mostly working at checkouts receive an additional € 25.56.

There might also be a few employees, like warehousemen or cleaning personnel, categorised as manual workers who receive a wage (‘Lohn’) ranging from 1,708.- to 2,465.-

Vocational retail trainees receive € 645.- during the first, 717.- during the second, and 820.- during the third year.

The collective agreement contains several other regulations, e.g. on annual leave allowance (about 60% of a monthly salary), and a contribution to employees’ capital formation; annual leave was from 30 to 36 days, depending on age.⁶⁵

Finally, the collective agreement also contains regulations for the following surcharges:

- work of more than 40 hours per month	25%
- work of more than 40 hours per month and over 5 hours overtime per week	40%
- evening work (from 18:30 to 20:00)	20%
- night work (from 20:00 to 6:00)	55%
- work on Sundays	120%
- work on bank holidays during the week	200%

⁶⁴ Cents are omitted.

⁶⁵ The differentiation depending on age was recently ruled illegal by the Federal Labour Court

Table: Coverage (retail + wholesale; share of employees covered 2009)

	Sector collective agreement	Company collective agreement	(partly) following collective agreement	others
Trade total	44%	6%	28%	22%
West Germany	48%	6%	27%	19%
East Germany	24%	8%	35%	33%
All industries	52%	9%	19%	19%

Source: WSI Tarifhandbuch 2010

The above table shows the coverage of the collective agreements in the trade sector, including wholesale and retail. Standing at 50% or – if one includes companies voluntarily applying the agreement – 78%, coverage is still relatively high. (A recent publication by Ellguth and Kohaut 2012 shows much lower coverage rates). But since 2000, until when the collective agreement in retailing had been repeatedly declared generally binding by the Federal Labour Ministry, coverage has decreased. The above data are probably also based on a relatively formal definition of coverage. There are many examples of companies that have signed the collective agreement, but where it is known that they do not fully comply with all regulations.

A very common non-application of the collective agreement in retail refers to payment of mini-jobbers. Because mini-jobbers do not have any (or only little) deductions from their gross wage, an equal payment leads to a situation where mini-jobbers earn a much higher net income than other full-time or part-time employees. This frequently seems to be seen as unfair by mini-jobbers' other colleagues; and thus the practice of paying a lower hourly wage to mini-jobbers is frequently condoned by works councils and trade unions [D03] (cf. also Benkhoff and Hermet 2008). But it can always be a gateway for other deviating practices.

Finally it should be mentioned that talks between Verdi and HDE about a reform of the collective agreement replacing job descriptions that stem from classical department stores by analytic pay schedules (Antoni et al. 2007) have now been going on for over ten years; but an agreement seems not to be in sight.

Co-determination on company level

Stock-listed companies and other limited liability companies that employ (directly or indirectly as a holding company) more than 2,000 persons, have to set up a supervisory board (Aufsichtsrat). Half of the 12 to 20 members (depending on the company's size) are elected by the company's employees; employees' representatives have to consist of four to seven company employees (frequently these are works council members) and two to three externals (usually trade union representatives). When there is a draw between both sides concerning a certain decision, the president of the supervisory board, who is appointed by the owner/capital side, has a second vote and thus determines the decision. Smaller limited liability companies with more than 500 employees have to set up a supervisory board where one third of the members are elected by employees.

The supervisory board appoints and controls the executive board. It has access to comprehensive information on all corporate matters, and must approve important decisions. Usually the head of corporate HR ('Arbeitsdirektor') is not appointed against the will of employees' representatives in large companies.

In a recent study by Höppner and Müllenborn (2010) four of the five retailers in a sample of 82 leading German companies were rated 0 on a co-determination index ranging from 0 to 5

(the exception with a high mark was Metro). As the main reason for this they see family ownership, including individual persons as well as family foundations. The special features of corporate governance of many of the leading retail companies seem to lead to a situation where co-determination frequently is relatively weak (on Edeka and Rewe cf. Warich 2011) or completely absent as at Aldi or Lidl.

Works councils

Works councils are a central element of the ‘German model’. A works council (‘Betriebsrat’) is usually formed on factory or establishment (‘Betrieb’) level. In multi-establishment businesses, the single works councils send delegates to a joint or company works council (‘Gesamtbetriebsrat’). In corporate groups the joint works councils are sending delegates to a group works council (‘Konzernbetriebsrat’).

Works councils have rights to information, consultation and co-determination. They have to be informed about all matters relating to personnel management, including technical and organisational changes as well as personnel measures relating to single employees. They have to be consulted on issues like changes in work processes, the installation of new technical systems affecting workplace, and training measures. Special consultation rights also refer to all redundancies and dismissals. Finally they have a right to co-determine – and thus, under certain conditions, veto – new recruitments, new or changing job-categorisations (according to collective agreement). The most extended rights to co-determination refer to areas like shift systems, over-time, health and safety, and technical measures to control employees (like CCTV or electronic time measurement); this also includes e.g. IT-systems/software measuring the scanning speed of checkout operators.

Works councils may engage in company agreements (Betriebsvereinbarung)⁶⁶ with employers dealing with all the above issues. Such company agreements must not violate collective agreements between employers and trade unions.

Since works councils have to be established on the establishment level and upon the initiative of employees, this can become a hazardous procedure especially at small establishments where single active employees can easily be identified by potentially hostile management. The revision of the Works Constitution Act (Betriebsverfassungsgesetz; BetrVG) in 2001 has not changed much here (Wassermann 2002; Rudolph and Wassermann 2006). Based on § 3 BetrVG unions and company management can come to an agreement regulating the election of (joint) works councils representing the employees of several establishments of a company, e.g. within a region. Finally, § 4 BetrVG allows already existing works councils at a larger establishment to extend its constituency to linked smaller establishments.

On average 44% (West Germany; 36% East Germany) of all employees in the private economy are working at an economic unit or establishment (Betrieb) that has a works council. But there are huge differences between small and establishments. In establishments with between 5 to 50 employees it is only 10%; 51 to 100 employees 38% (39%); 101 to 200 employees 63% (59%); 201 to 500 employees 79% (75%); and at establishments with more than 500 employees 92% (92%) of the employees do have an elected interest representation (Ellguth and Kohaut 2012).

Works councils in the grocery sector⁶⁷

Hypermarkets: most/nearly all stores of the big chains like Real or Globus, and also (but to a lesser degree) Kaufland (Schwarz Group) have works councils.

⁶⁶ Not to be confused with company level collective agreements between a trade union and a company.

⁶⁷ Cf. also Glaubitz (2011).

Supermarkets (including Verbrauchermärkte): In most of the big chains and at the stores directly owned by buying groups Edeka and Rewe there are works councils. But at the many independent retailers (including the members of Edeka and Rewe) works councils only very rarely exist.

Discounters: Works councils exist for decades at Aldi Nord (§ 4 BetrVG) and at Penny (belonging to Rewe). At Netto–der Markendiscount, following a new collective agreement with Verdi (§ 3 BetrVG), works councils on a regional level were elected in spring 2011. Aldi Süd has none, and Lidl only five works councils (on store level).

Temporary and subcontracted workers

Temporary workers, formally employed by temp agencies but integrated into the ‘lending’ company’s hierarchy and procedures, and subcontracted workers, employed by a subcontracting company and formally only responsible to their external employer,⁶⁸ are two forms of work that have increasingly caused trouble in the retail sector – especially after regulations had been loosened by the Red-Green government.

In principle, temporary workers have to be paid at the same level as regular workers – unless there is a specific collective agreement in place at temp agencies. For years, a group of temporary work agencies had set up a collective agreement with a group of very special ‘trade unions’, this included the Deutscher Handlungsgehilfenverband (DHV, German Association of Trade Assistants), a member of Christlicher Gewerkschaftsbund (CGB; and member of Tarifgemeinschaft Christlicher Gewerkschaften für Zeitarbeit und Personalserviceagenturen). This agreement had set the minimum wage for temporary workers at € 5.20 in Western and € 4.80 in Eastern Germany. After the Federal Labour Court had ruled only recently that the DHV was not representative as a trade union and thus did not have the right to sign a collective agreement, a new collective agreement has been negotiated by Verdi and other DGB unions, setting the hourly wage at € 7.61 in Western Germany.

This seems to have frequently led to a shift in the form of arrangement towards subcontracted work: Companies offering subcontracted work (frequently the same enterprises also offering temporary staff) had also set up a collective agreement with the Deutscher Handlungsgehilfenverband (DHV). Here a new agreement sets the minimum wage at € 6.50 per hour. Verdi estimates that there are about 100,000 subcontracted workers in the German commerce sector (Mielke 2012).

4.2 United Kingdom

4.2.1 Introduction

Generally the UK has been characterised, at least since the late 1970s, as a model of neo-liberal capitalism with a residual welfare state (Rubery et al. 2009: 57). This model reflects the preference for a reliance on market forces to govern both the economy and the welfare model (a means tested system). The UK, however, is also a member of the EU and a range of EU directives led to the development of a wider social safety net under New Labour from 1997. Rubery et al.’s conclusions (ibid: 74) point nonetheless to growing inequalities and segmentation issues in the UK employment regime with a contrast between highly paid two adult earner families and a large underclass of ‘wage labourers’. Issues of in-work poverty are

⁶⁸ This poses severe questions about the legality of the practice under most of these contracts (Mielke 2012).

on the increase due to the low level of wages as well as underemployment of lower skilled workers, particularly of women (ibid: 75-76). These issues will bear heavily on our investigation of the food retail sector as one of the key private sector employers with a predominantly low skilled, feminised workforce.

4.2.2 The Welfare state model and institutions shaping the structure of labour supply

General characterisation

In terms of Esping-Andersen's (1990) 3 categories of welfare state the UK has gravitated between the liberal welfare and social democratic models. The UK scored high in terms of the decommodification of labour in the 1950s with the model of universal social citizenship developed by Beveridge (ibid: 53), which was further developed by subsequent Labour governments until 1979. With the Conservative government of 1979 the UK moved more towards a liberal welfare state model with more means tested benefits and stricter entitlement rules together with modest universal transfers. Increasing emphasis has been put on market forces and work. Many of these characteristics were carried on by the Labour governments from 1997 to 2010 as part of their 'Third Way' between market capitalism and socialism, although there were some labour reforms such as statutory trade union recognition and the signing up to the European Social Charter and a general extension of welfare provision. The development of the welfare state in the UK reflects Esping-Andersen's references to the important influence of political power variables and national historical legacies in the shaping of welfare states (ibid: 47). Generally in the so-called Anglo-Saxon countries, institutional liberalism tends to be the prevalent historical legacy.

Tax system

The tax system in the UK is very complex and the current government plans to abolish the 43 different tax relieves to simplify the system. The main taxes payable from income are income tax and national insurance contributions; for all employees these are collected at source via PAYE by employers before income is distributed. National insurance (NI) contributions and entitlements to certain state benefits are dependent on employees' NI contribution record. These include the state pension, contribution-based job seekers' allowance, bereavement allowance, and contribution-based employment and support allowances. These contributions are also deducted at source by employers. The level of NI contributions has an impact on part-time employment and many employers in industries such as retail aim to employ individuals at levels below the rate of income at which it becomes necessary to pay NI contributions to the state. Working tax credits also help to supplement low incomes. Employees with children are eligible for such credits if they work 24 hours a week or more; in the recent budget the number of hours was raised from 16. This will have a major impact on many retail workers on short hour contracts and unable to obtain more hours. If they have no children then they need to be working at least 30 hours a week.

Social insurance

The conservative/liberal democrat coalition government plans to start phasing out a wide range of benefits and replacing them with a universal payment. Currently there are a plethora of different benefits including working tax credit, child tax credit, housing benefit, income support, income-based job seekers' allowance, income-related employment and support allowances among others. The aim is to have a universal basic benefit with additional elements for children, disability, housing and caring to support people in and out of work. The government goal is that no-one taking a job should be worse off than if they were still on benefits

(Ganesh 2010, p.38). The reasons being given for the reforms by the coalition government are to encourage greater participation in the labour market and to simplify a very complex system of welfare benefits and taxation. Cost reductions are also a major feature of the planned reforms. According to the DWP (2010) the working age welfare budget has increased by 45% over the past decade in real terms.

A recent UNICEF report (Pickett and Wilkinson 2007) on child welfare placed the UK and USA at the bottom of the 21 OECD countries in terms of the 40 indicators of child well being in rich countries. Pickett and Wilkinson's work on this link these findings to income inequalities in these two countries. The current government's view is that there needs to be an increase in working households to alleviate child poverty in the UK and this is the thinking behind the Welfare Reform Bill 2011, which will be phased in from 2013.

A barrier to this goal, however, is the increase in the UK of involuntary part-time working and so-called in-work poverty among low skilled, part-time workers in the service sector. Government welfare support is in effect subsidising not only the employee in such jobs but also the employer. Many of the 'flexible work options' are employer driven and trap workers in low pay, unpredictable hours of work, insecure employment and limited other options for either new jobs or retraining/upskilling. Retail is one sector where many of the jobs increasingly take this form.

Childcare provision and the family

Sciarra et al's work cited in Sandor (2011, p.39) points to a shift in the UK from the male breadwinner/female home carer gender regime model of the 20th century to a male breadwinner/female part-time carer model in the 21st century. Up until the implementation of the EU Part-time Workers' Directive in 2000, part-time workers in the UK generally had few statutory rights. But Sciarra et al. (ibid) point out that it is common to find occupational downgrading occurring with part-time workers and this contributes to the significant gender pay gap in the UK.

The previous Labour government from 1997 introduced a mix of legislative and employer-led family friendly initiatives, which included increased parental leave, options to request flexible hours, to reasonable time off to cover emergencies (5 days per annum unpaid leave), career breaks, childcare vouchers, crèche facilities and extra nursery places. The Sure Start programme was introduced by the Labour government in 1998 with the aim of reducing child poverty in the UK and helping disadvantaged families and further help for older children needing care in the form of tax credits were available for low earning parents (direct.gov-parents 2011). The current government has not guaranteed funding for such centres and some local authorities are already cutting their support, making it difficult for many low earning families and in particular single parents to continue in employment. Childcare costs rose 5.8% in 2011 and average childcare costs are now over £110 a week for part-time nursery places of 25 hours (Stevens 2012c). Over half of local authorities also said parents are reporting shortages in childcare provision in their areas (ibid).

Kotowska et al. (2010) point out that the Anglo-Saxon countries tend to perform worse than other countries in the European Union in terms of reconciling work and family life especially in terms of their limited institutional and cultural support for women working with poor provision of public childcare arrangements and minimal leave provisions. They have a market focus and limit state intervention into family and gender issues (ibid, p.10). There is also less acceptance of mothers being employed-they are expected either to withdraw and look after children or work part-time.

Impact of UK institutions on labour supply

According to Bamber et al. (2004, p.58) the first decade of the 21st century saw a growth in professional, technical and personal service jobs in the UK, two thirds of which were taken by women. However, most of the growth has been in part-time jobs. The UK labour market shows some deep rooted structural problems. These include long running skill shortages and the emergence individual employment practices creating job and wage uncertainties and work intensification for those in employment for workers such as short term, fixed term, part-time, outsourced forms of work, annualized hours and zero hour contracts. These practices are particularly evident in the retail sector of the economy (Gautié et al 2010).

A recent TUC report (2010) on employment in the UK in the second decade of the 21st century points to certain trends including rising female unemployment, an increase in long term unemployment (33.4% of the unemployed face long term unemployment of over 12 months) and a youth (18-24 year olds) unemployment rate which is far higher than the rest of the working population at 17%. There has been a fall in full-time employment across the economy and in temporary employment, which had been growing until 2010 but the number of part-time jobs show strong growth. The CIPD's chief economic adviser, John Philpott (March 2011) has pointed to the risk of a 'jobs light' economic recovery and barriers to a growth in the number of jobs, concerns about the types of jobs being created and the conditions they are being created in.

Part-time Work in the UK

Sandor's study of part-time work in Europe (2011) points to huge diversity with countries such as Bulgaria with 2.3% and the Netherlands at 43%. The UK is midway between these two extremes at 27% (ibid, p.11). There has been a similar increase in the rate of part-time work for men and women over the last two decades in Europe but the actual part-time rate for women at 32% is four times that of men (8%) (ibid: 2). Male part-time work is commonest in the youngest and oldest age groups, whereas for women the rate increases with age.

The high rate of part-time working in the UK masks a high proportion of involuntary part-time workers (Sandor 2011: 14). As mentioned earlier, the long working hours culture and expensive formal childcare options in the UK contribute towards one of the highest part-time rates in the EU and part-time work is highly gendered (Sciarra et al. 2004 in Sandor 2011: 39). Thus part-time working in the UK is associated with occupational downgrading and limited career advancement opportunities. Certain groups represented in the retail sector such as pensioners and students, who are using the jobs to subsidise other income streams such as student loans and pensions are more likely to see the positives of these forms of part-time working whereas those more dependent on the jobs as their main form of income will tend to be involuntary low hours part-time workers..

Retail is now the largest private sector employer in the UK with approximately 3 million employees (Skillsmart Retail Ltd 2010a). Just under half of retail employees are part-time and the mean hours worked in retail are 27.4 compared to a UK mean of 32.5 (ibid, p.3). 68% of the part-time work in the sector is undertaken by women. There is also a heavy reliance on young people (16-24) with one third of employees in the sector aged under 24 compared to 13% in the UK as a whole.

Working Time regulations and relevance for retail sector

Employees may not work more than 48 hours per week on average (averaged over a 17 week period). However, the UK has implemented the European Working Time Directive 1993 in a restrictive way, exempting employees such as managerial and professional staff and allowing an individual to opt out; this must be a voluntary decision and be put in writing. The TUC

2010 report points to UK workers working 3 hours a week on average more than the European average, few workers are covered by collective agreements on working hours.

In terms of the opening hours of supermarkets and food retail outlets in the UK, the Sunday Trading Act 1994 regulates opening hours on a Sunday, the only day when there are restrictions on opening hours apart from public holidays. Large stores (280 square metres or more) can open for 5 hours on a Sunday between 10-6pm. The regulations exclude small stores with a floor space of under 280 square metres. Supermarkets are open 7 days a week until 8am to 10pm apart from large hypermarkets which are often 24 hour apart from Sundays. Employees have some protection from having to work Sundays under the Employment Rights Act 1996 but the retail sector employ workers who are contracted to work Sundays only.

Temporary/Agency work

The Agency Work Regulations were introduced in the UK on 1. October 2011 and stipulate that agency workers employed for 12 weeks must be given the same pay and conditions as permanent staff. Initial surveys indicate that 17% of employers are making use of what is called the Swedish Derogation Model to avoid the regulations. Here the individual is employed directly by the agency. The big supermarkets such as Morrison's and Tesco are two of the big employers making use of this (Brockett 2012). There is however also evidence that employers are taking on more permanent staff and employing fewer temps as a result of the regulations.

4.2.3 Education and training

Our case study research indicates a variety of education and training backgrounds in food retail with increasing numbers of students and pensioners joining the workforce, although the vast majority of employees on the shop floor will just have a basic education background. In terms of recruitment criteria for the majority of employees some basic reading and writing skills in order to fill in the application form and complete the multiple choice tests are all that is required.

Skillsmart Retail Ltd is the Sector Skills Council for Retail and develops the national occupational standards for key roles in store operations in the sector. There is a concern in the sector at the general level of under-qualification of staff compared to other industries. 11% of the workforce have no qualifications (302,000) compared to 8% across all UK industry (Skillsmart Retail Ltd 2010b:4). For managers in the sector, 30% have level 4 while the UK average is 47%. The reason suggested for a 10% rise in managers qualified to level 4 in retail since 2002 is an increase in the number of graduates entering managerial roles in the sector.

As part of the UK Vocational Qualification Reform Programme there has been a recent overhaul of the qualifications system by Skillsmart Retail since 2009 to reduce the number of titles from 150 to 10 and creating a simplified national system of retail skills based on three categories of retail qualifications: job related qualification for people already in a retail workplace; Licence to practice qualifications and 'Getting into Retail qualifications' for anyone in schools, colleges and university. The aim is to qualify the workforce up to a minimum of level 2 for shop workers and level 4 for managers especially in the sales occupations where there are the lowest levels of formal qualifications in the sector (ibid. 2010b: 11).

Retail company training schemes including retail specific management training

The food industry has pledged to increase their training programmes to offer apprenticeships and work experience to help bridge what is seen as a skills gap among teenagers in particular

who are leaving school without basic literacy and numeracy. They are also pledging to take staff from disadvantaged groups (Leroux 2010).

Both Asda and Sainsbury have recently announced large investments in training for staff in their stores. Sainsbury's plan to set up 6 colleges to train staff working in fish, deli and hot food areas as well as in the cafes. Plans are for 8,500 staff to train at one of the colleges in 2011 rising to 10,000. Asda has just announced the introduction of 6000 apprenticeship places this year and up to 25,000 by the end of 2012. Most will go to existing staff but 7500 jobs are expected to be created in 2011. They are also working with the government job centres Jobcentre Plus to promote retail careers to the unemployed (CIPD May 2011).

Recent government announcements from the Department for Business, Innovation and Skills have pointed to reforms of the skills system including expanding the number of adult apprenticeship places, providing full funding for young adults 19-24 to achieve their first full level 2 or 3 qualifications and funding basic skills courses for those who have left school without basic literacy and numeracy (Department of Business Innovation and Skills 2010). Recently the major supermarkets have been embroiled in a conflict about the government's new work experience scheme involving 'voluntary' placements with private sector employers of up to 8 weeks for job seekers. The accompanying threats of a loss of benefits if claimants do not accept and fulfil the placements led to accusations of employers using 'forced labour' free of charge to them. The compulsory element of the government scheme has now been scrapped and employers such as Tesco have developed their own paid work experience programmes as a replacement (Stevens 2012d).

4.2.4 Industrial Relations

General characteristics

The UK industrial relations system is traditionally described as a 'voluntarist' system and the role of the state as 'abstentionist' since employment rule making was traditionally left to voluntary regulation by employers and trade unions. Bamber et al. (p.45) describes the 3 key traditional components of British voluntarism as voluntary collective agreements, voluntary recognition of trade unions and a voluntary framework of dispute resolution procedures. The first element of voluntary collective agreements remains but statutory recognition procedures for trade unions were introduced by the Labour government in the late 1990s and there has been increasing encroachment of the state to limit the scope for legal industrial action since 1979.

However, concern about Britain's relatively poor economic performance and the sharp rise in industrial action in the 1960s and 1970s, particularly at plant level, led to trade unions being blamed for restrictive work practices and unofficial strikes and from 1979 a series of conservative governments enacted legislation to bring about what they described as a 'Return to Free Market Forces' (See Bamber et al., p.46-48; Salamon, p.65). The 'New Labour' governments, which followed this period of conservative rule from 1997-2010 claimed to pursue a 'third way' between capitalism and socialism and to seek a balance between free markets and individual employment rights. They did not change the system of labour law fundamentally and thus retained much of the previous Conservative government's legislation although the attempt was made, however, to balance the continuing restrictions on unions with certain rights, such as, for the first time, a trade union right of recognition. In addition, a national minimum wage was introduced for the first time in 1997.

Statutory individual employment rights form part of employees' employment contract. The contract in the UK does not have to be in writing, although employees are entitled to a written

statement of their main employment terms within two months of starting work. The range of statutory rights includes the right to request flexible working, holiday entitlement of 5-6 weeks paid holiday. Employees cannot be forced to work more than 48 hours per week on average (averaged over a 17 week period) but there is provision in the UK for an individual to opt out of this. Under the rules of the Working Time Directive three types of breaks are available to employees: rest breaks, daily rest breaks and weekday rests. Statutory sick pay is paid for up to 28 weeks by the employer who can reclaim this from the state. The National Minimum Wage currently has three rates: age 22 and over, 18-21 years and under 18. All the rates have undergone a reduction in real terms over the past two years.

Trade union organisation

Britain has a complex trade union structure, which reflects the historical development of British industry with craft, industrial and general structures. The key unions today are general, multi-occupational and multi-industrial with 10 unions having 60% of the membership. USDAW is the main retail industry trade union and has currently 415,000 members (USDAW website 12.4.2012). There is only one trade union confederation in the UK, the TUC, which currently has 58 member unions with 6.5 million members in total, a density of 26.6% (Archur 2011).

Peak union membership was in 1980 with a membership density of 56%. By 2008 this had reduced to below 30% with densities of 16% in the private sector and 59% in the public sector (EIRO 2010). The unions are seeking to develop new organizing strategies to attract new types of worker such as the new flexible workforce, women, young people, and professional workers as their traditional manufacturing membership declines. Union membership is highest in the professional occupations (43.7%) and lowest in the sales occupations (12.9%) (Archur 2011: 1). Characteristics of unionisation include the fact that it is more likely with non-manual workers, females are now more likely to be members than males (29.6% as opposed to 26.4%) and full-time workers are more likely to be members than part-timers (30.1%: 21.9%) (Bamber et al. 2011: 39).

USDAW is the main union in the food retail sector and is the fourth largest and fastest growing union seeing a membership increase of 17% in the past 5 years (Wikipedia 28.3.12). It is characterized as a less militant union, rarely organizing industrial action and preferring to work with employers via partnership agreements. It also has a managerial and supervisory section SATA which represents middle and lower levels of management. USDAW has the largest recognition agreement in the private sector with Tesco where it has 160,000 out of its 386,572 members. It also has smaller, less advantageous partnership agreements with Morrison's, Sainsbury's, Co-op, Primark and Boots.

Unite has some recognition agreements in Sainsbury stores but whereas USDAW focuses on the retail industry for the bulk of its membership, Unite has members (1.5m) ranging across a large number of industry sectors. Unite has the reputation of being a more combative union than USDAW and has engaged in action in food retailers such as Sainsbury's, where USDAW has a weaker presence, calling for them to pay similar rates to Tesco who pay above £ 7 an hour (Neate 2011).

Employer Associations

The 1980s also saw a decline in the membership of employer associations and a related withdrawal from multi-employer bargaining in favour of a single employer (company based) system, which created a more decentralized system of collective bargaining. There was an accompanying decline in collective bargaining coverage. The shift from multi-employer agreements to single employer or non-union based human resource management practices has led

to a drop in the membership of employer associations and membership levels are estimated as below 13% (Bamber et al. 2004: 42). Employer associations and their umbrella organisation the Confederation of British Industry (CBI) are now seen as operating on the periphery of industrial relations, providing legal, advisory and training services to their members (ibid). Neither the CBI nor the TUC engage in collective bargaining in the UK.

The CBI is the main spokesman for business and comprises 3000 companies, usually large private companies, and 150 trade associations as members across 32 industry categories (EIRO 2010). It is primarily a lobbying organisation with British government and the EU and also provides advisory services for its members, including on employment relations and conditions. Unlike employer associations it has never engaged in negotiations with unions or the TUC (see Bamber et al.; Salamon, p.268-277). It currently opposes any further EU directives reducing employment flexibility and the introduction of an employment test for all future legislation i.e. how does it enhance employment levels? On strike action they want the introduction of 40% of balloted members (mirroring requirements for statutory union recognition) instead of a majority of votes cast and the definition of membership of a trade union to be laid down in law not just in a trade union rule book (CBI 2010).

The British Retail Consortium (BRC 2010) is the lead trade association for the retail industry and, similar to the CBI, is a lobbying organisation and provider of retail information to its members not a negotiating body with trade unions. Collective bargaining has traditionally been weak in the retail sector and it was one of the industries covered in the past by a wage council which set minimum wage levels due to the low level of trade union membership and collective bargaining in the sector.

Collective bargaining levels and coverage

The traditional focus of industrial relations in the UK as mentioned earlier has been on free collective bargaining between trade unions and employers at company and plant levels with Wage Councils regulating the pay and conditions of workers in sectors not covered by unions including the retail sector (Marchington et al. 2004; Salamon 2000: 324-330). There is no state or voluntary extension of collective agreements but there is some sharing of information between trade unions and the use of companies as benchmarks in certain areas (EIRO 2010). Collective bargaining in the private sector in particular has been workplace based where the rules of employment are settled on a day to day basis on the shop floor between shop stewards and foremen (Ferner and Hyman 1998: 3). There has been a single channel of workforce representation in the workplace in the UK based on the trade unions and workplace representatives are seen as having a pragmatic focus e.g. pay and hours of work and getting the best deal for their members. There has been a general lack of interest in involvement in management decisions unlike forms of industrial democracy on the Continent of Europe.

This decentralized system has, however, been undermined since the 1980s by a management shift to unilateral regulation of the terms and conditions of employment outside of the statutory norms, especially in the new industries and service sector and for the new flexible workforce. Bamber et al. has referred to a 'representation gap' in the UK (2004: 52) as a result of the decline in the coverage and scope of collective. In terms of coverage there has been a drop from a high of 70% in 1970 to 30% of employees stating that their pay and conditions were affected by collective agreements (Archur 2011: 2). Collective agreements cover 64.5% of employees in the public sector (down from 72% in 2009) and 16.8% (down from 20%) in the private sector (ibid). Current figures show With the decline in union membership density, the scope of collective bargaining has also reduced, with many employers refusing to recognize unions for bargaining purposes, refusing to discuss any issues with them and making 'take it or leave it offers' (Bamber et al. 2004: 53).

The previous Labour government was keen to promote a more partnership basis to industrial relations, setting up a Partnership Fund to support training for more cooperative forms of workplace relations (Bamber et al. 2004: 61). There was TUC interest in this programme and their Partnership Institute recorded 100 formal partnership agreements in 2000, with many more informal agreements. Such agreements are meant to be based on mutuality, where the employees show commitment and flexibility to aid the business whilst the employer promotes long term employment and fair working conditions. In the food retail sector, the dominant union, USDAW, has a partnership agreement with Tesco dating back to 1998 (Blyton and Turnbull 2004).

Alongside the concept of a partnership between trade unions and employers in the workplace in the 1990s based on employment security, information sharing and trade union commitment to the success of the company pursued by some unions such as USDAW, UK unions have also pursued a drive to recruit more members. They argue that social partnership only works where there is strong trade union membership in the workplace and legal rights are also best enforced by strong unions in the workplace. This is something the national USDAW representatives in the Tesco case study underlined strongly. Although the previous Labour government promoted partnership, this did not rest on legal rights and they opposed the EU Directive on National Information and Consultation.

Industrial action

Strike figures fell dramatically in the UK since the high of 1979. However, working days lost due to strikes have been rising again since 1995, especially in the public sector. This is set to continue with the current public sector spending cuts and changes to pension entitlements.

During the same period there has been a large increase in individual litigation and employment tribunal cases. There have been ongoing attempts by various governments to find ways of reducing the number of employee references to employment tribunals and encouraging conflict resolution in the workplace. This is, however, problematic in workplaces where there is no independent workforce representation. The government's lifting of restrictions on compensation and the increase in legislation giving workers more rights are thought to have contributed to this rise in litigation as well as the decline in collective bargaining and strong workplace representatives.

Employment rights are enforced through a variety of mechanisms including ACAS, and employment tribunals, trade unions (monitoring legislation and collective agreements), civil courts (rights of the trade unions to engage in strike action), Health and Safety Executive and HM Revenue and Customs (compliance with the National Minimum Wage) (EIRO website 2010). However, the decline in union representation in workplaces as well as current plans to reduce the number of health and safety inspectors as part of the budget cuts are weakening these other enforcement mechanisms for employment rights in the UK.

Industrial relations in the UK currently can thus be seen as a mix of some legally established individual rights but limited state involvement in collective rights and limited involvement of trade unions and employers in public policy making (EIRO 2010). The main areas of trade union and employer representation on government bodies are on tripartite commissions like the Low Pay Commission and ACAS and in the Sector Skills Councils promoting vocational training. The UK faces similar issues to other developed economies including de-industrialisation and the growth of atypical employment. A combination of legislative, economic and labour market policies as well as socio-demographic and family based changes over the past 3 decades have made organizing difficult for trade unions and increased the scope of managerial prerogatives in the workplace (Bamber et al. 2004: 57). Recent government measures to further deregulate 'in what is already one of the most flexible and least

regulated labour markets in Europe' (CIPD, April 2011) are attracting growing opposition from groups representing HR managers in the UK. These responses perhaps indicate a growing realisation that the UK is reaching the limits of labour market flexibility in terms of the negative impact on employees, employment and employee-employer relations as well as damaging business itself.

Employment Conditions in the Retail Sector

The high level of low wage share in the UK is particularly marked in the retail industry (50%) and is linked by Carré et al. (2010: 251) to the low level of the National Minimum Wage relative to the median wage, the youth sub-minimum wage together with the high share of young workers in the retail sector and the limited grip of collective bargaining in the UK. Retail work in the UK in particular is marked by employees complaining of insufficient hours being given and limited flexibility of work schedules (ibid: 220). There is a strict division of labour with individual delimited tasks in the US and UK retail industry linked to minimal entry requirements and high turnover of staff i.e. Tayloristic working conditions (ibid: 233).

Vocational training for staff is limited and the retail workforce is dominated by low and semi skilled workers. Generally employment conditions in retail across the developed world have worsened according to Carré et al (2010: 255). Countries with weak institutions in particular have seen the erosion of social norms about what is a reasonable work load and hours worked (ibid: 256). The retail sector is seen as a leader in the introduction of fragmentation, non-standard hours, segmented work and the use of exit options from institutions which help to safeguard job quality (ibid:260). This is leading to a shift to cheaper labour, deployed only when it is needed (ibid: 259) and a continuous erosion of compensation and working conditions.

4.3 Republic of Ireland

4.3.1 Introduction

The Republic of Ireland like a number of other countries does not fit neatly into the VoC concept. The Irish model has traditionally been characterised by a commitment to voluntarism and adversarialism, which arguably derives from its history of British occupation until independence in 1922. The close cultural ties, the geographic proximity of the UK to Ireland and the fact that British unions continued to organise some Irish workers continue to have an influence on the nature of Irish industrial relations (Von Prondzynski 1998; Kerr 2005). However, unlike the UK (which in more recent years finally did adopt a weak form of statutory union recognition procedure) the Irish model is also influenced by Catholicism and corporatism leading to a system that is conservative, centralized and institutionalized yet at times antagonistic and voluntarist. There is still no statutory system for trade union recognition, so that the ability of unions to organise companies depends on their organisational strength in the company concerned.

Although there was a mild flirtation with neo-liberalism from 1982-1987 this ended with a return to a more tripartite and coordinated labour market approach. Neither did the ROI abolish its voluntary system of tripartite wages councils as in the UK, instead it retained them and even after the introduction of the Irish minimum wage, used them as a means to raise wages and conditions above the minimum wage in the 'sweated trades' in fact there are 16 agreements which include hospitality and retail (O'Sullivan and Royle 2013). It also has a system of labour inspectors to enforce conditions and influential third party bodies which are used for

resolving industrial conflicts for example the Labour Relations Commission and Labour Court which are more influential and interventionist than the British ACAS system. From 1987 to 2008 there was a coordinated and centralised set of national wage agreements known as social partnership. In these respects the Irish system can be seen as more 'coordinated' although this term is not really adequate to describe the reality of practices. In this analysis therefore the VoC concept is not an adequate means to explain the realities of the Irish system.

4.3.2 The Welfare State Model and Labour Supply

The system of welfare in the Republic of Ireland (ROI) is based on 3 main types of payments; social insurance payments, means tested payments and universal payments. Since May 2004, claimants must be 'habitually' resident to qualify for social assistance payments in Ireland. Job Seekers Benefit (JSB) for example is a type of social insurance payment which depends on the payment of PRSI (similar to national insurance in the UK) and on contributions that have been made prior to becoming unemployed. JSB is therefore not means tested, if you have enough PRSI you are entitled to receive it regardless of the amount you were earning (see Table below) and it is available for up to 12 months. However, job seekers allowance (JSA) is a means tested benefit which is aimed at those who do not have enough PRSI contributions. If you are unemployed for a long time or do not have enough PRSI to claim JSB or once an individual has claimed the maximum allowable on JSB, then you move onto JSA. Other types of means tested benefits are family income supplement (for those with children), illness, invalidity (covered by the medical card) maternity benefit, and carers benefits. All the individual's income and circumstances are taken into account in the calculation of the amount that can be claimed, such as the partner's income, savings, property and so on. Universal payments are paid regardless of a person's income or social insurance record and example of this would be child allowance (CI 2011).

Unemployment Benefit

The issue of unemployment of unemployment benefit is likely to become a more important issue in the ROI as Ireland as of May 2011 now has an unemployment rate of 14.7 percent one of the highest rates in Europe (Flynn 2011). However, contrary to popular belief the Irish system of unemployment benefit for those who are unemployed for a year or less is not as generous as in many Western European countries. For example, an Irish single unemployed recipient receives the third smallest amount in benefits in the EU15. The amount that individuals receive in relation to their previous earnings in the ROI, that is the Net Replacement Rate (NRR), is also the lowest in the EU15 at just 34 percent, this compares very unfavourably with Luxemburg which has an NRR of 86 percent. Until 2010 there was only a flat rate unemployment benefit or allowance, there was no pay related element, whereas in Spain unemployment benefit ranges from the minimum €482.44 to the maximum €1356.86 per month. However, even now there is only a higher payment for people earning over €300 per week see table below.

Table: Jobseeker's Benefit Rates (2011)

Average weekly earnings	Personal Rate	Increase for a Qualified Adult
Less than €150.00	€84.50	€80.90
€150.00 and less than €220.00	€121.40	€80.90
€220.00 and less than €300.00	€147.30	€80.90
€300.00 or more	€188.00	€124.80

Note: Graduated according to earnings in the relevant tax year

Source: welfare.ie

According to the 2008 Report of the Vincentian Partnership for Social Justice (VPSJ 2008), many Irish households on welfare or the minimum wage do not have enough to sustain a basic standard of living, for example a single claimant living in Dublin is estimated to need an additional €62 a week on top of what they are currently entitled to in order to sustain a basic standard of living (O'Grady 2009; EAPN 2011). One significant difference between the UK and Ireland is that to obtain free medical care in Ireland individuals must qualify by applying for a medical card, in the UK the unemployed are automatically covered by the NHS.

Work and jobseekers benefit

If an individual is normally working full-time and the days of work are reduced temporally, a social welfare week is based on five days a week. If people work more than 3 days a week they are entitled to apply for two days of JSA. If people work part-time or work full-time and hours at work are permanently reduced, then the social welfare week is based on a six day working week. In this scenario people must be unemployed for a minimum of three days a week to receive the job seekers benefit. If working four days a week, individuals will not receive any jobseekers benefit for the remaining two days. In order for individuals to be able to supplement their income with jobseekers benefit, they must still qualify for the conditions under normal jobseekers benefit; that is they must have enough PRSI contributions, be less than 66 years of age, be capable of work and be available for work. Individuals must have at least 104 weeks of PRSI paid in to the system since they first started work and 39 weeks paid in or credited in the relevant tax year, a minimum 13 weeks of them must be paid. Alternatively they need 26 weeks of PRSI contributions in the relevant tax year and 26 weeks in the tax year immediately before the relevant tax year. The relevant tax year is the second last complete tax year before the year which the claim is made (CI 2011).

Table: Jobseeker's Benefit Rate from 30 December 2010

	Rate per week
Personal Rate	€188.00
Increases	
for Qualified Adult	€124.80
for each qualified child	Full rate €29.80 Half-rate €14.90

It is possible to get an increase of €29.80 for each qualified child if individuals qualify for an increase as a qualified adult or if they are parenting alone. If they do not qualify for an increase for a qualified adult, they may get a half-rate qualified child increase, if their qualified adult has income of €400 or less a week. If individuals do not qualify for the above but are in need of benefits, depending on circumstances they might get some other kind of benefit; for example family income supplement (FIS). To qualify for this benefit they must have a dependent child. Individuals and their partners combined if appropriate must also be working a minimum of 19 hours per week. If taken together the working hours of the individual and his/her partner are less than 19 hours a week, they are not qualified for FIS.

Take for example a worker on a 20-hour weekly contract who makes €200 a week and has a family with 2 children. For this particular family the weekly maximum social welfare rate is €602. He is earning €200 and his wife is not working, so €602-€200 = €402. The family gets 60% of €402 as a FIS. They can also get medical card, with that they can get free health care (at present GP visits cost anywhere between €40-€60euro plus prescription charges), and maybe also housing, help with kids school spending, i.e. books, uniform, shoes (CI 2011)

Long term unemployment

Long term unemployment is usually understood to be for 12 months or more. With the exception of Belgium unemployment benefit lasts for a limited period although this is longer in some countries than in others. For example in Ireland it is 13 months and the UK six months. When claimants in the ROI have exhausted the unemployment benefit system, they do receive some level of non-contributory state support. In Ireland this could take the form of Jobseekers allowance, disability allowance, deserted wife's benefit allowance, one parent family payment etc. In this respect the maximum allowable provision in the ROI is more generous than its unemployment benefit system, as long term non-contributory support is the third highest provision in the EU-15 after Denmark and Luxembourg.

Not only are social welfare rates low, but spending on social protection is exceptionally low, although the long term unemployed appear to do better in comparison with other EU countries. Although inflation is still relatively low the cost of basic items is still high and climbing partly as a result of worldwide pressure on commodity prices. The economic recession that hit Ireland particularly badly from 2008 is having an especially negative impact on the 'working poor'. Large numbers of already precariously employed low-paid workers have subsequently become unemployed since the onset of the recession, with unemployment rising (Dobbins 2010). Social Justice Ireland's annual Socio-Economic Review estimates that 5.5% or 90,000 of those in employment in the ROI are at risk of poverty with a total of 630,000 people living under the official poverty line. Anyone below 60 percent of median income is classed as being in poverty. In 2009, the 60 percent line was €231.37 a week, however, with the decrease in wages and increase in taxes, Social Justice Ireland estimates this figure has fallen to €222.18 for 2011 (Rogers 2011). This would suggest that a large number of part-time retail workers many of whom are stuck on low hours contracts may well fall into this category.

Effect of crisis

The retail market is estimated to have shrunk by one fifth since 2007 (IBEC 2012), with employment in both the wholesale and retail sector in Ireland falling from 314,000 in 2008 to 261,000 in 2010. However, Irish research council estimate that this will increase again slightly by 2016 to 289,000. Retail accounts for the majority of this employment with about 240,000 employees in 2011. Shortage of workers seems unlikely with retail remaining relatively attractive for employees especially as they will take people with no previous experience (Forfas 2010)

Working Time Regulation

Working time regulation is largely determined by the 1993 EU Working Time Directive which was later covered under the Organisation and Working Time Act 1997. The working week should not normally exceed 48 hours over an average of 4 months for most employees. The working hours of young people under the age of 18 are regulated by the Protection of Young Persons (Employment) Act 1996.

Breaks

Shop employees who work more than 6 hours and whose hours of work include 11.30am-2.30pm are entitled to a one hour consecutive break which must occur during those hours. Employees who work in the Retail Grocery trade are entitled to a 15-minute paid break (exclusive of the main meal break) if working more than 4 ½ hours. There is no entitlement to be paid during these breaks and they are not considered part of working time.

Rest periods

The rest periods set out in the Act are as follows: 11 consecutive hours rest in any period of 24 hours. In addition 24 consecutive hours rest in any period of 7 days and this should normally follow on from one of the 11-hour rest periods already mentioned, or as an alternative an employer can give workers two 24-hour rest periods in the week that follows one in which the worker did not get the entitlement described above. Unless the employment contract provides otherwise the 24-hour rest period referred to above should include a Sunday.

Night work

In general the maximum average working week is 48 hours. Normally, a night worker should not work more than an average of 8 hours in a 24-hour period. The average is calculated over either a 2-month period or a longer period if it is part of a collective agreement. Pay rates and leave for night workers are not covered by the Organisation of Working Time Act. These depend on the terms of the night worker's contract of employment.

Overtime

There is no statutory obligation on employers in Ireland to pay employees higher rates, for example, double time, for work completed in overtime. Workers are supposed to receive at least the normal hourly rate of pay for overtime. Certain sectors of employment were covered by Employment Regulation Orders and Registered Employment Agreements and may have higher rates of pay for overtime. These are based on JLC rates negotiated by a tripartite body (see below on JLCs).

Regulation of Opening Hours

Shops in Ireland are, with few exceptions (such as those involved in the sale of alcohol), allowed to open whenever they want - including Sundays and public holidays. Many supermarkets are open 24 hours, or have longer opening hours (e.g. 08:00 - 22:00) everyday.

Agency/Subcontracting

There appears to be little use of agency workers or subcontracting of workers in Lidl or Tesco in Ireland and has little relevance.

4.3.3 Education and Training

There is no specific national vocational and training system for retail with most employer training not accredited on the national qualifications framework (Forfas 2010). VET in the ROI is still dominated by training programmes that are employed in statutory apprenticeships; these are more biased towards male-oriented manufacturing jobs and do not include retail occupations. However, FÁS the main statutory training body in cooperation with the institutes of technology (the main body providing vocational training for young entrants into the workforce, unemployed and early school leavers which would cover the retail industry) does provide some basic training for the unemployed and school leavers. With other bodies which provide similar training for agriculture and tourism. Social partner organisations tend promote

training in their own industry associations. There are also many private training companies which provide training on behalf of FÁS. The table below illustrates the main types of VET providers and their main areas of activity in the type of training delivered. It is interesting to note that much of the continuing training takes place in employment and is often undertaken by the employers themselves or through other private training bodies.

Table: The Main VET providers and types of delivery

Providers	Types of VET				Delivery
	Initial	Continuing	Unemployed	Direct	Contract
Institutions	XXX	X		*	
Secondary schools	XXX	X		*	
Vocational schools VET	XXX	X	X	*	
Institutes of technology	XXX	X		*	
National Training and Employment Authority	XX	X	XXX	*	*
Enterprises	X	XX		*	*
Social Partners		X	X	*	*
Private Training Bodies	X	XX		*	
X indicates relative concentration of activity in a particular area					
* indicates whether activity is subcontracted or not					

Source: Adapted from Barry (2007: 13)

There are also *traineeships* available in the retail area. These usually involve employers, trade unions and FÁS working together to devise occupational specific training programmes for jobseekers. The occupational standards are determined in consultation with employers and lead to certification by FETAC. These combine the job training by employers with some time in a FÁS training centre. They vary in length between 6 and 24 months depending on the skill requirements of the occupation and the entry level of the trainees. However, in 2006 only 2067 people completed traineeships in a wide range of sectors; only a small proportion was in retail. The *Youthreach* programme also provides very basic training for those who have left school with no qualifications and no vocational qualifications. Overall vocational training is not as well-established as in countries like Germany and still tends to take second place to the mainstream school/academic track which is focused on the leaving certificate as a means to enter the third-level sector (institutes of technology and university). It seems that in retail much of the training is still done on the job, but there is a lack of ongoing organisation level training provision which is a legacy of the voluntary approach adopted by earlier governments with a stronger focus on training and retraining schemes for the unemployed. Reflecting UK practice this tends to encourage more job specific short term training at the expense of the State economy and individual (Heraty et al. 2000).

Overall much of the training that takes place in retail still occurs within enterprise without any intervention by external providers. However, there has been more activity in this area by FÁS which has for example introduced two retail training programmes a *certificate in retail skills* and an *advanced certificate in retail management*. A recent report suggests that the educational attainment level of the sector is below that of the economy as a whole. Irish retail requires no specific entry requirement for most of its retail recruits (Forfas 2010). With the exception of students, the educational background of most part-time employees in Tesco has been low, many left school at 15 or 16 with the junior certificate or left school with no qualifications. In Lidl due to the fact that many employees are non-Irish educational attainment may be a lot higher, but this is not necessarily in the area of retail training, foreign skilled workers may find it difficult to enter more skilled jobs in other sectors and thus may be over-qualified for work in basic retail jobs.

4.3.4 Industrial Relations System

The parties to Irish industrial relations have tended to rely on ‘institutions of the middle ground’, to solve the problems of employers and labour, these have included state-sponsored dispute resolution agencies and government departments, with employers and unions often looking to outside agencies for solutions (Von Prondzynski 1998). The Labour Court for example established in 1946, is a tripartite body (not a court of law) which was to provide some direction for wage bargaining through conciliation and mediation offered on a voluntary basis, providing non-binding and binding recommendations. In 1990 the tripartite body the Labour Relations Commission (LRC), was established with a view to promoting good industrial relations and providing a separate advisory and conciliation service; The idea was to encourage local settlement and promote ‘best practice’ with the Labour Court being the court of last resort (Wallace et al. 2004). In 2006 the National Employment Rights Authority (NERA) was also created to oversee the work of the increasing number of Labour Inspectors; their primary purpose is to monitor and secure compliance with employment rights legislation (Dobbins 2003; O’Sullivan and Royle 2013).

Minimum Wage System; Reform of the JLC system

Since 1909 there has been a system of Joint Labour Committees (JLC). JLCs were originally known as trade boards, they set basic pay and conditions in a number of low paid sectors for vulnerable workers in ‘sweated trades’ where there trade union organisation was weak and there was little or no collective bargaining. There are currently 16 JLCs covering retail, catering, hotels, contract cleaning etc covering approximately 162,000 workers. The real impact of these agreements is that they set a premium on the minimum wage of between seven and 10 percent; they also provide higher rates of pay for unsociable hours or national holidays as well as other conditions. They are determined by tripartite committees and are made legally binding through Employment Regulation Orders (EROs) and enforced by NERA. However, the increase of labour inspections under NERA created the impetus for an employer backlash against the system. In 2008 the association of fast-food employers the QFSA made a legal challenge against the whole JLC system. The result has been a reform of the system in 2011 which is likely to lower terms and conditions and make the whole system unworkable in practice (O’Sullivan and Royle 2013).

Trade Unions

The main trade unions organising workers in the retail sector are Mandate (most dominant in this sector) and the largest Irish general union SIPTU. It’s possible that some workers might be members of the general British-based union Unite but these are likely to be in small numbers in the Irish retail sector (Tesco and Lidl are predominantly Mandate).

Table: The Nine Largest Trade Unions in the ROI

Union	Membership
SIPTU Services Industrial Professional and Technical Union	248,938
UNITE (previously AMICUS and TGWU)	40,000
IMPACT Irish Municipal Public and Civil Trade Union	38,200
MANDATE Union of Retail bar and Administrative Workers	37,979
TEEU Technical Engineering and Electrical Union	30,396
INO Irish Nurses Organisation	27,501
INTO Irish National Teachers Association	21,469
CWU Communication Worker's Union	18,024
ASTI Association of Secondary Teachers Ireland	15,820

Trade union density gradually declined from a high of 53 percent in 1975 to 32 percent in 2006 however the decline stopped in 2009 when density rose to 34 percent. In the private sector union density is estimated to be in the region of 20 percent or less. Despite this decline in density trade union membership actually increased from 1997 to 2004 from (for example from 432,000 in 1994 to 555,500 in 2003) largely as a result of massive inward migration and a rapidly expanding workforce (see table below).

Table: Union (workforce) density in the ROI

Year	Union Density Rate
1945	25.3
1975	53.2
1994	45.8
2001	38.0
2002	35.6
2003	37.7
2004	34.6
2005	34.2
2006	32.2
2007	31.0
2008	32.0
2009	34.0

source: Wallace et al. (2004: 146); Walsh and Strobl (2009: 120)

Collective Bargaining

There are trade associations covering for example hotels, alcohol beverage, fast-food, catering, small business and retail. Retail Ireland is the main federation covering supermarkets and discount supermarkets. However, these associations do not engage directly in collective bargaining as collective bargaining in Ireland is largely at the company level between individual employers and trade unions. There are no sector-level agreements firms set their own pay levels either with or without unions, these vary according to employer some like Tesco give increases for length of service but some do not. See Lidl and Tesco reports for details of wages. The only external influence from 1987-2006 were a series of national agreements known as social partnership agreements

National-level Agreements (Social Partnership)

The only exception to this are the national social partnership agreements which began in 1987, the last was in 2006. These involved government, unions, employers and a small number of interest groups (such as a farmers' organisation) and attempted to provide an economic climate conducive to growth, reducing social inequalities and creating employment usually lasting two to three years. The first of these limited pay rises to 2.5 percent but with special provisions for the low paid, allowing higher rises for those on lower incomes. The agreements were a framework of general guidelines rather than a document of binding commitments and were also associated with a number of other measures to reduce inflation and the budget deficit, locking the trade unions into an alliance with the government which has made it difficult for unions to oppose other aspects of government policy (Von Prondzynski 1998).

The 2006 agreement 'Towards 2016' was made before the economic crisis took hold and although the key element of the social partnership agreements was the regulation of wage increases, one of the key outcomes from the 2006 agreement was the establishment of NERA and an increase in the number of labour inspectors with tougher penalties for non-compliant employers. One of the attractions of social partnership for the trade union movement was a way of avoiding a neo-liberal 'Thatcher-like' offensive on organised labour as occurred during the 1980s and 1990s in the UK (Baccaro and Lim 2006; Hastings et al. 2007) and gave union leaders considerable influence over government policy (Donaghey and Teague 2007). However, rising inequality and union density decline raised the question of whether or not unions would have been better off outside social partnership and adopting a more adversarial position. Mandate for example pulled out of social partnership talks in 2003 in protest about the fall of social spending as proportion of GDP and the fall of wages despite the growth of productivity. Despite its faults it could be argued that social partnership may have been the unions' best option, as the main reasons for union density decline appear to be due to the changing structure of the economy and an increase in the activities of non-union firms rather than social partnership per se. Although unions may have lost some of their radical edge (Allen 2000), by taking part in social partnership it could also be argued that they also gained legitimacy and retained some influence over government policy (Donaghey and Teague 2007).

The End of Social Partnership?

As the crisis took hold in 2008 and 2009 the interests of the social partners collided. The economy arguably needed higher taxes and reduced public expenditure, but it impossible to make these changes and led to a complete breakdown in social partnership in September 2009, when the Irish government decided to unilaterally cut the pay of 250,000 public servants (Sheehan 2010). This heralded the end of social partnership although the unions did however, return to negotiate with the government in 2010 agreeing the 'Croke Park' deal on pay and reform in the public service. However, the unions have made it clear that this agreement is not social partnership.

Employee representation at the workplace

Although social partnership has been significant at the national level it did not filter down to the firm or the workplace where voluntarism has predominated (D'Art and Turner 2002). A survey of unionized firms in Ireland showed that only 17 percent have formal policies to avoid compulsory lay-offs, only 20 percent have employee profit sharing and gain-sharing, only 50 percent are allowed to receive paid training and only 30 percent of unionised companies have direct employee involvement schemes. In non-unionized firms the situation is even worse as only 5 percent report have just three of the above practices. The author concludes that there was little evidence of 'high road' employment practices and a growing latitude for employers to impose their management style with little or no input from the workforce, illus-

trating that workplace partnership in Ireland is only likely to occur where it suits the employer (Roche 2007).

Until the introduction of the European Union (EU) Information and Consultation directive (2002/14EC), which was finally transposed into Irish law in 2006, there was no national-level permanent system of workers information and consultation rights in the ROI except in a small number of semi-state owned companies. The Irish government transposed this directive in its most minimalistic form and this was partly due to the role played by US-owned MNCs which are extremely hostile to the idea of workers' rights in this area. US MNCs are very influential in the ROI as they represent the bulk of the Irish export market, providing 50 percent of FDI in Ireland with over 100,000 manufacturing jobs (Dobbins 2005; Doherty 2008). A recent survey of Irish workplaces Eurofound (2011: 1) concluded the minimalist interpretation of the 2002 EU ICE directive has led to it having little legislative impact on increasing the incidence of information and consultation bodies in Ireland. Most companies in retail have either ignored the directive e.g. Lidl or have acted strategically to set up their own forums, but this is usually only where forced to react because of a strong trade union presence in the company concerned e.g. Tesco.

Representation regards unfair dismissal

If employers do not recognise trade unions then there is no collective agreement and no formal union representation. In workplaces where unions are recognised then local shop stewards do represent workers in individual disputes and help them take their cases to the Employment Appeals Tribunal. In companies where there is no recognised union, individual workers may join unions on an individual basis without the knowledge of the employer (see Lidl report). In cases of unfair dismissal these workers would be able to call upon the union to represent them. In general, workers must have 12 months continuous service with an employer before they can bring a claim for unfair dismissal. Unfair dismissal cases are common with about 1000 per year going to tribunal. According to Mandate official's retail experiences a lot of such cases in general with many cases arising even in better employers such as Tesco. However it is also likely that in many non-union companies workers do not take their cases to the tribunal and do not get compensation for unfair dismissal, suggesting that there are a large number of unreported cases.

4.4 Spain

4.4.1 Introduction

Due to the limited number of varieties of capitalism identified by Hall and Soskice, Spain is difficult to accommodate within this approach. The authors themselves acknowledge that Spain either belongs to the Liberal Market Economy (LME) or the Coordinated Market Economy (CME) category (cf. Marshall, Mitchell and Ramsy 2008, Rönmar 2008). For that reason some authors have referred to a distinctive 'Mediterranean' style of capitalism.

On the one hand it might be argued that globalisation and economic integration have promoted the development of more cooperative institutional settings and coordination mechanisms at the micro and macro level (cf. Royo 2005). On the other hand, the economic and financial crisis led to a deregulation of the labour market, the welfare system and industrial relations. The labour market reform led to a further loss of workers' rights and weakened trade union power in industrial relations which is one of the characteristics of a coordinated market economy (cf. Soskice 2009).

4.4.2 *The welfare state model and institutions shaping the structure of labour supply*

General characterisation of the welfare state

Spain forms part of the group of the ‘continental European welfare states’, which furthermore includes countries like Germany, France, Italy, Belgium and the Netherlands. In addition, the country has often been included in a fourth type of welfare system or social policy model: the countries of the ‘Mediterranean’ (cf. Sapir 2005: 6). This regime is characterized, among others, by fragmentation of benefits and programs, low social expenditure and low levels of redistribution, strong ties between family members and importance of other welfare providers, for example the church. Spain’s single most characteristic trait is the crucial role played by the family as an institution of welfare production and distribution of income and services (cf. Esping-Andersen 2002). A strong household micro-solidarity manifested in intra-familial pooling of resources and mutual support and care between family members, has allowed high levels of ‘citizens well-being’ (Moreno 2004: 133). In the Southern Europe (SE) social model ‘the family has become the main ‘social shock absorber’ against high youth unemployment, a protracted school-to-work and youth-to-adulthood transition and an increasing demand for long-term care of the elderly’ (Karamessini 2007: 2). Countries like Spain concentrate their social spending on old-age pensions, employment protection and early retirement provisions (cf. Sapir 2005).

Tax system

The Spanish tax system comprises three kinds of taxes: *impuestos* (taxes), *tasas* (dues and fees) and *contribuciones especiales* (special levies). The *tasas* and *contribuciones especiales* are collected in return for a public service provided by the authorities or for any type of benefit as a result of public works or services. In Spain taxes are levied by the Central Government, by the Autonomous Communities (regional) and by local authorities.

All employers, their employees, self-employed workers, members of manufacturing cooperatives, domestic personnel, military personnel, civil servants who reside and/or perform their duties in Spain are required to be registered with, and pay contributions to the social security system. Even unemployed persons (subject to certain conditions) must pay contributions.

Social security system

The Spanish social security system includes benefits for health care (sickness and maternity), injuries at work, unemployment, pensions, invalidity and death benefits. The social security system covers all Spanish nationals who reside and perform their labour activities in Spain as well as foreigners holding residence permits in Spain. Spanish nationals, who do not reside in Spain, are also covered under certain circumstances. Such protection also covers the family of the insured person. The system provides two different schemes. The general scheme, or scheme for the dependent worker, imposes a set percentage of income as a contribution to be paid jointly by the employer and the employee. The scheme for the self-employed means, that the employee who works on his own account is responsible for the total amount of contribution. He/she can choose between a maximum and a minimum percentage of contribution. It provides no unemployment benefits.

The employer must deduct monthly contributions to the social security from the employee’s salary, provided that this one exceeds the minimum annual salary, which is around EUR 600 per month. These contributions are calculated as a percentage of the taxable income; this percentage is 6.4 percent at present. The employer will enter the contributions in the Social Security General Treasury (**Tesorería General de la Seguridad Social**). The salary is also subject to the personal income tax in Spain. The employer will deduct monthly amounts from the sal-

ary and forward the same to the National Tax Administration. The amount to be deducted depends on the income level.

Employer and employee's contributions constitute the main social security financing. However, the employer pays the greater share, and must complete all formalities to ensure that workers are covered by the social security system. Workers are classified into labour categories for the purpose of determining their social security contributions. The government annually establishes the maximum and minimum contribution rate. The minimum salary on which social security contributions must be paid is around € 421 a month

Pension plans and funds were first regulated in Spain in 1987, and, at present, are governed by Royal Legislative-Decree 1/2002 of November 29 on Pension Plans and Funds and Royal Decree 304/2004 of February 20, by virtue of which the Regulations on Pension Plans and Funds are approved.

The Spanish legal framework on pension plans and funds has developed widely in recent years. Despite this, it is not compulsory for employers in Spain to make contributions to any pension system other than the social security scheme, unless a collective agreement or other type of agreement establishes such obligation. If a collective agreement provides for the payment of certain benefits to employees in the event of retirement, permanent disability or illness, the company is only obliged to ensure that such benefits will be paid through an external institution and make the corresponding contributions, and is free to choose the type of institution (insurance company, "*Mutualidad*", pension plan, etc.).

Child-care provision

The expenditures with regard to family, housing and inclusion policies are still very low. The government spending on behalf of families varies fairly across the EU. In 2005, the OECD-26 average spending on cash family benefits has been 2.3 percent of the GDP⁶⁹. In Spain it was 0.2 percent of the GDP (2000)⁷⁰ and currently it is still less than 1 percent of the GDP⁷¹.

There is an insufficient coverage of children under 3 years by publicly funded services. The coverage of children between 3 years and school age by formal childcare services has reached 98 percent, even though flexibility of opening hours of childcare services is a major problem for working parents in Spain.

The Family and Gender roles

As a result of woman's increasing labour market participation, the care regime based on care provided by female family members has been transformed. In 2010 more than 10 million women have been integrated in the labour market: 8.200.000 working and 2.151.400 unemployed (total active workforce about 18 million). At the end of 2010 the unemployment rate of men and women has been almost the same (about 20 percent) (cf. CHTJ-UGT 2011).

Through the expansion of the welfare state a de-familiarisation took place, above all in the field of childcare. However, grandparents, mostly grandmothers, continue playing an important role with regard to childcare, whereas in Northern countries generous government subsidies provide support (cf. Esping-Andersen 2007: 232). The reason is the insufficient coverage of children under 3 years by publicly funded services.

⁶⁹ <http://www.oecd.org/dataoecd/45/46/37864391.pdf>

⁷⁰ cf. Eurostat 2003 http://www.eds-destatis.de/en/downloads/sif/nk_03_19.pdf

⁷¹ <http://www.oecd.org/dataoecd/45/46/37864391.pdf>

Full- / part-time preferences

Most of the women (Spanish or non-Spanish nationality) with young children prefer to work less hours and morning shifts therefore they can take better care for their children. Women without children prefer to work full-time because of the higher salaries.

Students prefer to work part-time and little hours (mostly weekends) so that they can combine their studies with a job.

In general, within the retail sector (including grocery retail) female workers are the dominant workforce whereas manufacturing is mainly dominated by male workers. In grocery retail female workers are the majority at the store level independent from the company format (discount, supermarket, hypermarket).

The economic crisis led to a decrease of employment conditions. The 2012 labour market reform cut employees severance pay from 45 to 33 days' salary for each year of employment and gives employers still more flexibility over jobs. Now, if a company can show that its revenue is down for three straight quarters, it can lay people off. Furthermore, companies facing hard times will be able to pull out of collective bargaining agreements and have greater flexibility to adjust employee's schedules, workplace tasks and wages depending on how the economy and the company are doing.

Working time regulation

Jobs in Spain must be performed under, at least, minimum working conditions, which are described in the Statute of workers (Estatuto de Trabajadores) and the applicable collective bargaining agreement. The standard work week is 40 hours, though this varies depending on the occupation. The standard weekly uninterrupted rest is one and a half days (two days for minors), although this also varies from one occupation to another. Spanish labour rules prescribe that daily working hours are limited to 9 hours work per day. It is also prescribed a minimum of 12 hours' rest between working days. Overtime (horas extraordinarias), i.e. working hours in excess of the ordinary hours, are also restricted by law to 80 hours per year, unless the collective bargaining prescribes something different. The worker must be compensated, either in cash or by paid time off in lieu. It is legally banned for minors to work overtime.

Working hours are closely connected with other aspects of employment such as the salary, which amount and structure is normally established by the collective bargaining agreement. Usually, two extra payments are made, in June and December.

Opening hours in grocery sector

In Spain, the regional administrations (Autonomous Communities) play a crucial role with regard to opening hours within the distribution sector. For that reason there are e.g. different opening hours for Carrefour hypermarkets. In some regions, as e.g. in Alicante (Valencia) they also open on Sundays and in others they do not.

Temporary agencies / subcontracted services

During the last years the use of temporary agency work has diminished. Even in high sale periods (as e.g. Christmas) or during the holiday season the companies try to manage the higher workload with the normal staff. After the recent labour market reform workers must be moved on to permanent contracts after 24 months.

Nevertheless, in particular within the hypermarket sector companies call on services from subcontracted companies (security, cleaning, refilling of shelves).

4.4.3 Education and training

General characteristics

The Spanish education system⁷² is organised by two schemes: general and specialised education (enseñanza de régimen general and especial). The first one includes pre-primary education (non-compulsory), primary education (compulsory, age 6-12), secondary education (compulsory, age 12-16), vocational training (26 different professional families), Bachillerato (grammar school) and university education. Primary education and ESO correspond to basic education, which consists of ten years of free and compulsory schooling for all pupils. The second education scheme includes arts (music, dance, drama etc.), sports and languages. The public spending on education was around 5.1 percent of the GDP in 2010 (Ministry of Education⁷³ 2010).

Vocational training is organised in intermediate and advanced formation cycles (ciclos formativos). The main objective is to prepare students for a specific professional career. Direct access to advanced vocational training requires the Bachiller certificate. Otherwise candidates have to attend an entrance examination which is regulated by the Autonomous Communities. Tuition fees are very low for this form of vocational training since it is financed by the state. By successful completion of training the title of “Técnico Superior” will be awarded which permits a direct integration the professional area or direct access to the first university cycle.

Education within grocery retail

In 2011 there have been 697.596 workers with vocational training (*Formación Profesional*, FP) in the distribution/transport sector in total. In general, the number of person with an FP certificate is very low in all sectors (e.g. manufacturing 757.168) (cf. Ministerio de Educación 2011).

There is no national vocational training system for retail employees or specialized employees. Rather workers get a short introduction before they start working and then they get trained on the job. There is also no system of specialized managerial training. Normally companies contract people from outside with a university degree for these jobs. There is a national debate about the high number of early school leavers but not with regard to the retail sector.

4.4.4 Industrial Relations

General characteristics of the IR system

Spain has managed to consolidate a modern, socially and economically efficient, industrial relations system. The main trade unions and employers' organisations participate in a variety of public policies and institutions and have managed to set up a reasonable collective bargaining and representation system. However, globalisation and EU enlargement pose several new challenges to the system and its actors, revealing certain elements of its weaknesses that remained only partly hidden in the national framework up to now.

In this context, one critical issue stems from the proper economic and labour market structure. In May 2010, the Spanish government endorsed a plan to cut the public deficit (Royal Decree

⁷² The description of the Spanish education system is mainly based on the report of the European Commission-Eurydice.

⁷³ <http://www.educacion.es/dctm/ministerio/horizontales/prensa/documentos/2010/septiembre/datos-y-cifras-2010-2011.indd.pdf?documentId=0901e72b803eceed>

Law 8/2010), which includes cutbacks in all key social policies and the first public sector wage cuts since the end of the Franco era. According to that, there will be a wage freezing for public sector workers. Furthermore, job offers in the public sector will decrease by 90% until 2013 (cf. Sanz de Miguel, EIRO 2010).

Although the current financial and economic crisis will be overcome, the construction boom of the past 15 years has definitely run out of steam and tourism growth will be in best case more moderate. In general, the economic structure is very vulnerable to international competition and economic up and downturns. Spain lacks firms and sectors with technological and innovative leadership. Further problems are related to the education and training system (adaptation of available formation to the labour market demands), the pressure resulting from immigration, the relocation of economic activities and the shifting of EU financial support to poorer EU member states. In this regard, Spain can't continue as a low cost economy in the European context and has not found yet an alternative economic development model (cf. Köhler 2009). In March 2010 the Council of Ministers approved the "Law of Sustainable Economy" (Ley de Economía Sostenible). Its objective is the reformation of the Spanish economic model toward a more sustainable one⁷⁴.

Spanish industrial relations can be considered as highly regulated by legal and public norms. However, social dialogue has played a very relevant role in Spain during the last three decades. Social pacts have proliferated from the outset of transition to democracy in the late seventies to the present, adopting varied modalities. In 1991, a new institution was created to promote social dialogue, namely the Economic and Social Council (CES). The creation was supported by economic and social actors. CES has an advisory role to the government in all social and economic legal reform policies.

The retail sector in Spain expanded its activities during the last 10 years. Its expansion was supported by growing employment rates which accelerated demand. The successful extension of hyper- and supermarkets can be attributed to two fundamental strategies: one of them is the process of rationalisation and concentration on profitable areas. That included outsourcing of services, more pressure on subcontractors and acquisition of adverse companies in order to reduce competition. On the other hand, the exploitation of workers has increased. That means a deterioration of working conditions (working hours, contract modalities etc.), the decrease of salaries and the intensification of work through the cutback of contracted workers. Furthermore, deterioration is characterized by an increasing number of involuntary part-time jobs; work on weekends and during the holiday season which makes it difficult to interlink family and work life and the circumscision of indirect benefits. In summary, it has been created jobs but with bad working conditions and little rights. The focus of management policies on increasing labour flexibility and the designing of part-time jobs are key issues in the competitiveness management strategy.

In 2007, 15.4 percent of the employed population in Spain worked in activities related to commerce and 9.5 percent of the employed population worked within the retail trade sector. The retail sector in Spain is characterized by the feminisation of employment and a fairly high rate of part-time employment (17 percent part-time jobs in 2007).

In 2007 about 14 percent of the employed female population worked on the retail trade sector, while the share of men employed in the sector was only about 6 percent (cf. Lorente Campos und Ramírez Rangel 2010: 10ff). This can also be justified by the higher share of woman working in the sector compared to male workers.

⁷⁴ <http://www.economiasostenible.gob.es/ley-de-economia-sostenible/>

	Workforce total	Percent	Men	Percent	Women	Percent
TOTAL	18.408.200	100	10.209.700	100	8.198.500	100
Manufacturing Industry	2.375.000	12.9	1.764.400	17.3	610.600	7.4
Distribution sector and car reparation	2.958.800	16.1	1.497.500	14.7	1.461.300	17.8

Source: CHTJ-UGT 2011, based on data of EPA

The trade sector has played a key role in the integration of woman into the labour market. Their integration has been characterized by their entrance as salaried workers, focusing on 'cosmetics and pharmaceuticals store chains as well as supermarkets, hypermarkets and self-service stores' (cf. *ibid.*: 12).

In August 2010 the rate of average distribution of the retail sector has diminished by 1.1 percent. Distribution has only grown in Castilla and León, Catalonia and Madrid. In all other Autonomous Communities sale was declining. Likewise, the employment rate has diminished (about 0.8 percent). A growing rate concerning occupation was registered in Castilla and León (0.6 percent), Extremadura (0.5 percent), the Basque Country (0.3 percent) and Cantabria (0.1 percent). Aragón registered the mayor decline in occupation (-2 percent) (cf. INE 2010⁷⁵). With regard to the employed collective the majority are woman.

Trade Unions

The main Spanish trade union confederations are CCOO (Trade Union Confederation of Workers' Commissions), UGT (General Workers' Confederation), ELA-STV (Basque Workers' Solidarity), LAB (Assembly of Basque Patriot Workers) and CIG (Galician Union Confederation). Besides these 'representative' confederations there are several smaller unions at the local and regional levels and some strong corporatist organisations mainly among the public services and certain professional groups (e.g. pilots, healthcare). The anarchosindicalist CNT (National Confederation of Labour) and CGT (General Confederation of Workers) only play a symbolic role in current Spanish unionism. Representative union organisations need more than 10 percent of delegates at the national level or more than 15 percent at the regional level. The UGT and CCOO are the only organisations that fulfil the national-level requirements while the Basque nationalist unions and the Galician CIG are the only organisations that fulfil the regional requirements. The union confederations are organised on a dual structure: industrial/sectoral and territorial (cf. Köhler 2009).

Union density in Spain is relatively low at around 19 percent (18.9 in 2010), although the results of elections to works councils indicate that unions have much wider support (cf. ETUI 2011⁷⁶, OECD 2012⁷⁷). Trade union density is influenced by economic structure variables (differences between industries as well as between the public and the private sector), the region and the contract type. The highest density rate can be found in the public sector (31.2 percent in 2010) and among workers with permanent contracts (21.2 percent in 2010) (cf. Köhler and Calleja 2012).

⁷⁵ <http://www.ine.es/daco/daco42/daco4215/ccm0810.pdf>

⁷⁶ <http://www.worker-participation.eu/National-Industrial-Relations/Countries/Spain/Trade-Unions>

⁷⁷ http://stats.oecd.org/Index.aspx?DataSetCode=UN_DEN

Trade unions within the retail sector in Spain are FECOHT-CC.OO (Confederation “Commerce, Gastronomy, Tourism and Games”), CHTJ-UGT (Confederation “Commerce, Gastronomy, Tourism and Games”) and FETICO. FASGA exists in Carrefour (general works council) but it is not representative at all. One important body on company level is the general works council (comité intercentros) which is constituted by a maximum of 13 members⁷⁸ who are coordinating the different “Centros de Trabajo”. The constitution of the committee is stipulated by a collective agreement and it represents an impartial body responsible for issues which concern different markets and stores.

The social partners in Spain have, despite the high level of formal participation, little influence of the administration of the unemployment benefit systems. Their role is mainly consultative and decisions are taken by the Directorate-General of the National Institute of Employment, which is appointed directly by the government (cf. Schaapman and van het Kaar 2007). In general, the Spanish state has traditionally played an interventionist role in industrial relations and democratisation has only slowly expanded the margins of autonomous relations among private individual and collective actors.

Employer associations

Currently, 70 percent to 80 percent of Spanish employers are affiliated to the CEOE (Spanish confederation of employer organisations) which has been founded in 1977 (EIRO 2007). In particular after the integration of the small and medium-sized enterprise association CEPYME, the CEOE obtained a monopoly on employer interest representation in Spain.

Its structure continues to be based on a mixture of territorial and sectoral bodies combining the functions of trade associations with the industrial-relations role of employers’ associations. ‘CEOE’s inclusive nature and the wide variety of employer interests that it represents have prompted an organisational style that leaves considerable autonomy to member associations and avoids conflict on issue sensitive to its diverse constituents’ (Martínez 2001: 434). The structure of the CEOE is quite complex with about 134 industry federations and 51 territorial confederations. Thus, nearly 200 associations are representing more than one 1.300.000 firms.

One of the members of CEOE is ANGED, the National Association of Retail Companies. ANGED represents big retail companies (altogether 16), among them Carrefour, El Corte Inglés and Alcampo. ACES (Association of Spanish Supermarket Chains) was founded in 2002. Its General Director is Aurelio del Pino. It is an employers association which represents supermarkets and discount stores on the national level, among them DIA, Carrefour Express and Lidl. In 2009, ACES incorporated in CEOE. Since 2010 Lidl is a member of ACES. The objective of ACES is to negotiate a collective agreement for the sector with homogenous labour standards. UGT and CCOO consider ACES as more liberal and less democratic as the employer organisation ASEDAS (Spanish Association of Distributors -Asociación Española de Distribuidores).

Collective bargaining

The Spanish collective bargaining system is divided into various bargaining levels. Collective agreements can be negotiated between the representatives of workers and employers either at the decentralised company level or at the more centralised industrial level on different geographical levels: local, provincial, regional or national. The predominant levels are the indus-

⁷⁸ The composition of these committees depends on the results of trade unions elections (delegates in accordance with the results of trade union elections).

try and the provincial level, and most of the workers are covered by collective agreements at provincial level.

The coverage rate of collective bargaining is relatively high (between 70 and 85 percent) due to the automatic extension of collective agreements in a given bargaining domain. The bulk of the workforce is covered by sectoral provincial collective agreements, even though 75 percent of collective agreements are signed at the company level but covering only 10 percent of the overall workforce. Sectoral binding are particularly important in Spain because 75 percent of the companies have less than six and about 85 percent less than 10 employees (cf. Köhler 2009).

In addition to wage increases, the basic outcome of collective bargaining contains other matters relating to working conditions, e.g. working hours, employment hiring, retirement supplements etc.. Generally, in company level agreements a broader range of matters is negotiated. The wage structure in Mediterranean countries is, at least in the formal sector, covered by collective bargaining (cf. Sapir 2005). Collective agreements determine minimum guaranteed wage levels by the firm in question. The workers' final compensation will differ from that minimum due to various wage supplements.

Important changes in wage-setting institutions took place between 1994 and 1997. The revision of the 1980 Workers' Statute led to an enlarged scope of collective bargaining and finally included issues previously regulated by law as e.g. working time, trial period etc.. The 1997 national level agreement referred to the specialisation of the content of bargaining by bargaining level with the objective to avoid overlapping between levels (cf. Karamessini 2007). Since 2002, the guidelines for lower level bargaining are laid down in annual intersector framework agreements between social partners. The institutional changes were targeted on making wages more flexible to economic downturns.

The coverage rate of collective bargaining is relatively high (between 70 percent and 85 percent) due to the automatic extension of collective agreements in a given bargaining domain. The bulk of the workforce is covered by sectoral provincial collective agreements, although 75 percent of collective agreements are signed at the company level, but covering only 10 percent of the overall workforce. These 10 percent represent the majority of employees in large firms (cf. *ibid.*).

Since 1996 the main unions and the CEOE have negotiated national multi-sector framework agreements on collective bargaining, establishing general orientation marks and issues for collective bargaining at lower levels. Further on, they created a tripartite National Consulting Commission for Collective Agreements (CCNCC) in order to observe and foment collective bargaining. By this way they introduced new issues such as extra-judicial mediation in industrial disputes, equal opportunities and work-life balance, early retirement, health and safety, life-long learning etc. into the collective bargaining agenda.

The general trend of collective bargaining in Spain leans toward a dualistic structure with an increasing number of company agreements in a framework of sectoral and multisectoral general agreements. The increasing number of collective agreements is mainly due to new company agreements in growing sectors such as services. As regards to the classical collective bargaining issues wages and working time, the trends point to more flexible time regimes and performance based reward systems, particularly in the bigger private companies. The centralised bargaining structure with national multi-sector framework agreements since 2002 fosters a very moderate wage increase according to the consumer price index.

In February 2010, the most representative Spanish social partners (CEOE, CCOO and UGT) signed an agreement, in which they established the main criteria and guidelines for collective

bargaining from 2010 to 2012. The year before, there has not been a consensus due to clashes regarding pay increase issues (cf. Sanz de Miguel 2010a).

So far, there have not been major actions (strikes) within the retailing sector. The last collective agreement valid for the member organisations of ANGED has not been signed by CCOO and UGT but only by FETICO and FASGA. Both major unions tried to mobilize workers because of the loss of rights but there has been no major action at the national level. In particular with regard to the members of ANGED and ACES, CCOO and UGT face difficulties to organize workers because of the strong yellow unions.

Within the retail sector the spectrum of collective agreements is reflected. There are sectoral collective agreements (e.g. Carrefour), company agreements (e.g. DIA) and provincial agreements (e.g. Lidl).

The current minimum wage is very low (641 Euro). The average gross-income is 21.500 Euro per year which is only half of the gross-income in the UK, Germany or the Netherlands⁷⁹.

The Retail Sector Remuneration Survey of the EADA business school revealed that in general, retail trade sector employees in Spain receive lower than average pay (average = 100): 3 percent less in the case of managers, 9 percent less for intermediate posts and 24 percent less for shop assistants. In absolute figures the average gross salary for a manager in the retail sector is 69.567 Euro per annum, 34.318 Euro for intermediate posts and 17.059 Euro for employees⁸⁰.

The last collective agreement signed by ANGED, which is valid for Carrefour, El Corte Inglés etc. stipulates a gross-income of 13.769 Euro for store workers (professional group), including extra payments. Workers working in low skilled part-time jobs like in grocery retail do not earn more than the minimum wage.

Within the retail sector there are no big wage differences at the store level. Only workers who work since a long time for the company and in a higher position have notable higher wages (according to our interviewees). Apart from that there are no big differences between the entry level, the more experienced level or the team leader level.

IR at the company level

Workplace representation in Spain has a clear legal framework, provided mainly by the 1980 workers statute and the 1985 law on trade union freedom. The law provides for elected representatives of the whole workforce in all but the smallest companies - employee delegates or works council. There are also separate union delegates in bigger companies.

Trade union representation is mainly present in companies with more than 50 workers (about 60 percent). In terms of the results of workplace elections (workers' delegates and workers' committees) the leading organisations since 1978 are the CCOO and the UGT. Since the elections of 1986 these two trade union organisations have obtained more than 70 percent of the delegates (cf. Köhler 2009).

Works councils

Formally the workplace representation structure of employee delegates and works councils does not depend on union involvement, but in practice the unions play a central role. The vast majority of elected representatives are proposed by the unions and around three quarters of them come from the CCOO and the UGT. The workers' committees dominated by trade union

⁷⁹ <http://www.euribor.com.es/2010/01/18/el-salario-medio-en-espana-es-casi-la-mitad-que-el-de-reino-unido-holanda-y-alemania/>

⁸⁰ <http://www.eada.edu/en/about-eada/news/news/2011/06/the-first-retail-sector-remuneration-survey>

candidates are the most important representative organs at firm level, complemented by union sections in larger enterprises. The delegates have information, consultation and bargaining rights, including the right to strike. On questions such as restructuring the workforce, transferring production, changing working hours, payments systems and training the works council must be informed in advance and be able to comment. Legislation to implement the 2002 European directive on information and consultation (2002/14/CE), which was finally passed in November 2007, slightly strengthened these general consultation rights as it included an improved definition as to when the consultation should occur. The works council must also be consulted on large-scale redundancies. The works council's protective functions are exercised through its right to be present, if the employee wishes, when an employment contract is officially ended, and because it must be informed of all punishments imposed for gross misconduct (cf. Fulton 2011).

Further tasks include the control of labour norms, health and safety, social policies of the firm and cooperation in productivity increase measures.

The right to elect employee representatives begins in workplaces with more than 10 employees and they can be elected in workplaces with as few as six people if a majority of employees want this. Where there are fewer than 50 employees, the representatives are called employee delegates. If there are 50 or more employees then the representatives are elected as members of a works council. There is no difference in terms of rights and duties between the employee delegates and the works council.

4.5 Poland

4.5.1 Introduction

The nature of the emerging Polish (as well as in the entire region of post-communist Central and Eastern Europe, CEE) capitalism has long been a subject of lively debate domestically. Despite the rise in popularity of the Varieties of Capitalism (VoC) school in 2000s, which produced number of analytical models, the CEE en bloc, as well as specific countries of the region, only occasionally were paid close attention. The review of literature leads to a discovery of the following assumptions made on the nature of Polish capitalism within the VoC school: King (2007) sees Poland (along with Czech Republic and Hungary) as a case of 'liberal dependent capitalism', where liberal democracy is coupled with a dependent economy (meaning dependence of FDI, foreign purchasers, transfers of technology from abroad and training of manpower by foreign investors). Mykhnenko (2007) sees Poland as an example of 'mixed market economy' marked by 'weak coordination' and displaying qualities of both liberal market economy (LME) and Coordinated Market Economy (CME). Bohle and Greskovits (2007) describe Poland (and the remaining Visegrád countries) as the case of 'embedded neoliberalism' marked by a struggle between marketisation and social protection, while Noelke and Vliegenthart (2009) apply the notion of 'dependent market economy' (DME) pointing to a leading role of transnational capital as the major protagonist in development of the regional mutation of capitalism in the CEE.

4.5.2 The welfare state model and institutions shaping the structure of labour supply

Welfare state in contemporary Poland once happened to be described as "hybrid welfare state" (de Frel 2009). This characterisation indicates the trouble when it comes to set the spe-

cific, 'real' case within an 'ideal' type. In line with the Esping-Andersen model, Poland is often identified as an example of 'conservative' or 'Christian Democratic' welfare regime (Aspalter, Kim, Park 2009). That view is, however, not accepted unanimously, as some authors point out to characteristics of the social welfare regime which place Poland closer to the 'Mediterranean' or family based type. The main argument behind such claims is that the family is the prime social institution to deal with social burdens affecting an individual. As a result, in terms of Esping-Andersen model, Poland displays strong traces of 'weak defamilisation', which is particularly evident when examining the hardships in reconciliation of work and family life (Plomien 2009). The safety nets available to employees (or self-employed) in case of becoming redundant or closure of a business are modest and mostly provided for by families and/or other social networks in which a person is embedded. Unemployment benefits are available to persons who lost their employment (including self-employed), provided that mandatory social security contributions were duly paid either by employers of such persons or directly by them prior to redundancy. Unemployment benefit is generally available for six months but there are number of exceptions from that rule. There are specific categories of unemployed named by the regulations, who receive unemployment benefits for 12 months, among them: those whose place of residence is located in the areas severely affected by unemployment (which in statistical terms means the unemployment rate in the area of at least 150% of the national average), are at least 50 years old, provided they maintained eligibility for the benefit uninterruptedly for 20 years, support a child of less than 15 years of age and have a spouse who is also out of employment and has already lost the right to unemployment benefit. Considering a relatively short time during which the unemployed enjoys the right to benefits, a high number of the unemployed without that right is hardly surprising. According to the national Labour Force Survey (LFS) data, in the last quarter of 2011, 33% of the unemployed stayed out of job longer than a year.

Tax system and social security

Tax system is based on progression principle with two tax brackets currently in use as far as personal income tax is concerned: 18% and 32%. Nevertheless, the self-employed enjoy a right to a 'flat rate' of 19% mimicking the corporate income tax rate. Based on the official statistics, as of 2010 merely 2% of personal income tax payers paid the income tax at the higher rate. No particular tax-incentives aiming to encourage child-births are available to parents, as only a bonus of PLN 1.000 per child may be used each year.

The retirement age for men is 65, while for women is 60. Currently, a reform aimed at raising retirement age gradually up to 67 initiated by the government is underway, despite strong social resistance to the concept. Social security system in Poland retains a specific two-tier form, as it consists of a general social security scheme managed by the Social Security Institution (Zakład Ubezpieczeń Społecznych, ZUS) and a separate social security system for agriculture. In the former, the vast majority of economically active persons are registered. In 2009, there were total of 14.5 million people insured in ZUS, and 7.5 million beneficiaries. The pensions system reform of 1999 introduced a new system operating by the 'defined contribution' principle which replaced the old system operating by the "defined benefit" principle and entirely dependent financially on state. In a current system, individual mandatory contribution is divided between ZUS and Open Retirement Funds (Otwarte Fundusze Emerytalne, OFE). The entire contribution amounts to 32.32% of gross earnings, of which 19.52% is allocated to old-age pension fund (split evenly between employer and employee), and the remainder is channelled into three funds: disability pension fund, sick-leave fund and accident fund. Furthermore, 2.45% of gross earnings is collected for the labour Fund (Fundusz Pracy), from which unemployment benefits are distributed and 0.1% goes to the Guaranteed Employee Benefits Fund (Fundusz Gwarantowanych Świadczeń Pracowniczych, FGŚP), from which

wages and employee benefits are paid to employees of insolvent employers. The latter scheme system is managed by the Agricultural Social Insurance Fund (Kasa Rolniczego Ubezpieczenia Społecznego, KRUS). In 2010 there were 1.5 million people insured in the KRUS and nearly 1.4 million beneficiaries. The fundamental difference between the two schemes lies in a different system of contribution calculation. A person insured in ZUS pays contribution calculated as a share of their gross earnings (in case of employees) or gross revenue (in case of self-employed), although the latter have a right to declare a lower amount as the basis for contribution calculation, provided it does not fall below the minimum base amount defined by ZUS.

Table: Social security and health insurance contributions in 2011

Type of social insurance	Contribution (%)
old-age pension	19.52 (7.3% is then transferred to Open Retirement Funds, OFE)
disability pension	6.0
sick-leave	2.45
accidents	0.67 – 3.33
health	9.00
Labour Fund and Guaranteed Employee Benefits Fund (unemployment and wages-protection against bankruptcy)	2.45 + 0.10

Source: Social Security Institution (ZUS) (2011)

Child-care provision

Child-care system consists of three levels: crèches (for children aged below 3), pre-schooling (3-6) and elementary school (7-12), followed by middle-school (13-15) and high-school (16-19). The school-age has been a subject of debate, as the government initiated a reform in 2009 aiming at lowering the school-entry age to six years. The reform triggered massive criticism, and, as a result, its main objective has not yet been implemented. In general, public education is free at all levels; however, the child-care services are partially paid for. In practice, only a limited number of hours a day in pre-school is available free of charge (for instance, in Warsaw it is from 8 A.M. to 1 P.M.), whereas additional time is paid. As a consequence, working parents who cannot afford the extra hours of child-care are forced to seek alternative means such as help of grandparents. Public child-care facilities are under control of municipalities, which are responsible for setting prices of extracurricular hours. In 2011 so-called “Crèches Act” was adopted, creating a basis for provision of care services to the youngest children not only in the organised facilities but also on a smaller scale, including hiring nannies.

The length of maternity leave depends on the number of children and amounts respectively to: 20 weeks in case of a single birth, 31 weeks for twins, 33 weeks for triplets, 35 weeks for quadruplets and 37 weeks for quintuplets or a higher number of newborns. Employees are also entitled to additional maternity leave of four weeks in case of a single child, or up to six weeks in case of multiple birth. The length of this leave will continue to grow gradually until 2014, when employees will be entitled to six additional weeks for one child or eight weeks for a multiple birth. Two weeks of maternity leave can be granted before the expected delivery date. While on maternity leave, employees retain the right an equivalent of their full remuneration received prior to taking the leave in form of maternity benefit by ZUS.

Since 2010, fathers of children under one year of age are eligible to optional paternal leave of two weeks. Employees on such leave are entitled to maternal benefits and enjoy immunity

from redundancy. Furthermore, in 2010 employees of either sex became entitled to additional (optional) maternity leave.

Childcare leave is available to employees who have worked at least six months prior to taking the leave, for up to three years until the child reaches the age four. Employees using childcare leave are not entitled to remuneration, although those in a difficult financial situation may be granted a family allowance by the social assistance.

Employees entitled to childcare leave who have opted to continue working reduced hours, enjoy extended protection from redundancy. Employers cannot terminate employment contracts of such employees during the entire period in which they are using that option, provided that its length does not exceed 12 months.

Until 1990s Poland used to be considered the case of “male breadwinner” model. Nowadays, the picture is, however, more complex. On the one hand, the economic activity rates clearly indicate that women are more prone to inactivity (64% of men are economically active, compared to 48% of women, as of late 2011), but on the other hand, the rising cost of living necessitates economic activity of both partners in a household. The relatively low level of pay (the average gross monthly wage amounts to PLN 3416, which translates to EUR 810) effectively dismantles the “male breadwinner” model. It is even more evident in case of retail, where the gross monthly wage amounts to PLN 2554 (EUR 610), which is only 76% of the national average.

Low level of pay is another reason why employees are generally disinterested in working part-time. As of late 2011, only 10.3% of all working persons (6% of employees) worked part-time. Women are more likely to be employed part-time. No specific data in that regard is available for retail.

Low pay in retail is reflected in a relatively high feminisation of the labour market within the sector: while 51% of all employees in "trade and repairs" are female, their share in retail is substantially higher at 67%. This is also the case of sample companies. As one of the interviewees representing the company observed: “Tesco is a woman”.

Since 2009, following enactment of the anti-crisis legislation, the number of employees hired on the basis of fixed-time contracts rose rapidly, peaking at 28.5% of all paid employees in early 2011. As of late 2011, the figure is 27.2%, which still makes Poland the leader among all EU member states in that regard.

Impact of economic crisis on work and employment in retailing sector

In terms of statistical data, impact of economic slowdown on employment in retailing sector has not been significant, as the number of all employed and the share in overall employment practically remained unchanged, when comparing the state of the sector in 2008 (the period of relative prosperity) and 2010 (when the slowdown became apparent; latest data available).

Table: Employment in commerce, retail and structure of commerce

	1990*	1995	2000	2005	2008	2009	2010
Employed in commerce (in thous.)	1388	1903	2076	2059	2268	2179	2189
Employed in retail (in thous.)	–	1044	1137	1115	1206	1218	1233
Employed in commerce as % of all employed	8.4	12.3	13.4	16.0	16.2	15.8	15.5
Employed in retail as % of all employed	-	6.7	7.3	8.6	8.6	8.8	8.7
Number of outlets (in thous.)	237	425	432	386*	385	372	346

* In 2003 the national statistics changed methodology used in counting the number of stores

Source: own calculations based on national statistic (1990–2011)

Working time regulation

Statutory working time in Poland, as set by the Labour Code, is 40 hours a week. The national regulation (in line with the Directive 93/104/EC and the amended Directive 2000/34/ EC) stipulates that maximum working week including overtime cannot exceed 48 hours. Regular daily working time is eight hours but the maximum daily working time is not specified explicitly. However, employees have a right to 11 hours of rest a day. Although the law opens the way for derogation from the general rule in collective agreements, considering lack of thereof, formal deviation from the basic regulation on weekly working time is only hypothetical. The law, however, makes explicit exceptions for specific categories of employees, such as managers acting on behalf of the employer onsite, their deputies and chief accountants to whom no hourly limits apply. Furthermore, it is allowed to extend the daily working time for employees whose nature of work necessitates such a conduct, but it has to be adequately compensated with time off, to be used by the employee within a working time calculation period not exceeding four months.

Regulation of store opening hours in the grocery sector

There is no regulation on store opening hours. As a result, Tesco hypermarkets operate on continuous basis: 24 hours a day, seven days a week. Only on official holidays, all stores are required to refrain from opening but there is a ‘back-door’ for small-scale operators to work even on those days, as outlets without hired staff (i.e. ran by self-employed and their direct family members rendering help) are not required to close.

Temporary agency work and subcontracted work

There is a separate piece of legislation in place dealing directly with the Temporary agency work (TAW), which complies with the Directive 2008/104/EC. The regulation stipulates that temporary workers are supervised by the personnel of ‘user undertaking’. On the contrary, subcontracted workers are formally managed by the parent company. The issue is relevant only to large retail operations, as small and medium enterprises do not use TAW. Both categories of workers may be encountered in hypermarkets, the former being primarily employed to cover checkouts or join in replenishment teams.

4.5.3 Education and training

Poland may be described as a country with no comprehensive national-level policy regarding vocational education and training. No specific statistical data regarding educational background of retail employees is available but such features as a national vocational training sys-

tem for retail employees, supra-company training institutions for retail industry or a system for managerial training are non-existent. The vocational schools have experienced steady decline: the number of such schools dropped down from 2,500 in 1990/1991 to some 1,800 schools in 2010/2011, and number of students decreased from over 800,000 persons in 1990/1991 to some 230,000 students in 2010/2011 (of whom about 30% are women). With virtual absence of dual-education arrangement added, it might be assumed that only a faction of retail employees have received formal vocational education in the area of retail. As one of the inquired company representatives put it:

We wish there were more vocational schools. Let's take the example of a vocation which is already nearly extinct, and soon will vanish completely: butcher. With no schools, no students, we have to manage by ourselves, when it comes to training. But we can't substitute for schools, our potential is limited. [...] It is not easy [to organise vocational training – J.Cz.] in cooperation with schools, as it requires overcoming of numerous bureaucratic barriers.

As a result, responsibility for human capital development must be borne either by employees (and prospective employees, in case of students) or employers. The sampled companies have attempted to address the challenge in various ways (see company case studies) but aside from individual corporate initiatives no comprehensive upper-level strategy initiated by either public authorities or sector-level social partners has emerged.

In general, the vast majority of employers simply do not offer vocational training: as of 2005 (the latest data available) only 35% of the companies provided vocational training, whilst 65% admitted that they had not performed any such activities. In retail the picture was even gloomier as only 23% companies provided vocational training.

While there is no general national debate regarding deficient system of vocational schooling, increasing undersupply of skilled workers is considered a serious threat to the labour market.

4.5.4 Industrial Relations

General characteristics of the IR system

More than 20 years since the collapse of the authoritarian state socialism, Polish system of industrial relations remains ambiguous in nature. National industrial relations do not fit into any of 'ideal' types defined by traditional theoretical models, which is reflected in a plethora of labels: „corporatism in the public sector, pluralism in the private sector” (Morawski 1995); „illusory corporatism” (Ost 2000); “transformative corporatism” (Iankova 2002); „pluralism” (Meardi 2002); „weak corporatism/pluralism” (Kozek 2003); „fake corporatism” (King 2007) or „etatism/unstable corporatism” (Sroka 2007).

Until 2006, when the *Information and Consultation Act* (I&C Act) transposing the EU Directive 2002/14/EC was adopted, Polish system of industrial relations retained *de facto* a monistic structure (although, it was *de iure* a dual-channel system, with a variety of non-union bodies of representation allowed by law but actually existing only in the periphery of the world of organized labour⁸¹) with trade unions being a main channel of employee representation. Currently, the I&C Act stipulates that nearly all types of employers with at least 50 employees on

⁸¹ Other forms of non-union employee representation include: employee councils (rady pracownicze) in state owned enterprises, employees' representatives in the supervisory boards of companies controlled by State Treasury, employee representatives in European-level bodies and ad-hoc representation (health and safety inspectors).

the payroll are obliged to allow establishment of a works council, yet there had been an interim period since the enactment of the legislation until 2008 during which the threshold was set at 100 employees. The I&C Act became a subject to severe criticism (e.g. Bednarski and Wratny 2010) due to its vagueness and in 2008 the legislation was found partially unconstitutional, and was subsequently amended.

The new channel of employee interest representation has thus far failed to disseminate on a large scale, as the share of employers who, being obliged by the law, can actually report to have a works council in a workplace under their control, is assessed at less than 10% (3,269 in real numbers) as of late 2011. In case of 36% employers with works councils in place, organisation-specific arrangements for information and consultation were introduced by mid-2010. The vast majority (70%) of works councils exist in unionised enterprises. Before the Information I&C Act took effect, in 4400 cases employers and trade unions had signed agreements implementing provisions of the Act without establishing works councils.

Trade unions

As stipulated by the *Trade Unions Act*, unions can operate at the level of one enterprise, multiple enterprises (inter-company union organisation), and national level (federations and their associations, defined as confederations). In practice, the trade unions movement is based on enterprise-level unions, which retain a wide margin of autonomy from upper-level organisational structures. In general, the right to establish trade unions is enjoyed by employees. In particular, those allowed to founding trade unions include hired (paid) employees (regardless of the contractual-basis type), members of agricultural cooperatives, persons working on the basis of a ‘contract of agency’ (*umowa agencyjna*), which is a type of freelance agreement (however, recognized by the labour law), unless they are employers.

Decentralisation of trade unions combined with a very low threshold of 10 employees which needs to be matched in order to establish a new union organisation at the workplace level established by law, the ultimate result is a very large number of registered trade unions (estimated at 25 thousand) and enduring pluralism of the union movement. Considering the ongoing de-unionisation process observable since the early 1990s and still noticeable, albeit fading, political cleavages among major national-level trade unions, it is hardly surprising that the union pluralism in Poland has once been famously described as “competitive” (Gardawski 2003).

Table: Trade union density in Poland: survey data (1991-2012)

Year	1991	2000	2002	2007	2008	2010	2012
Trade union density	28%	20%	18%	14%	16%	15%	12%

Source: Public Opinion Research Centre (Centrum Badań Opinii Społecznej, CBOS) data series 1991-2012

As no official (administrative) data on trade unions density is available in Poland, longitudinal survey data are the most reliable source on the state of union membership in recent years. Polish trade unions have suffered a dramatic loss in membership since the onset of socio-economic transformation. In early 2012, the unionisation rate fell down to 12%. No decisive break into the private sector has occurred. Even though organising campaigns has been underway in the private services since late 1990s, the unionisation rate in private economy is 7%. Ultimately, Poland ranks as one of the least unionised EU countries.

Table: Trade union membership in Poland: socio-demographic profile

By economic sector	Union density (%)
Mining, quarrying, manufacturing	20
Trade and services	2
By ownership sector	
Public	24
Mixed (public/private)	10
Private	7
By employment size	
1-49	7
50-249	13
250+	26
By gender	
Men	13
Women	11

Source: Public Opinion Research Centre (Centrum Badań Opinii Społecznej, CBOS), BS/52/2012, April 2012

The most unionised economic sector (as distinguished for the sake of the survey) is industry with 20% unionisation rate. Unfortunately, no disaggregated data for commerce and retail itself is available. However, density in a combined “trade and services” sector is only 2%.

There are three trade union organisations which are currently considered representative at the national level: NSZZ Solidarity (NSZZ “Solidarność”), All-Poland Alliance of Trade Unions (Ogólnopolskie Porozumienie Związków Zawodowych, OPZZ) and Trade Unions Forum (Forum Związków Zawodowych, FZZ).

NSZZ Solidarność is the largest trade union confederation (albeit it is technically a general-workers union). According to the CBOS surveys, it comprises 6% of all employees. Based on the internal statistics, the union had 680 thousand members in 2008. There is a branch structure encompassing retail: the National Secretariat of Banks, Commerce and Insurance (Sekretariat Krajowy Banków, Handlu i Ubezpieczeń) with approximately 19,000 members (2010), about 10,000 of whom belongs to the National Section of Commerce (Seksja Krajowa Handlu). The Section associates company and inter-company level unions in large multinational retail networks. As of 2012, the organisations affiliated in the Section are present in 15 chains (of which nine are grocery retailers), including most of the multinational networks (Auchan, Biedronka, Carrefour, Intermarche, Kaufland, Real, Tesco) with a notable exception of Lidl. The union in the latter had been founded originally in 2006, yet around 2010 it ceased to function and has not recovered until now.

OPZZ membership stands at 3% of all employees, as CBOS surveys indicate. The self-reported membership statistics for European Trade Union Confederation (ETUC) are in line with this figure, as according to the source OPZZ comprised 318,000 members in 2010, excluding the largest member organisation, the Polish Teachers’ Union (Związek Nauczycielstwa Polskiego, ZNP) which comprises around 250,000 members (2008). Altogether OPZZ affiliates have around 550,000 members. One of the OPZZ affiliate organisations is the Confederation of Labour (Konfederacja Pracy, KP), which targets the employees of private services, also in retail. The union claims to have around 10,000 members but in retail it is currently present in only three hypermarkets.

FZZ covers 2% of all employees (based on CBOS data). Nonetheless, the confederation claims to have significantly higher membership of some 400,000 members. The confederation groups mainly employees from the public sector.

Aside from three major trade union organisations, a relatively huge number of unionised employees (over 25% of all trade union members or approximately 4% of all employees) belong to autonomous unions, not linked to any of the three confederations.

Employers associations

The state of the employers' side of the industrial relations scene is equally pluralistic. As in the case of trade unions, no official (administrative) data on employers organisations density exists. On the one hand, self-reported data are available, based on which the organisations cover approximately 25% of employees via their employers associated with the employers organisations. On the other hand, the European Commission (see Industrial Relations in Europe reports) assesses the coverage rate at 20%.

There are four central-level employers organisations seating in the Tripartite Commission: Business Centre Club (BCC), the Polish Confederation of Private Employers 'Lewiatan' (Polska Konfederacja Pracodawców Prywatnych Lewiatan, PKPP), the Employers of Poland (Pracodawcy RP), once (until June 2010) known as the Confederation of Polish Employers (Konfederacja Pracodawców Polskich, KPP), and the Polish Crafts Union (Związek Rzemiosła Polskiego, ZRP).

BCC – 604 companies (compared with 714 in 2004), as for the employment volume of member employers, only data regarding the entire BCC is available, and, as the organisation reports, approximately 600,000 persons are employed by companies associated with the BCC.

PKPP 'Lewiatan' – 56 lower-level employers organisations (comprising 27 regional chambers, 28 sectoral chambers and the Italian Chamber of Industry and Trade) and 17 enterprises (compared with 53 organisations in 2004), according to self-reported data, employers associated with the PKPP employ approximately 600,000 workers. Within PKPP, there is an sectoral employers organisation representing employers on commerce: Polish Organisation of Trade and Distribution (Polska Organizacja Handlu i Dystrybucji, POHiD). Two member companies of POHiD (Tesco and Żabka) are also associated directly with the national association.

Pracodawcy RP – 29 lower-level employer's organisations (comprising 22 sectoral chambers and 7 regional chambers) and 59 enterprises (compared with 53 organisations in 2004), KPP claims that the associated employers employ roughly 2 million workers.

ZRP - directly affiliated: 27 crafts chambers (26 territorial chambers and 1 sectoral chamber) affiliated indirectly, through the chambers: a further 478 guilds (481 in 2004) and 222 crafts co-operatives; above 300,000 companies (self-employed included) are associated with the organisation.

Collective bargaining

Collective bargaining system is highly decentralised, as its main pillar is composed of company-level collective agreements. National-level (or intersectoral) bargaining does not exist at all, while sectoral-level bargaining is near extinction with only 169 'multi-employer' agreements present in the register maintained by the Ministry of Labour and Social Policy (Ministerstwo Pracy i Polityki Społecznej, MPiPS) as of late 2010. However, as little as 95 multi-employer collective agreements remain in force, covering approximately 390,000 employees (about 3.5% of the labour force), mainly in the public sector with minor exceptions of formerly state-owned large enterprises. Number of company-level collective agreements amounted to 8368, covering some 1.7 million employees as of mid-2008 (no newer data available).

The Labour Code determines the conditions for trade unions and employers to be fulfilled in order to enter into collective agreement. At company level any union and a particular employer may enter into agreement, so all unions active within a company are eligible for being a party to agreement of such type. At supra-enterprise level only representative unions enjoy the right to be parties to multi-employer collective agreements.

Marginalisation of collective bargaining has been somewhat compensated by development of institutional social dialogue. In 1994 the Tripartite Commission on Social and Economic Affairs (Komisja Trójstronna do Spraw Społeczno-Gospodarczych, TK) was called into existence in 2001, tripartite social dialogue was reinforced by introduction of the Act on Tripartite Commission for Social and Economic Affairs and Regional Social Dialogue Commissions. Besides the national-level social dialogue council (the Tripartite Commission), there are also institutional bodies operating at regional- (Voivodship Social Dialogue Commissions, Wojewódzkie Komisje Dialogu Społecznego, WKDS) and sectoral-level (Tripartite Sectoral Committees). As of the latter, there are currently 15 sectoral committees but none for the 'genuine private' sector, so retail is absent from the tripartite sectoral dialogue as well.

Industrial action

Industrial action is subject to the *Act on Collective Disputes Resolution* of 1991, which outlines a detailed procedure for resolving disputes and delineates conditions to be met in order to call a strike. The major condition is that only if the resolution procedure fails, then the employee party may move forward to strike action. Furthermore, a decision has to be authorised by employees in a ballot. Longitudinal analysis of industrial action in Poland since the transformation reinforces the thesis of 'labour quiescence' in Eastern Europe (Crowley, Ost 2001). Except for two relatively short periods: 1992-1994 (first stage of industrial restructuring) and 2007-2008 (a period of economic prosperity combined with a huge wave of immigration to EU-15), strike activity has remained at a low level.

Industrial conflicts that are relevant for retailing sector

In retailing sector, the cases of open industrial conflict such as strikes and collective disputes are very rare. Not surprisingly, the first strike in retail occurred in 2008 in Tesco. Trade unions usually choose a less confrontational means of protest such as rallies. The recent cases of such recent labour protests are:

- Carrefour, where "Solidarność" initiated protest actions throughout 2011;
- Biedronka discount-chain where unions protested against alleged anti-union practices in early 2011;
- Protests of "Solidarność" unions in the summer of 2010.
- Nationwide work-to-rule protest in the autumn of 2010.
- Work-to-rule protest in Silesia in 2007.

There are examples of trade unions' use of unconventional methods of addressing employee interest: in the spring of 2011 the "Solidarność" chair, Piotr Duda, met the UEFA chair, Michel Platini, and raised the issue of alleged anti-union policies in "Biedronka" (owned by Jeronimo Martins Dystrybucja, official sponsor of the Euro 2012 tournament). Furthermore, unions have also attempted to make use of electronic media: in autumn of 2011 "Solidarność" launched a website called "Hiperwyzysk" (Hyper-exploitation), where employees of retail and personal security services may address their concerns on employment relations in the workplace, including complaints on their employers.

Theoretically, there is a legal possibility to extend a multi-employer collective agreement by the state (the Minister of Labour) through so-called generalisation, so it covers an entire branch of economy. However, no such case occurred after 1989.

No detailed statistics are available on collective bargaining coverage. As stated above, some 2.1 million employees are covered by collective agreements of any type, which translates to the coverage rate at about 20%.

No atypical agreements such as 'partnership agreements' exist, neither at the national level nor sectoral level.

No cases of collective agreements are known in retail networks. The only area of the sector in which some 'residual' collective bargaining may be found are co-operatives, which, however, play only a marginal role in the sector.

Based on national statistics on pay, technically retail is not a low-wage sector but the average remuneration in commerce and retail is below the level of the average gross wage in the national economy: 95% in "trade and repairs", and only 76% in retail trade.

Company/establishment level IR – general characteristics

As stated above, union activities concentrate predominantly on company level.

Presence of trade unions at enterprise/establishment level

No 'recognition' procedure exists in Polish law. A new union in a company has to register with the court of law and notify the employer of the fact. The representativity issues at company level are regulated by the Labour Code (Clause 241/25a). In order to be recognised as representative for the purpose of collective bargaining, a union has to fulfil at least one of the following conditions: 1) being an organisational unit or associated organisation of trade union organisation representative on the national level and therefore participating in Tripartite Commission, provided it comprises at least 7% of total employees working for the employer; 2) comprising at least 10% of total employees working for the employer; or 3) having the highest number of members of all trade union organisations active with the employer.

Organising campaigns in Poland has thus far been organised in a top-down manner. The continuous organizing campaign has been run by NSZZ "Solidarność" since 1998. As a result, the union structures were built in the majority of multinational grocery retail networks (see above for details). The campaign may be considered a success, since it was the first case of organising strategy put into action in the former socialist countries in Europe but, on the other hand, it produced only modest results in terms of membership growth and building of bargaining power. In its initial phase the campaign was centralized and managed at the national level by a special unit Union Development Office (Dział Rozwoju Związku, DRZ) established in 1998 with support from the American Federation of Labour and Congress of Industrial Organizations (ALF-CIO) and Service Employees International Union (SEIU). DRZ staff grew gradually to include 14 organisers. In early 2000s regions also became engaged in organising activities but their involvement varied.

Around 2010, the original top-down approach in organising began to evolve with the pressure of the national headquarters of "Solidarność" on the regional structures to increase their involvement in organizing campaigns. As a consequence, a territorial structure has been introduced, based on the 'groups of regions' unit. There are six such groups. The Regional Boards were made responsible to employ union organisers at their own account. There are 38 organisers at regional level.

As stated above, no data is available on general level of unionisation in retail. The sample companies belong to most unionised companies in the retail sector but in no case the union density exceeds the level of 10%.

Works councils

According to the telephone survey of 2011, there are no councils in any major multinational chain. Nonetheless, the field research on sample companies reveals that works councils were established in cases of Carrefour and Real. The obvious discrepancy between the two sources only confirms a wider observation that works councils are marginal institution (they are formed but never really commence their activities afterwards), the existence of which often goes unnoticed even inside of a given company.

Trade unions and/or works councils involvement in case of individual and collective redundancies and dismissals

Trade unions are empowered by law to be consulted in case of individual and collective redundancies and dismissals. However, at individual level, unions become involved only in case of their members being affected. In collective relations, unions represent all employees.

4.6 Turkey

4.6.1 Introduction

Turkish economy has performed successfully in the past decade and relatively better than in other countries during and after the global crisis of 2008. According to the official figures, Turkey was the 17th largest economy in the world with a GDP of US\$613.6 billion in 2009. In 2010, Turkish GDP increased to US\$737 billion, with a real growth rate of 8.9%. Although Turkish GDP contracted in 2009 due to effects of global financial turmoil, 2010 figures and the current environment have signalled strong recovery (Deloitte 2011: 3). According to the OECD, Turkey is expected to be the fastest growing economy of the OECD members during 2011-2017, with an annual average growth rate of 6.7% (<http://www.usasabah.com/-EnglishNews/2011/12/13/turkish-economic-growth-placed-second-after-china>).

Turkey's dynamic economy is a complex mix of modern industry and commerce along with a traditional agriculture sector that still accounts for about 30% of employment. Service sector is getting the biggest share in GDP's composition by sector. The share of service sector is 63.8%. Second one is the industry sector with 26.7%. The share of agriculture is 9.6% in 2010 (www.tuik.gov.tr). The share of the wholesale and retail commerce industry in Turkey's economy is in line with that of EU economies. In contrast, however, the share of the modern retail industry in EU countries is close to 80 to 90% of the total retail industry—while in Turkey this share stands at approximately 40 to 42% (PWC, 26, 2011).

The retail sector is one of the fastest growing sectors in the Turkish economy. The Turkish retail sector has grown at a remarkable rate during the past decade, reaching a total of 11,588 chain stores and supermarkets, and 291 shopping malls as of the end of 2011. Accordingly total retail area is at least 23 million square meters, with 2.1 million employees, 520,000 of which have been in organized retail. Based on these figures, Turkey is the 7th largest retail market in Europe and the 10th in the world. In 2009 despite the global economic crisis, the share of direct foreign investment in the organized retail sector increased 12% compared to 2008 (Atalaysun 2011: 2-3).

According to estimates, at present approximately 60% of the Turkish retail industry belongs to traditional retailers and 40% to organised retailers. Planet Retail's estimates indicate that the combined market share of the top-five players in the industry is below 20%. While there are 15 hypermarkets and 150 supermarkets per million people on average in EU countries, these figures are only three hypermarkets and 17 supermarkets in Turkey (PWC 2011: 11, 12). Food retail holds the largest share in the total retail sector with sales reaching US\$96 billion in 2010. The share of organized retail in the food retail sector is increasing rapidly and has reached 54% versus 36% unorganized food retail in 2011 (Atalaysun 2011: 2).

The organised retail industry is a leader in terms of the size of the workforce. The total number of employees in the organised retail industry rose 24% in 2006, 26% in 2007 and 10% in 2008. Employment reached 408,000 individuals in 2008 (TCSCR Retail Index - Nielsen), reaching 450,000 people at year-end 2009.2 Organised retail makes up 19.8% of total employment in the retail industry (PWC 2011: 9). 11 million workers are employed in formal sector and the retail industry comes first in terms of employment with around 1 million workers in 243 thousand workplaces in Turkey by August 2011 (PWC 2011: 28).

The retail sector is classified into two major groups in Turkey: organized and unorganized retailers. Organized retailers are mostly chain stores that have a corporate entity and are fully registered. Unorganized retailers, also called the traditional market, constitute smaller, single stores and bazaars. There are 168 local chains with a total of 3303 stores, whereas there are 21 national and international chains with a total of 8375 stores (Atalaysun 2011: 4).

Table 1. The Retail Sector Profile in Turkey

	Sales area (Sqmeter)	No. Of Cash Register
Hypermarkets	2500 and above	8
Large Supermarkets	1000-2499	4
Supermarkets	400-999	2
Small Supermarkets	100-399	2
Markets	51-99	1
Bakkals	10-50	1
Convenience and Gas Store	10-50	1

Source: Atalaysun 2011: 4.

In 2011, international retail chains grew 4.8%, national chains grew 5%, and local chains grew 21% in Turkey. This trend is expected to continue in 2012 with an even stronger emphasis on discount and cash & carry segments.

Table: Major Supermarket Chains in Turkey-2011

Company Name	Type of Outlet	Ownership	Turn-Over US\$	Number of Outlets	Location
BİM A.Ş.	Hard discount stores	Turkish	US\$ 4.3 billion	3263	Nationwide
Migros A.Ş.	Hyper, super, Jet, e trade	Turkish	US\$ 3 billion	701	Nationwide and international
Carrefour SA	Hyper, super, express, soft discount	French 60% Turkish 40%	CarrefourSA US\$1.3 billion, DiaSA US\$516 million	27 Carrefour 216 Car. Ex-press, 1120 DiaSA	Nationwide and international
Tesco-Kipa	Hyper, super and express stores	U.K. 93% Turkish 7%	US\$1.12 billion	150	Nationwide
Metro&Real	C&C, Hypermarkets	German	US\$1.5 billion	Total 35: 23 Metro 12 Real	Nationwide
Şok	Soft discount	Turkish	US\$642million	1256	Nationwide
A101	Hard discount	Turkish	US\$588million	1210	Nationwide
Kiler	Supermarkets	Turkish	US\$428million	191	Importers/wholesalers

Source: Atalaysun 2011: 10.

The development of modern retail depends on specific conditions and in Turkey these can be summarized as follows (PWC 2011: 5):

- Demographic structure: large and growing population, young population, increasing urban population, number of large and growing cities,
- Income level: economic growth, rising per capita income, varied income distribution,
- Liberal commercial and economic environment, customs unions,
- Geographic location, logistical advantages,
- Relatively high percentage of traditional retail in the total retail industry (around 60% in Turkey; the EU average is around 10 to 20%)
- Closer economic relationships and increasing trade with neighbouring countries.

4.6.2 Welfare State Regime

The Turkish welfare regime and type of capitalism exhibit a similarity with the Southern European (Mediterranean) type and it has been classified within that family by Gough (1996) and Saraceno (2002)⁸². For example, the formal social security system in Turkey has characteristics that are typically attributed to Southern European welfare regimes. As in Southern Europe, an elaborate, if highly fragmented and hierarchical, system of a corporatist character provides combined health and pension benefits to formally employed heads of household according to their status at work. This system coexists with a labour market structure where self-employment, unpaid family labour, and informal employment practices are very important. Given these features of the labour market, the formal social security system remains grossly

⁸² While Jawad and Yakut-Çakar (2010) offered a separate typology of religious welfare model for Middle Eastern countries, including Turkey; Aybars and Tsarouhas (2010) claimed that Turkish welfare regime has a hybrid characteristic illustrating important features of both the Middle Eastern and Southern European welfare models.

inadequate in its ability to provide social protection to the outsiders. In the absence of meaningful social assistance schemes, many have no choice but to rely on family ties in risk situations. This centrality of the family in the welfare regime constitutes another similarity with the Southern European model (Ferrera 1996; Aybars and Tsarouhas 2010: 756).

Tax System

Income tax is levied on the real net value of wage and salary and spouses are taxed separately on earned income in Turkey. The real net value of wage and salary is calculated by making some deductions from the total cash payments made and fringe benefits given by the employer. A progressive tax policy has been implemented instead of flat rate tax policy. The income tax schedule in 2012 as follows:

Table: Income Tax Schedule (by 2012)

Taxable Income (TL)	Tax on Lower Threshold (TL)	Tax on excess amount above lower threshold (%)
Up to 10.000		15
10.000 up to 25.000	1.500	20

Social Insurance System

The social security system is based on a hybrid regime in Turkey. According to the Constitution, social security is provided via both contributory and non-contributory systems (Art. 60). The fundamental institution for contributory system based on premiums is the Social Security Institution. According to the Social Insurance and General Health Insurance Act no: 5510, social insurance scheme consists of short-term insurance branches, long-term insurance branches, unemployment insurance, and general health insurance. Short-term insurance branches include work accidents, occupational diseases, sickness, and maternity insurances. Long-term insurance branches include old-age pension, invalidity and survivors insurances. Pension benefits rely on the state-funded pay as you go system, which is financed by contributions of the current workforce, as well as through a deficit guarantee of the government which is called as “defined benefit” system (Elveren 2008: 217). According to the Act no: 5510, the retirement age is 58 for women and 60 for men who started work for the first time after 1999. But the retirement age will be gradually increased to 65 years for both men and women by 2048. The required number of contributory days for pension benefits is 7.200 for workers and 9.000 days for public servants and the self-employed (Tuncay-Ekmekçi 2008: 111; Karadeniz 2010: 7). According to the unemployment insurance Act no: 4447, in order to be eligible for unemployment benefit, a worker must have contributed to the unemployment insurance scheme for at least 600 days in the last 3 years, including full contributions for the last 120 days prior to unemployment; must have lost his/her job through no fault of his/her own and must have applied in person to the Turkish Employment Agency (İş-Kur) (Tuncay and Ekmekçi 2008: 414). The duration of unemployment benefits depends on the number of contributory days. Workers who have 600, 900 and 1090 contributory days in last 3 years, are paid unemployment benefits for 180, 240 and 300 days, respectively. Daily unemployment benefit is calculated as 40% of the net daily wage. However this payment cannot exceed 80% of the monthly minimum wage. According to the Act no: 5510, in order to be covered under the general health insurance, a minimum contribution period of 30 days is required. However there is no obligation to fulfil this requirement for such persons: refugees, persons below the age of 18, stateless persons, etc.

Child-care Provisions

Due to the rare and expensive day care centres, the majority of parents relied on their family networks for childcare and they are highly satisfied with it. 35% of children are cared by their mothers, 35% by their grandmothers or other relatives, 20% by other informal carers and 10% in crèches or childcare institutions in Turkey. Participation rates in registered childcare services are even lower. The minimal use of childcare institutions reflects both the strong family networking of Turkish society and a lack of subsidized childcare as well as traditional societal attitudes to mothers working outside the home. (Eurofound 2008).

Only the companies with more than 150 women employees are obliged by law to provide day care. However the majority does not offer this service and instead pay the fine; the companies claim high cost, and geographical dispersion among branches precludes their offering of services. Home-based childcare (i.e., nannies) is common and affordable, but the majority of parents prefer to use family networks for childcare because it is almost free and more reliable. Involvement of extended family in childcare is a unique characteristic of collectivistic countries such as Turkey (Aycan and Eskin 2005: 458: 466).

The Labour Act (LA) is mostly compatible with *acquis communautaire*. However there are some incompatible fields, such as parental leave. Although maternity leave is regulated by the LA, parental leave does not take place in the Turkish labour legislation. According to the LA, in principle female employees must not be engaged in work for a period of sixteen weeks, eight weeks before confinement and eight weeks after confinement. In case of multiple pregnancies, an extra two week period shall be added to the eight weeks before confinement during which female employees must not work. If the female employee so wishes, she shall be granted an unpaid leave of up to six months after the expiry of the sixteen, or in the case of multiple pregnancy, after the expiry of the eighteen weeks (Art. 74). The employer is not obliged to pay wage to the female worker during the maternity leave which is 16 weeks (18 weeks in multiple pregnancies). The wage loss of the female worker during the maternity leave is compensated by maternity insurance. Maternity insurance covers female workers who have at least 90 days of maternity insurance contributions during the year preceding the birth. The cash benefit for maternity leave is 2/3 of wages per day during the 16/18 weeks.

Briefly, the inadequate childcare provisions and lack of family-friendly policies in most workplaces both affect the female labour force participation rate negatively and hinder full-time job opportunities for women in Turkey.

The Family and Gender Roles

Turkey resembles the Southern European *Family and Kin Solidarity Model* rather than *Male Breadwinner Model* predominantly found in Continental Europe⁸³. Due to the large gap in state-sponsored social care provision, social protection system is mainly family-centred in Turkey. Publicly provided care for children, the elderly and the disabled, as well as pre-school education facilities, remain very limited. In the absence of a safety net for the informally employed, the family is an important pillar of the welfare regime and women are perceived as natural care providers. The current tendency in social care policy is clearly towards the replacement of institutional care by family care for in need of protection, as well as for the disabled and elderly (Buğra and Yakut-Çakar 2010: 529-530). Consequently, while labour force participation rate for female is 27,6%, the rate for male is 70,8% in Turkey (www.sgb.aile.gov.tr/.../temel_sosyoeko_gostergeler.pdf). However the retail industry has the largest part of female employment in Turkey (13,6%). Education industry (8,1%) and textile

⁸³ For Family and Kin Solidarity Model and Male Breadwinner Model see Grütjen (2008: 125-128).

manufacturing (7%) are following the retail industry in terms of female employment in Turkey (Tepav 2011: 5).

Due to the centrality of the family in Turkish welfare regime, supporting family income through transfers can be assumed to be a substitute for publicly provided care, which also involves the substitution of provision of care for labour market participation as the way women contribute to the family budget (Buğra and Yakut-Çakar 2010: 529-530). Nevertheless, the cash transfers to the family are negligible and inadequate in Turkey. The family allowances are paid on condition that the spouse of the insured does not work by being subject to any social security institution and does not get any income or payment from any institution, provided that the employment contract of the insured worker is still valid. These allowances are determined annually by law. The amount of family allowances is only 95,05 TL per month until the end of 2012. Besides family allowances, the children allowances are also paid up to two children. These amounts are also determined annually by law. The amount of family allowances is only 18,81 TL per child and month until the end of 2012.

4.6.3 Education and Training

Vocational and Technical Education

Vocational and technical education in Turkey is delivered at two different levels. The first one is the vocational and technical high schools, and the second level is provided at two year technical and vocational colleges. Vocational and technical high schools are secondary education institutions which train medium level technical manpower in line with the needs of industry and prepare students for higher education (Ministry of National Education 2005: 25). These schools and institutions enclose formal and mass education institutions of all types and levels implementing curriculum to offer diploma in vocational and technical education and certificate programs.

Vocational and technical higher education (Tertiary Education) is carried out by vocational and technical two-year colleges. The aim of the vocational and technical two-year colleges is to train the students as a higher technicians who are equipped with required knowledge and skills in order to enhance the power of competition of industrial, commercial and service sectors.

Vocational Training in the Retailing Industry

In order to support in-house career development and to create equal academic educational opportunities for retail employees, Anadolu University Open Education Faculty has developed an Associate Degree Certification Program in Retailing and Store Management in 2005. In this program, students get some information about the management process of retail sector by taking courses such as customer relations, sales management, store management, labour law and communication (www.anadolu.edu.tr/akademik/fak_aof/perasatvemagyonp/).

Retail companies also support vocational training in retail sector by collaborating with universities and colleges. For instance, as a retail company Migros gives its employees the opportunity of developing their career by providing the “Migros Retailing Associate Degree Certification Program” and the “Migros Retailing Undergraduate Program by cooperation with Anadolu University. These programs are provided to employees to help them overcome the educational hurdles barring them from advancing in their careers. After graduation from these programs, Migros pays back half of the program fees to its employees (www.migroskurumsal.com/Migros.../Migros2010annualreport.pdf; www.isteinsan.com.tr/isteinsan.../migros_tan_istihdam_atagi.html).

Unions, as non-governmental organisations, bestow great importance on training especially in recent years and fulfil their social responsibility by participating in vocational training programs. In this sense, they develop collaboration schemes with various partners for contributing to vocational training. One of the best examples of these schemes is the “Creating Value at European Level in Retail Sector by ICT based Vocational Materials (CVs in Retail)” project that Tez-Koop-İş carried out with EU funding. The program started off on December 1st, 2008 and ended on November 30th, 2010.

With its short name “CVs in Retail” project aimed to increase the quality of human resources by updating and developing vocational qualifications, adapting training programmes and testing the certification methodologies from previously implemented projects at EU level for the retail industry. The project contributed to the enhancement of the quality of VET systems, and hence in the long run aims to contribute to the “free movement” goal of EU as standardisation will lead to mobility of workers and employability with EU participation in the European Labour Market.

The project consisted of 8 Work Packages. With respect to the work packages, initially professional qualifications of 4 areas in retail industry (cashier, butcher, delicatessen, and salesman for bakery) were specified and harmonized with the partner countries, Italy and Greece. Employee candidates were trained regarding to pre-specified standards and certificated according to their achievement levels. Tez-Koop-İş carried out dissemination activities in order for the trainees to find jobs more easily. Within the scope of the project, a continuous training centre was established within Tez-Koop-İş Headquarters.

With this project Tez-Koop-İş Union aimed at making this testing and certification centre a permanent facility for training employee candidates of retail industry, and being able to deliver certificates of Vocational Qualifications Authority via getting accredited by Turkish Accreditation Agency (www.cvsinretail.org/.../CV_IN_RETAIL_; www.tezkoopis.org/index.php?option=com...view).

4.6.4 Industrial Relations

The main actor of Turkish industrial relations system is the state. There was neither bourgeoisie nor the working class in the European sense in the pre-Republican period in Turkey. As a result of the statist economic policy in the early years of Turkish Republic, the state became the leading actor of industrialisation. The state, as the biggest employer, adopted various acts to regulate both the individual and the collective labour relations. Therefore, all labour rights, gained as a result of strong class struggle in Europe, were always given by the state in Turkey. In other words, in Turkey, which has a late industrialisation and labourisation process comparing to the other European countries, the establishment of the industrial relations system and union movement was predicated on state legislation rather than by a class-rooted social movement (Dereli 2006: 38; Uçkan 2007: 123). So, workers and the employers, two important actors in industrial relations system, had been left behind, and the state had regulated the labour relations unilaterally. This situation provoked the tendency of the social partners’ expectations on the problems related to the labour relations to be solved by the government and also paved the way for very detailed legislation that none of the European countries have. The current industrial relations system was established in Turkey in the early 1980s during the military regime while the economic restructuring was underway. The backbone of the system was the new labour legislation encompassing the Trade Unions Act 1983 (TUA) and Collective Labour Agreement, Strike and Lock-out Act 1983 (CLASLA), as well as the 1982 Constitution.

Trade Unions

Although the union density rate is 59.88% by 2009 according to the official statistics published twice a year by the Ministry of Labour and Social Security (MLSS), this rate is quite deceptive when it is used in comparative researches. This rate represents the proportion of unionised workers only in terms of the potentially unionisable and insured workforce (excluding public servants), not as a proportion of the total workforce or employment as in European countries. Thus, needless to say, with regard to the total workforce or employment, *the real union density rate* (around 12-13%) is much lower, and below the EU average. There are only 3.232.679 union members by July 2009.

Due to the motive to create a neat and simple union structure, the Turkish legislature adopted the principle of industrial unionism. Trade unions have to be established on an industrial (economic activity) basis; occupational/craft and establishment-based unions are explicitly prohibited (TUA, Art.3). TUA enumerated 28 industries according to which unions were to be structured (TUA, Art. 60). The workers at retail industry can join or establish a union only active in the branch of activity no: 17 (commerce, clerical works, education and fine arts). There are 3 unions at this branch of activity passed 10% threshold which is one of the prerequisites for collective bargaining authorisation: Tez Koop-İş, Koop-İş and Sosyal-İş. Tez Koop-İş, operating since 1962 and the member of Türk-İş and UNI Global Union, is the most powerful trade union at this industry. The second biggest trade union, organized at commerce, clerical works' education and fine arts, is Koop-İş. As a member of Türk-İş and UNI Global Union, Koop-İş, has been operating since 1964. However, Koop-İş is not organized at hypermarkets and supermarkets. At this industry, the third biggest trade union is Sosyal-İş which has been operating since 1966 under DİSK (cf. table below).

Table: Trade unions in the branch of activity no: 17 (commerce, clerical works, education and fine arts)

Trade Union	Tez Koop-İş	Sosyal-İş	Koop-İş
Member of	Türk-İş, UNI Global Union	DİSK	Türk-İş, UNI Global Union
No. of Members	62.337	43.914	46.157
Organized supermarkets/hypermarkets	Migros, Tansaş, CarrefourSa, Real, Tesco-Kipa	Metro C&C	-
Total no. of workers under the branch of activity no: 17	436.794		

Source: Compiled from *Official Gazette* 17 July 2009, No: 27291.

Employers' Associations

Employers' associations have to be constituted on an industrial basis by employers in the same industry and must have national scope, as it is the case for trade unions. However as an exception, public employers' associations are not subject to the principle of industrial unionism. Due to the low union density rate at private sector, predominantly small enterprise operates, the employer do not need to organize. So, generally the large enterprises are the members of employers' associations. However, there is not any employers' association in the Turkish retail industry. But there is a trade council for retailers, Trade Council of Shopping Centres & Retailers (AMPD), founded in 1994. AMPD serves to highlight and improve the role of shopping centres, food retailers, chain stored and related sector in the economy. Real, CarrefourSa and Tesco-Kipa are members of AMPD in Turkey.

Collective Bargaining

According to CLASLA, a collective agreement may cover one or more establishments within the same branch of activity (Art. 3/I). In other words an authorised union may conclude a collective agreement covering only one establishment or it may conclude the collective agreement so as to cover more than one establishment concurrently belonging to different employers, provided it meets the bargaining requirements in each of these establishments or enterprises. The latter form, that is, the multi-employer agreement, generally called the “group agreement” became quite fashionable in the post-1980 Turkey. However as extending the scope of group agreements, these agreements resemble industry-wide collective agreements.

Depending on the required circumstances, the collective agreement may also be concluded at the enterprise (company) level. In an undertaking belonging to a corporate body, corporation or a public organisation or institution which has more than one establishment in the same branch of activity, only one collective agreement should be concluded covering all the establishments of the undertaking (CLASLA, Art. 3/II). Such a collective agreement called as the “enterprise collective agreement” within in the meaning of the CLASLA. Generally *enterprise collective agreements* are signed at the food retail industry in Turkey. Although CLASLA had foreseen the 9 extension of a collective agreement concluded by union which has the largest number of workers among the other unions passing 10% threshold in the concerned branch of activity, it is not implemented effectively. There are no agreements beyond normal collective agreements.

There are two numerical requirements concerning collective bargaining authorisation for trade unions. The industrial union has to represent at least ten per cent of the total employees in the concerned industry- the so-called 10% threshold and to represent more than half of the total number of employees in the concerned workplace. The MLSS publishes statistics twice a year that serve as a basis for determining 10% thresholds for collective bargaining authorisation. The two prerequisites to be fulfilled to qualify as the authorised trade union for collective bargaining lead destructive inter-union rivalry in Turkey. The opportunity to use automatic check-off mechanism only for signatory/authorised unions (TUA, Art 61) also provokes the inter-union rivalry.

In 2008, collective agreements covered only 729.215 workers, most of them public workers, who can be described as the ‘privileged minority’ or ‘aristocrats of workers’ considering the total employment in Turkey (Uçkan 2007: 111).

Industrial Action

In the presence of a collective labour dispute, the mediation process must be initiated. If the mediation proceedings fail to resolve the dispute, then trade unions have right to call a strike. But in Turkey, only right to strike for interest disputes is guaranteed and permissible. A political strike, or a general strike or any solidarity strike is unlawful. Occupation of the establishment, work slowdown, deliberate reduction of output and any other concerted resistance is also concerned unlawful action (CLASLA, Art. 25). Until today, there were not any strikes or lock-outs in Turkish food retail industry. Even Tez-Koop-İş decided to call several strikes at Migros and CarrefourSa, the parties had settled the dispute before that decision was implemented.

Wages

The average wage in the retail industry is around minimum wage⁸⁴ in Turkey. Workers are generally paid almost the same level of salary while skilled workers (i.e. bakery chefs, butchers, etc.) are paid higher levels than other workers.

Working Time

The maximum weekly working time, excluding overtime, is 45 hours in Turkey. The LA also regulates equalizing (balancing) which is consistent with EU Directive 93/104/EC. The balancing period (two months) may be increased up to four month by collective agreements (Art, 63). The work exceeding the 45-hour weekly working time is defined as overtime work. Wages for each hour of overtime must be remunerated at one and a half times the normal hourly rate. If the worker so wishes, instead of receiving overtime pay, s/he may use as free time one hour and 30 minutes for each hour worked overtime. However the employers generally force workers to prefer the latter in the food retail industry.

There is no regulation of store opening hours in the grocery sector in Turkey. Although temporary agency work is not legal, subcontracting is very common in Turkey. Auxiliary tasks, such as cleaning and security services are generally performed by subcontractors in the retail industry.

Interest Representation

There is quite poor and weak employee representation practices in Turkey. Apart from collective bargaining, the social partners have some consulting obligations at the establishment level. These concern topics such as the election of union representatives and the exchange of information as well as consultation in relation to collective redundancies and short-time work (Valk and Süral 2006: 52-53). There are no works councils governed or required by legislation in Turkey. However there are some other formal platforms at the establishment level that employees are represented, such as occupational health and safety boards, paid annual leave boards. But the most effective mechanism in employee representation is the shop-stewards in Turkey.

Job Security

It has been claimed that employers dismissed more than 45.000 workers affiliated to Türk-İş and DİSK between 2003-2008 (Bakır and Akdoğan 2009: 93). Out of 11.173 applications for unfair dismissal, the courts awarded reinstatement in 17% of all the cases (Türk-İş 2006: 10). Due to the weak job security regulations, workers who are trying to organize at non-unionized companies can also be easily dismissed in the food retail industry. Such dismissals were the case in CarrefourSa and Tesco-Kipa.

⁸⁴ Minimum wage is applied nation-wide and updated periodically in Turkey. The Minimum Wage Fixing Board announced the net minimum wage as 701 TL for the first half of 2012.

4.7 Finland

*This section has been prepared by **Olli Rusanen** and **Mika Skippari***

4.7.1 Introduction

Finland has a long tradition in labour movement with significant political power. Social Democratic Party has been one of the leading parties for decades and it is considered to represent workers' interests. Finnish work conditions are negotiated in tri-partisan process between unions, employers' associations and the government. In these negotiations the government can propose legal compromises in order to reach an agreement. In retail, collective agreement is generally binding. This means that all retailers have to follow the terms of collective agreement regardless whether they participate in negotiations or agree on collective agreement. For example, multinational entrant such as Lidl has to follow the collective agreement. The binding collective agreement sets the minimum wage which is in practice the paid salary level. This prevents cost-cutting through lower wages since all retailers pay de facto same wages. The wage level in Finnish retail is comparable with other industries and it is enough for reasonable living expenses. Firm-level representatives of unions, such as shop stewards and industry safety delegates, have large information acquisition rights. These information acquisition rights enable labour unions to represent workers in conflict situations.

Finnish society is characterized with high taxes and social support with reasonable coverage. Finnish public education is free and there is free public healthcare. Social safety net reduces workers' dependence on employers and in some cases (for example, students) provides disincentives for working.

Overall, the main features of labour relations in Finnish retail are (1) generally binding collective agreement and the role of shop stewards and (2) labour laws and social safety net that reduce workers' dependence on retailers. These two factors largely explain the adaptations of Lidl once it entered Finland. In this report we will focus on society's safety net, education system and industrial relations. Industrial relations will focus especially on generally binding collective agreements including fixed salary, information acquisition rights and labour laws, and practices that ensure workers' rights.

4.7.2 The welfare state and labour supply

Finnish welfare state is individualistic at least when compared with Mediterranean countries. According to survey by Nikander (2009), young adults move to own apartment on average younger than in other European countries excluding Denmark. Men leave from childhood home when they are 21 years old (median) and women leave from childhood home even younger. Three key factors that cause moving to own apartment are: need for independence, studying or moving together with a companion (Nikander 2009).

While young people moving to own apartment certainly creates a need to gain work to pay rent, Finnish social welfare system reduces this effect especially among students. Students who move to own apartment get public support from Kela (The Social Insurance Association of Finland). Additionally, student apartments are cheaper than rent apartments for non-students. Students are allowed to have study fund 246 €/month and 80% of rent costs are refunded by Kela. The student is allowed to have state-supported study loan of 300 € per month. There are many exceptions to the amounts mentioned above. However, students are discour-

aged to work too much by the support system. If student has an average monthly income of over 660 €/month, the support by Kela is reduced.

In terms of retirement, the Finnish social welfare system is rather complex. It has multiple steps depending on the age and reason why the person has retired. There are three options for retirement: inability to work, long-term unemployment or age of 65 years. The main components of the pension are national guarantee pension and employee pension. The amount of employee pension is tied to salaries a person has received during her career. The minimum level guaranteed by national pension is 520 €/month. Retirees can work alongside their retirement, but Finnish pension system guarantees basic standard of living.

When examining special groups such as students, one would expect that early departure from childhood home would result in vast labour supply especially in low-skill jobs such as retail cashiers. However, work-based reductions in Kela's financial support and relatively high level of social support reduce the supply of labour force. According to a survey, only 9 % of unionized employees in Finnish retail (Lidl 13%) industry are students or retired. Thus, in Finnish retail industry retired employees have no strategic significance, and students have only small amount of strategic significance.

Finland has a strong tradition in women's rights and feminist movement. For example, Finland was the first European country to allow women to vote in 1906. Additionally Finland had a female president in 2000-2012. Women are active participants in Finnish work life although there is an on-going public debate about gender-specific industries and women's smaller salaries.

Finland provides social support for families with young children through complex system by Kela. Families receive maternity- and paternity allowances which guarantees financial income until child is 9 months old. The amount correlates with pre-child salary level with minimum daily support of 22-23 Euros. Families receive monthly child benefit from 104 to 190 Euros until children are 17 years old. Families have subjective right for childcare. There are municipal subsidized day care centres. Parents have a right for unpaid leave from work in order to stay home to take care of children under 3 years old. These families receive child care benefit 327 Euros per month. Large or low-income families receive increased benefits. There are regional differences in the level of social support. The system improves especially the role of women with various support forms and subjective day care rights. For the majority of families, the social welfare provides enough support for basic living.

Majority of organized employees in Finnish retail industry are women (82%). Lidl's employment policy of women and men is similar with industry average. In Finnish retail industry, 18% of the employees are from single person households. 28% live with their couple and do not children. 40% live with their couple and have children. 5% are single parents. 8% identify themselves as part of 'other household'. In terms of employees' household background, Lidl is mostly in similar with national average. The largest difference is that 25% of Lidl's employees are from single person households compared with national average 18%. Apparently Lidl's younger average age implies also increased share of single person households.

To summarize, we argue that retired are insignificant group to gain cost-efficiency in retail sector due to its small size. Similarly the role of students has only small amount of significance. Families with children are a significant worker group but there are multiple support forms which reduce dependence from employer. We argue that majority of families have a high degree of freedom to choose their working status. Finally, Finnish retail industry employs mostly women. We found no evidence that Lidl Finland would target certain worker groups with the exception that it employs, on average, younger workers and more persons from single households.

Taxation

Finnish taxation system is complex and this section presents simplified overview of its main parts. Worker's income taxation is progressive from 6.5% to 29.8% of monthly salary. In addition, there are municipality tax (average 19.25%), pension payment (average 5.15%) and other minor taxes averaging 4.04%. According to Taxpayers' Association of Finland, full-time retail worker has approximately 23-24% total tax rate from income-, municipality- and other income-based taxes.

The examples above are about taxes from workers' salaries. Corporations pay various side expenses on top of paid salaries totalling 17-20%. Additionally, corporate income tax rate is 24.5%. In Finland, total taxes to GDP -ratio is 42.1% which is higher than for example Germany (36.3%), UK (35.0%) and USA (24.8%). Denmark (48.2%), France (42.9%) and Sweden (45.8%) are example of countries having larger tax to GDP ratio.

According to Lidl Finland's annual reports, Lidl Finland's corporate taxes have been 0.00-0.03% of sales due to accrued net losses of 70.5 m€ In 2009 paid salaries totalled 51.8 m€ (81%), pension expenses 9.1 m€ (14%) and other sideexpenses 3.1 m€ (5%), composing total personnel expenses of 64.1 m€. In 2009 there were 564 white collar employees and 1 960 workers. Average personnel expense was 25 433€ of which 4 895 € were pension- and other personnel side costs.

Social insurance system

The taxation in Finland is progressive and total taxes to GDP are larger than in many other developed countries. The other side of the coin is that the social safety net provides basic living for students, families with children, unemployed or people with illnesses or disabilities. Unemployed workers have a basic monthly income of 674 euros. Unemployed union members get additional unemployment support from the labour union (Service Union United, PAM) based on their previous salary level. Low income households can apply general housing allowance from The Social Insurance Association of Finland (Kela), which is 80% of rental costs.

Unemployment benefit law guarantees that part-time workers are allowed to receive adjusted unemployment benefit. The state supplements salaries so that monthly income is 75% of full-time worker's salary. The ratio will soon increase to 80%. This means that involuntary part-time workers are guaranteed a supplemented income comparable to part-time workers with 28-30 hours when the hours worked is less than 28 hours.

Finland has a free public healthcare system. Additionally, disabled and ill workers can receive various forms of support from Kela. Municipalities provide public health- and dental care which is practically free due to Kela's coverage. Sick leave salary is protected by work contract legislation.

Contract types for retail workers

According to a recent study by Ministry of Labour, there has not been any significant change in the amount of fixed-term contracts in Finland during the last ten years. Overall in Finland, fixed-term contracts are used especially among young women. The share of part-time workers is 14% in Finland (average of all sectors). Compared to other sectors, part-time contracts are more usual in retail sector. Part-time workers are typically young people and seniors close to retirement.

The table below shows the distribution of contract types for retail union members. We note that especially rental work and called to work –workers are less likely to be union members than for example full-time workers. Part-time work is a significant form of work in Finnish

retail industry. Lidl uses more part-time workers than is used on average in Finnish retail: 43% of Finnish unionized workers have part-time contract (Lidl 71%). Binding collective agreement states that a full-time worker has 37.5 hours of work per week.

Table: Union members' contract types in retail sector (survey)

	Rental work	Called to work if needed	Part-time less than 20h	Part-time over 20h	Full-time 37.5h
Finnish retail	2%	3%	6%	37%	53%
Lidl Finland	0%	1%	13%	58%	31%

There is some indication, that involuntary part-time work is a problem in Finland. According to our interviewee, if a part-time worker has only small amount of working hours, the monthly income might be insufficient for reasonable living expenditures. However, adjusted unemployment allowance guarantees part-time workers income level comparable with 75-80% full-time workers' salary. Part-time workers might also be eligible to housing allowance.

Collective agreement states that if employer provides consistently work above contracted hours, the contracted hour-limit must be increased. The main reason for usage of part-time work is the flexibility and cost-savings it provides for retailers. In many cases, contract is written for low hours and then additional hours are provided if needed. Lidl Finland does not differ from other Finnish retailers in terms of problems or abuse with part-time workers.

A basic principle of the work contract law is that all contracts should be full-time unless there is a good reason for usage of part-time work. Additionally the law states that new employees cannot be hired if current part-time employees have requested additional hours. Sometimes retailers try to circumvent this based on the hand-pair argument. The idea is that the retailer does not need more worked hours but more pairs of hands. Currently, this issue is one of the main disputes between union and employers. Also, the collective agreement provides incentives for the retailers to hire full-time workers rather than part-time workers, since part-time worker's hourly expense is a bit more than full-time worker's hourly expense. Thus, a retailer has additional 300-500 euros (rough approximation) annual expense if it hires multiple part-time workers rather than a single full-time worker to do the same job.

It is a norm among retailers to make permanent contracts with their employees. Finnish retail industry has 83% of employees with permanent contracts (Lidl 87%). Employers must present a valid reason for using fixed-term contracts. If there is no valid reason, the contract must be permanent. Also, "chaining" (making multiple subsequent fixed-term contracts) of fixed-term contracts is prohibited by law.

Finnish labour law creates relatively high barriers for dismissing workers. There are two legally valid reasons for dismissal. (1) Employer can lay off workers due to production and economic reasons in order to maintain company's good financial health. The layoff barrier is rather low but the company cannot hire new personnel for nine months: the dismissed workers have a priority for regaining the lost jobs. (2) Employer can dismiss a single worker due to individual reasons but in this case the layoff barrier is higher. First, an employee must be given a formal written warning, and if the worker's behaviour does not change, the employer can dismiss the worker only for a significant neglect. There is a notice period for 1-6 months, and Finnish system does not require severance to be paid. If the layoff is illegal, the worker has a right for 3-24 months' salary. In cases of illegal dismissal, courts rule on average salary of 10 months.

Working time regulation

There was a major change of legislation regarding store opening hours in 2009. Opening hours of units sized less than 400 m² were fully relaxed. These units are allowed to be open 24/7. Units over 400 m², such as Lidl stores, were permitted to extend their opening hours, including Sundays from 12:00 to 18:00. According to our interviewee, the regulatory change benefited especially large units at the expense of kiosks and small units.

To summarize, current labour legislation attempts to increase the share of full-time permanent contracts. The main rule is that part-time workers must be allowed to have more hours, if requested, prior hiring additional work force. Chaining of fixed-term contracts is prohibited and there must always be a reason why fixed-term contract is used. As a result the most used contract type in Finnish retail industry is permanent work contract. When combined with high dismissal protection, hiring of workers requires commitment from retailers. This might also create barriers for hiring new workers. Labour union has occasionally disputes with every retailer regarding contract types. Lidl does not differ from other retailers in terms of such conflicts or disputes.

4.7.3 Education and training

Finland has a free public education from grammar school to university level education. The school system is the norm and private schools are the exception. Public school system is usually considered to be of good quality. The objective of Finnish school system is to provide equal opportunities regardless of gender, region or family's financial situation. Finnish grammar school has had high Pisa ratings (international rank ranging 1-6) during 21st century. Due to free public education, Finnish retailers have literate workers with basic skills such as mathematics.

According to our survey, largest educational background of organized retail employees is vocational school (42%). 25% has a degree from upper secondary school, college, polytechnic or university. 12% have completed only grammar, middle or elementary school. Lidl's results are similar (cf. table below).

Table: Educational background of retail workers

	Grammar, middle or elementary school	Vocational school	Upper secondary school	College or polytechnic	University	Other	n/a
Lidl Finland	11.1%	47.0%	15.4%	12.8%	1.7%	12.0%	0.0%
Finnish retail	11.9%	41.7%	13.0%	9.8%	1.8%	21.1%	0.6%

According to the collective agreement, employers must arrange minimum of three days of training for their workers. Lidl has more advanced training system than other Finnish grocery retailers. Since 2009 Lidl has offered its employees a possibility to a vocational qualification in business and administration while working in Lidl through external service provider Adulta. Roughly 10% of Lidl workers are more or less involved with this vocational training option. The vocational training system of Lidl and Adulta is more advanced than other grocery retail's training systems.

4.7.4 Industrial Relations

Central collective agreement and tri-partisan process

Central Organization of Finnish Trade Unions (SAK) is an influential organisation with close ties with political decision-making. Industry-specific labour unions, such as Service Union United (PAM), are members of SAK. SAK has a lot of direct political influence since it is closely associated with The Finnish Social Democratic Party (SDP) which is considered to represent workers' interests. SDP has been for decades one of the leading parties with multiple prime ministers and presidents (1982-2012). As an example of recent political influence, SAK's previous chairman Lauri Ihalainen is a current Minister of Labour and a member of SDP. In retail sector, individual workers are not directly the members of PAM; instead, the unionized workers are members in local chapters of trade unions, which are members of labour union PAM.

Confederation of Finnish Industries (CFI) is the central organisation for industry-specific employers' associations. Federation of Finnish Commerce (FFC) represents retailers and it is a member of CFI. Finnish Grocery Trade Association (FGTA) represents grocery retailers and it is a member of FFC. FFC has multiple tasks for retailers. FFC represents its members in negotiations of union-level collective agreements. It also provides counselling and negotiation support for retailers regarding interpretation of collective agreement and disputes. Lidl Finland has been a member of FFC since 2003 and a member of FGTA since 2010.

The collective agreement determines wages and employment terms. The collective agreement can be achieved either on central organisation level (between SAK and CFI) or on industry level (e.g. in retail sector between PAM and FFC), and this has varied recently. For example, centralized agreement was achieved in 1995-2007 (except in 2000), in 2008-2011 the agreements were made on industry-level, and the current agreement is negotiated between central organisations. Centralized agreement is cross-industry binding in national level. In addition, certain industry-specific details are negotiated between PAM and FFC. Central collective agreements are considered to provide stability and reduce strikes, while reducing sector-specific flexibility in wages. On the contrary, industry-level contracts tend to increase the risk of strikes and industrial action, since each industry-level union tries to maximize its own benefits.

Regardless of the decision-making level, the collective agreement is negotiated in a tri-partisan process, where also government is represented. If an agreement is not achieved, government can propose changes in public policy (e.g., tax reductions, employment policies and changes in labour legislation) in order to facilitate the negotiations. This means that both labour unions and employers' associations have limited direct legal power. The tri-partisan system also explains at least partially the current state of work legislation.

Occupational Safety and Health Administration and Industrial Safety Delegates

Occupational Safety and Health Administration's task is to supervise labour laws especially through inspections. The focus is on the overall working conditions in a firm, not on individual workers. The main interests are working conditions and worker discrimination. Workers' representative (usually Industrial Safety Delegate) and employers' representative (for example HR manager) participate in inspections with Occupational Safety and Health Administration's inspector.

Industrial Safety Delegate is selected democratically and she has an increased dismissal protection. Delegate is required when a workplace has at least 10 employees. Delegate continues working for employer and her task is to represent workers regarding work safety. Delegate's

contract is negotiated between labour union and employers' association. If the delegate recognizes that a law is being broken, she will first notify the employer and supervise that necessary changes are made. If the employer does not start to follow the law, employer is fined or the matter will be taken into court. The employer has a duty to cooperate with the delegates and exchange information. Industrial safety delegates cooperate and exchange information with labour union especially in order to resolve conflicts.

Labour union PAM and shop steward system

The collective agreement states that union has a right to elect a shop steward. This means in practice that large retailers cannot prevent establishment of shop steward system and its workers from organizing. The only way establishment of shop steward system can fail is if workers do not support it. However, there are no significant barriers for organizing: only a few unionized workers are needed to establish a shop steward system in a firm.

The role of shop steward is stated in a shop steward contract that is negotiated between labour union and employers' association. The contract states that shop steward has a right to represent worker's interests, to negotiate locally and to gain necessary information in order to represent workers effectively. The shop steward is elected among unionized employees of a retailer. The employer pays a basic salary and a bonus for shop steward tasks. A certain amount of working time of a shop steward is allocated to representing workers' interests, which is negotiated case by case. However, if the retailer employs over 800 workers (Lidl reached this in 2004), the shop steward has 100% of her working time dedicated for union work. Minimum level requires one shop steward to represent store workers and one for warehouse workers.

Since 2007 shop steward has also been responsible for developing working conditions in cooperation with the employer. Local agreements can be made for example about overtime. When there is a disagreement about interpretation of binding collective agreement, the shop steward has to make a memo about details of the disagreement. This will be used in first-phase negotiations with the retailer. In the next phase PAM and FFC will negotiate to resolve the disagreement. If the union-level negotiations fail, the final option is to solve the problem in a court (from Labour Court to Supreme Court). Only one case between Lidl and the PAM has been taken to the Labour Court.

In case a disagreement is taken into court and organized worker loses the complaint, labour union PAM will cover all the expenses. While being socially harmful, complaining about mistreatment is financially costless for union members. This lowers the barrier for complaining about violation of collective agreement. Non-union members face personal financial risks that are typically very large when compared to retail's salary level. In case the suit is lost, the worker must pay own lawyer's salary which is approximately 200 euros per hour and opposing side's legal fees. Especially immigrants and students are more exposed to these risks because they are less frequently members of labour union. Currently Finnish labour unions attempt to gain a general right to represent non-unionized workers in significant matters.

Binding collective agreement

Among the most important aspects of Finnish collective agreement is that it is generally binding. Finnish collective agreement in retail has been generally binding since 1970s when it was stated in the work contract law. Generally binding collective agreement means that it is binding for all retailers whether they participated in the negotiations (only members of FFC) and whether they agree on the terms of the agreement or not.

Collective agreement is generally binding when it fulfils certain conditions. The contract must be nationwide. 50% of employers must be members of employer's union. The agreement must have an established position in society through recognition of contracting parties and history.

Secondary criterion is that 50% of workers are members of labour union. Finally, the contract must be ratified by a committee in order it to be generally binding.

The binding collective agreement sets minimum salary for workers. This is also de facto paid salary. This means that no retailer can gain cost-efficiencies through paying smaller salaries than competitors. Full-time workers' average monthly pre-tax salary is 2 170 €. Part-time worker's salary is determined as a percentage of hours from full-time worker's salary. There are multiple determinants to salary level including municipality (housing costs), language and other skills. Workers receive bonuses by years of service when employee has worked 1, 3, 5 or 8 years. When a person has worked 8 years she receives 20% bonus compared to a new worker.

Collective agreement guarantees a bonus holiday pay. Overtime and weekend bonuses are rather large when compared with basic payment. For example, if base hourly salary is 10-11 euros, the Saturday bonus after 13 o'clock is 5.30 euros per hour. Double salary is paid for Sundays or national holidays.

Finnish legal system guarantees that one is allowed to have free days if a child is ill. However, retail collective agreement states that the employee is allowed to receive salary for 1-3 days if absence is due to child's illness. The law guarantees salary for 1-9 days when an employee is on sick leave. Collective agreement extends the maximum sick leave to two months depending on the length of current contract.

In addition, the binding collective agreement regulates the following aspects. There is a bonus for heavy work. Maximum trial period is four months. Maximum daily work time is 9 hours and minimum is 4 hours, unless employee has special requirements. Maximum weekly work time is 37.5 hours. Minimum amount of free weekends is 17 during a year. Full-time employee is allowed to one hour lunch break and two coffee breaks. Part-time employee is allowed to one coffee break if daily working time is over four hour.

One of the current priorities for retail employer's association is to change the terms of collective agreement so that it would be possible to pay workers according to their competences and motivation. So far this has not realized – the payment is done on the basis of task at hand and years of experience. PAM has focused mainly on status of part-time workers and working time issues (weekend work, work day length and amount of breaks). The main focus is on improving working conditions while salary increases have received secondary priority.

Negotiation process of collective agreement and industrial conflicts

Ordinary workers give suggestions, objectives and make initiatives in meetings of Service Union United's (PAM) local chapters. Typically there are about 400-500 initiatives. PAM and local unions create larger objectives based on these initiatives from ordinary workers. A committee is selected democratically to accomplish this task. Finally, PAM negotiates with retailers' union Federation of Finnish Commerce (FFC) based on these objectives. The final negotiation phase lasts 1-2 months.

A collective agreement is typically valid for 1-2 years. The negotiation phase lasts 1-2 months while the negotiations start typically 6 weeks before the final date of the existing collective agreement. When there is a collective agreement, PAM is not allowed to take industrial action. When the final date is reached, PAM can pressure employers through industrial action or warnings about possible strike. Strike warning must be given two weeks before a strike. If a strike warning is given, a notification must be given also for National Conciliator. Through National Conciliator's office the government attempts to mediate negotiations. National Conciliator will invite (force) both parties to negotiate prior and/or during strike in order to reach agreement. Both parties are obligated by law to negotiate. All recent collective agreements in

Finnish retail have been obtained after the final date. After the final date, the outdated collective agreement is still followed until new agreement is reached.

Finnish labour unions have started to use more specific pressure tactics. General strikes are used less and the focus is more on strategic strikes. For example, PAM might target certain stores or certain retailers based on effectiveness. Usually strikes are fixed-term with stepwise increase in effect. For example first strike might last two days then three days and finally one week. In last negotiation round there was a short strike with S-group and K-group while smaller retailers such as Lidl were not subject to strike. In the negotiation round before that all retailers were subject to strike. PAM has noticed that asymmetric strikes, where only one or two retailers are pressured while others are allowed to operate, are more effective than larger symmetrical strikes. Small retailers such as Lidl might benefit from asymmetric strikes because PAM attempts usually to pressure the larger retailers such as SOK and Kesko, because they have more influence on Federation of Finnish Commerce (FFC).

Retail wage compared with other industries

In retail sector, full-time workers' monthly pre-tax salary is 2 170€. According to CFI report for October 2009, industry average of retail salary of all employees was 2 608€, compared to retail cashier of 2 056€. In construction, workers earned approximately 2 400€ (calculated from 16.11€/h) and white collar employees 3 250 - 4896€. Paper industry's hourly salary was 17.34€ (approximately 2 600€) for blue collar workers and 3 129 - 4 637€ for white collar employees. While retail is usually considered to be a low-wage sector, the minimum wage is roughly comparable with other industries. According to Statistics Finland, the national average salary was 3 040€ and typical (median) salary 2715€ in 2010.

Workplace atmosphere and protection of workers' rights and interests

Illegal dismissal of workers may expose company to suit for compensation of 3-24 months. Bullying workers is penalized under criminal law. Criminal law penalizes also discrimination due to, for example, organizing or trusted position, gender, religion, disability, skin colour or nationality. Criminal cases due to discrimination are extremely rare in Finland, but they do pose a credible deterrent for bullying. This effectively means that bullying insubordinate workers or attempting to suppress trade unions may imply that the company will be held financial liable while the managers might personally face criminal charges and subsequent fines. On the contrary, Finnish legal system forbids punishment of employees who complain about their workplace treatment.

According to our survey, 67% of organized workers feel that there are no significant worker-superior conflicts (Lidl 70%). Similarly, 74% report that there are no significant worker-worker conflicts (Lidl 79%). Clear majority of the workers (74%) feel that part-time and full-time workers are treated equally (Lidl 72%). In addition, two thirds (66%) of the workers view that workplace atmosphere is open (Lidl 65%). In other words, there are certain amounts of store-level conflicts, and Lidl Finland is similar with other retailers in Finland.

Shop steward and industrial safety delegates have large information acquisition rights. Typically checks are about payment and work time bookkeeping. Especially if there is a pending case going to court, labour union might ask industrial safety delegate to access some company information.

When binding collective agreement is not followed, it is very easy for PAM to intervene. It is simply not possible for an employer to offer fewer benefits (e.g. below minimum salary) than collective agreement determines. However, there are some current issues that are harder to intervene. One example is chaining of fixed contracts which is an on-going source of disputes between union and employers.

Sources

- Media archives: 277 news articles published leading Finnish trade journal in 2000-2010
- Interviews (14 in total), consisting of retail managers (4), Lidl store-level employees (4), union managers (4), and trade association managers (2).
- Lidl Finland's company fact sheets 2000-2010
- Retail employee survey (2011): members of PAM (N=5235)

Appendix: special notes regarding the survey

During summer 2011 we conducted a survey for members of Finnish service industry labour union (PAM). The basis group of the survey was members of PAM's retail industry. PAM had a list of 35 000 email addresses where this survey was sent. PAM received 5959 answers of which 5235 (88%) are currently employed. These currently employed persons are being examined in this survey and form group "Finnish retail" which is compared with respondents of Lidl.

The respondents were mostly women (82%) with men (18%) being minority. 96% of the respondents had Finnish native language. The respondents were between 15 to 73 years old. There were respondents from every region of Finland. Household categories and education categories were well represented. The respondents represented all major Finnish retailers. There were 117 respondents from Lidl (2%).

The main usage of survey was to use it in order to generalize (triangulation) some of the general claims made by interviewees. In this report we present only the most important findings as additional data for interviews.

5 Company case studies

5.1 Carrefour in France

5.1.1 Introduction

Following the merger with Promodès in 1999 the managerial structure of Carrefour was changed thoroughly, on various levels. Promodès had a relatively centralised management; store merchandising (product assortments, placement, and prices) was controlled (supported by IT systems) centrally. With this approach, Promodès had been very successful with its supermarkets ('Champion'), but had not been successful with hypermarkets. Despite this and supported by external consultants (McKinsey), centrally controlled merchandising was introduced throughout the group, including Carrefour hypermarkets. Thus the decentralised and highly localised strategy that had frequently been attributed to Carrefour in contrast to Wal-Mart or Tesco has more and more disappeared; while its French competitors Auchan and the voluntary group E. Leclerc have maintained a more centralised structure. Some analysts see this as the reason behind Carrefour's problems in the French market (Escade 2012). Recently, the new Executive Director France, Noël Prioux, has announced that store managers will be given more autonomy again; but what comes out of this remains to be seen.

Carrefour operates around 200 hypermarkets in its home country France and a much larger number of supermarkets, many of the latter are franchised. French Hypermarkets are managed within a separate (sub-) division with about 70.000 employees. Within this about 150 hypermarkets are forming the core group incorporated as a Société par actions simplifiée, S.A.S. About 50 other markets are organised within four companies, partly as joint ventures with other French retailers, holding from small minorities up to 50%.⁸⁵ Most of the following information will be about the core group of French Carrefour hypermarkets.

5.1.2 In-store management structure and skills

Management structures on the store level also have changed from a 'hierarchical' towards a 'transversal' structure (terms used by interviewee). In the hierarchical structure, departments and teams were organised along a large number of product groups, like fresh produce or women's wear. The new structures contain an increasingly functional element. Below the store director there are five managers responsible for fresh food, other food, textiles, electronics, and other non-food; there is also, on a somewhat lower rank, a checkout manager. The department managers have several deputy managers, who are responsible either for replenishment (*remplissage*) or for storage/warehouse (*réserve*) during different shifts (e.g. morning and afternoon). Below this there are no managers (*cadre*), but level III or level IV employees (cf. below) as team leaders.⁸⁶

The key term is '*polyvalence*' where workers are no longer assigned to certain product areas like drinks or women's clothes but (except cashiers and administrative staff) to either replen-

⁸⁵ Hypermarkets in French overseas territories (DOM/TOM) are all franchised.

⁸⁶ There is a clear borderline between *cadre* (managers) who have to work very flexible hours (and no official over-time), and normal employees whose hours are determined by contract.

ishment (*remplissage*)⁸⁷ or storage/warehouse/product flow (*réserve*)⁸⁸ within five broadly defined product groups (fresh incl. most counters, other food, textiles, electronics, other non-food) In the hierarchical structure.

An interviewee deplored a loss of competence when employees are no longer able to consult customers. At present older and experienced employees might still be able to compensate the general lack. He complains that consultancies like McKinsey do not see this problem. But he also links this with 'Zeitgeist' where younger employees switch jobs more frequently and do not accumulate knowledge. He states a contradiction with the new concept of 'Carrefour planet' (the conversion programme has recently been abandoned); stores look like they are made up of professional product departments, but in reality there is less professionalism.

5.1.3 Part-time and working time management

Flexibility of working time

The collective agreement for the retail sector contains important regulations relating to part-time work, introduced in connection with the reduction of standard working time to 39 hours in the early 1980s, when the law stipulated that the implementation should be negotiated through collective agreement; this was repeated, when regular working time was further reduced to 35 hours in the late 1990s. The 2001 agreement states that all part-time workers in the retail sector with less than 25 hours have the right to have their contract changed to at least 25 hours; upon their request, the employer must change their contract within 3 months. At Carrefour hypermarkets, the collective company agreement sets the minimum working time that must be provided upon request at 30 hours.⁸⁹

This has led to a relatively low share of part-time employees of 29% at Carrefour in France, with hypermarkets probably close to this figure,⁹⁰ compared to 34% in overall retail (accounting for 26% of hours worked in 2008) – 43.3% for women and 18.5% for men. In modern grocery retailing (hypers, supers and discounters) national averages are even higher: 54.1% for women and 20.1% for men (INSEE 2011).

In addition, the company is presently testing a scheme – seemingly upon request from the trade unions and in line with Carrefour's strive towards increasing workers polyvalence – for cashiers working 30 hours per week to work additional hours in the sales departments. Here the interviewee refers to studies demonstrating that cashiers working more than 30 hours lead to 'problems' (concentration, mistakes); but he also states that many employees do not like to work outside their accustomed work place; thus he was sceptical about the outcome of this trial scheme.

⁸⁷ A *remplissage* team (front office) is responsible for replenishing shelves according to planograms and setting up and replenishing special promotions (e.g. in the central alley).

⁸⁸ A *réserve* team (back office) is responsible for receiving and storing goods, as well as for labelling shelves, scanning shortages and explain and correct shortages/orders.

⁸⁹ Before that, minimum working time was 22 hours; at Carrefour 25 hours. This is an important element strengthening the position of workers vis-à-vis management; they do not have to compete with each other and to kowtow if they need more hours to earn more money. In their comparative study on the organisation of working time in the grocery sector Baret et al. (2000) had found that French part-time workers were more content with their situation than their British and German colleagues; but they only point to different gender role models, child care, and taxing as reasons for this, not mentioning employees' right to chose desired hours.

⁹⁰ Despite considerably lower employers rates for social security contributions for part-timers.

Weekly rosters are quite stable for single workers over longer periods. Rosters must be announced at least two weeks in advance (for cashiers three weeks). Workers are allowed to shift hours with colleagues. Cashiers' working schedules are as much 'self-organised' as possible within groups of around 30 colleagues; they enter desired hours into a computer system that matches hours. If e.g. a cashier says she never wants to work on a certain day of the week, this is fully taken into account.

In 2010 Carrefour intended to completely change the organisation of work again, as it had already done in two pilot hypermarkets. They wanted to shift replenishment to special night shift teams (from 23:00 to 7:00 or from 2:00 to 9:00), separating sales during opening hours from replenishment at night. Trade unions opposed this plan leading to regular night work and demanded a trial phase to see whether this would work in other stores too. During this phase management accused trade unions and comités d'entreprise of sabotaging the project. At some stores, the project was successfully blocked ("we have thrown a stone in the way of the wagon").⁹¹ Ultimately, management abandoned the project.⁹² But standard morning working hours were slightly changed: shifts now start at 4:00 instead of 5:00.

Gender and age

The following data are for Carrefour in total; but figures for French hypermarkets are probably not very different:⁹³ In terms of full-time equivalents 58% are female. 29% of all employees are working part-time; these are mostly women. Especially cashiers are frequently part-timers; but there are also male and female students working e.g. only 8 hours per week in various sections. Thus in terms of headcount the share of women is probably above 60%. The share of women in management (*cadre*) is 29%.

5.1.4 Industrial Relations

Union density

On average, FO organises about 8% of Carrefour hypermarket workers. But in the French system the share of votes is more important: FO 43%, CFDT 25%, CGT 20%, Christian CFTC ca. 5%; CGC (*cadre*; represented at the collège du cadre) ca. 3%.

Collective agreement

In France there exists an industry collective agreement with Federation des entreprises du commerce et de la distribution (<http://www.fcd.asso.fr/index.php>). But it is quite weak: entry level payments are below the minimum wage (SMIC). But it contains important regulations for working time (see above) which were introduced in the early 1980s and extended nearly two decades later, when government reduces standard working hours.

In addition to the national agreement, all 200, except 7, Carrefour hypermarkets have a company collective agreement, signed by all five unions. (For supermarkets there is a separate, less favourable agreement.)

⁹¹ An official investigation found no evidence of sabotage.

⁹² The interviewee assumes that there are no replenishment night shifts at Carrefour hypermarkets in Spain or Poland.

⁹³ Employment structure of Carrefour June 2010 (all activities, incl. hypermarkets)

Pay structure

The lowest hourly rate at Carrefour hypermarkets of € 9.20 (level I) is only slightly above the national minimum wage (SMIC: 9 €). But employees receive 13.5 monthly wages per year. There also are additional agreements on social benefits concerning complementary health insurance, incapacity, etc.

There are four pay brackets for employees (below *cadre*):

- I replenishment
- II checkout, counters
- III employees with vocational training (*métier*) like butchers, bakers, etc.
employees controlling the flow of goods
qualified sales personnel, e.g. selling computers, electronics (these also receive some premiums depending on sales)
- IV employees responsible for 'implementing instructions from management'.

Payment also increases significantly with job tenure.

Nightshift premiums are: 21:00-5:00: 30%; 5:00-6:00 and 20:00-21:00: 10%. If these working hours are not planned in advance premiums double to 60% and 20%.

Plant and company level interest representation

Every Carrefour hypermarket has at least one *délégué syndical*. FO has trade union delegates at 130 hypermarkets.

Most of the *délégués du personnel* are trade unionists. Thus trade unions are relatively strong at Carrefour.⁹⁴ Every hypermarket has its own *comité d'établissement* (has the same rights as a *comité d'entreprise*; all abbreviated as CE). The main group of 150 hypermarkets, as well as the other four hypermarket companies, have their own *comité central CCE*. For all companies of the Carrefour group, including supermarkets, logistics, banking property management etc., in France there is a *comité du groupe* (which has less rights than the CEs).

Experience of industrial conflict

The main trade union at Carrefour, FO, does not call for strike action frequently, e.g. every year. While CGT is said to organise strikes at certain stores where they are strong sometimes twice a year. According to the interviewee the *rapport du force*, the power relationship, between unions and management has to be tested now and then; but for FO a strike is not a goal in itself; important is what unions can bargain for after a strike or when threatening with strike.

Early in 2011 there were no improvements in working conditions and wages, and management had announced to restructure work organisation (cf. above). So a strike was somewhat inevitable. FO and CGT but also the *cadre* union CGC also supported the strike. The national delegates of other unions remained reluctant, but almost all trade unionist from all unions on store level supported the strike. The level of activity was very different between stores. At some stores there was no strike action at all; and at others only 5%, but at some others 25% went on strike. In addition, a large number of employees (up to 50%) stayed at home. At many stores, customer cars could not reach the parking lot and these stores had to close for a

⁹⁴ Trade unions are also strong at Auchan and (the hypermarkets of) Casino, and to a lesser extent at Cora. But there are (nearly) no trade union delegates at the hypermarkets of Leclerc or supermarkets of ITM, operated by independent retailers, as well as at the many franchised stores in the country. "As a trade unionist at Leclerc they would sack you within 15 days." These have no company collective agreement. *délégués du personnel* are from 'independent' lists, frequently linked to and financed by management (cf. also Askenazy et al. 2008: 222).

day. In some cases the police was sympathetic to striking workers, while in others they prevented them from blocking the parking lot. There seemed to be a general dissatisfaction among employees. An interviewee stated that it was quite new to him at the one-day strike in April 2011 that many workers seemed to relish going on strike and showing their frustration – including also older workers who usually would not go on strike. This was the first time that Carrefour agreed to enter collective bargaining directly after a strike. All hypermarket employees receive additional 200 € and there is also an increased (annual) premium.

5.2 Carrefour in Spain

5.2.1 Introduction

Carrefour is present in all Spanish Autonomous Regions. The Spanish market is the second most important market concerning the sales volume for the company. The company developed a ‘multi-format’ and ‘multi-brand’ model which permits adaptation to different customer demands: Carrefour Express (residential areas), Carrefour Market (main shopping streets within cities) and hypermarkets.

Currently the company has 171 hypermarkets and 108 supermarkets in total (cf. Carrefour 2010⁹⁵). In 2009 the regions with the highest concentration of hypermarkets were Andalusia (37), Madrid (25), Catalonia (24) and Valencia (22). The hypermarket format generated 62 percent of sales and supermarkets and hard discount 33 percent. Despite a decreasing demand of customers an expansion within the hypermarket sector took place (new hypermarkets in Valencia and Madrid) (cf. Informe Anual 2009⁹⁶). The Spanish hypermarket sector employs about 300,000 workers in total (Interview UGT officials 2010).

Since 2008 the sales of Carrefour have been decreasing in Spain. Within the fourth trimester in 2011 sales declined about 4.5 percent which means an amount of 2.562 million Euro. The hypermarket sectors sales volume reported a fall of 5.5 percent in absolute terms and a fall of 5.6 percent in comparable terms. The fall of sales mainly refers to non-food products (13 percent in Spain in 2011⁹⁷) (cf. El País Economía 2012⁹⁸). Due to the declining net profit Carrefour announced a halving of dividends at the beginning of March 2012. In contrast to Carrefour, DIA stocks show a positive development at the stock market (cf. Cotizalia 2012⁹⁹).

According to the latest reorganisation plan presented in February 2012 in France (valid since the end of February), the division of hypermarkets within the headquarter of the company has been divided into three parts which refer on a new typology based on size, proximity and attraction. Each subdivision is headed by a different team and based on a different administrative policy. The implications for Spain are still not known at this point of time. However, in the context of that reorganisation the sphere of influence of store management shall be extended (cf. Davara 2012, D/A Retail).

⁹⁵ Cf. http://www.carrefour.es/multimedia/es/hitos-desarrollo-sostenible-carrefour-espana-2010_tcm5-11020.pdf

⁹⁶ There is no further yearly report at the Carrefour webpage available.

⁹⁷ Cf. <http://85.214.210.243:8001/noticia/14059/Retail/carrefour-stop-planet.html>

⁹⁸ ‘Las ventas de Carrefour en España caen por tercer año consecutivo’ (El País, January 19, 2012, http://economia.elpais.com/economia/2012/01/19/actualidad/1326961978_850215.html)

⁹⁹ ‘Carrefour recorta el dividendo a la mitad tras la caída del 14% de su beneficio’ (Cotizalia 2012, <http://www.cotizalia.com/noticias/2012/03/08/carrefour-recorta-el-dividendo-a-la-mitad-tras-la-caida-del-14-de-su-beneficio-126/>)

A few years ago, Carrefour applied a new form to organize work by the programme called MOC (Modelo Organizativo Carrefour). Since then most of the decisions concerning the selection of products, the labelling of products or payroll is organised by the central office in Madrid. The stores have no autonomy in decision making. Besides, the programme had the objective to organize shelf-stacking in a more efficient way (certain time to refilling shelves). One UGT official reported that Carrefour applies the ‘organisational model of DIA’.

5.2.2 In-store management structure and skills

We did not find a direct relationship between the national IR system and the development of skills and management within the stores.

Sections (departments) within stores

Until today the Executive Board of Carrefour has undertaken various organisational changes. The decline of sales in 2011 and the relatively bad performance of the European biggest retail company all over Europe led to a stop of the new hypermarket format introduced in 2010 (Carrefour Planet¹⁰⁰) and a reorganisation of the organisational structure. By the concept of *Carrefour Planet* new ‘key areas, lower prices, brand new services and new technologies’ have been promoted (Carrefour Planet 2010¹⁰¹). In this context the fresh food department had been divided into the ‘The Market Section’, ‘The Organic Section’ and ‘The Frozen Food Section’. Further departments comprised ‘Beauty’, ‘Fashion’, ‘Baby’, ‘House’ and ‘Leisure – Multimedia’. Besides the objective to create a new shopping adventure and the offer of low-priced products, Carrefour extended the offer of store brands (cf. Berdi 2010).

In none-reformed hypermarkets the ‘Fresh-product’ section and the checkout are the departments with the biggest numbers of workers. The table below show the sections and the distribution of workforce in a store in Barcelona with 268 workers (based on the data of Oriol Barranco, gathered in 2005-2007).

Sections within sectors (store)				
Fresh products	Electronic	Bazaar	Mass produced art.	Textil
Sausage products	Big equipments	DIY Market	Liquids	Footwear
Fish	Small equip.	Homewares	Chemist's	Children
Fruits and Veget.	Photo	Free time	Non-fresh products	Women
Bakery	Sound	Garden	Self-service prod.	Men
Butchery	Office	Car components		Home
14% of staff	10% of staff	8% of staff	6% of staff	6% of staff

Source: Oriol Barranco 2010, Results from 2005 – 2007, Barcelona

¹⁰⁰ In 2012 only 11 stores will be transformed in the hypermarket format Carrefour Planet, most of them in Belgium.

¹⁰¹ http://www.carrefour.com/docroot/groupe/C4com/Pieces_jointes/Communiqués_de_presse/2010/com_presse_planet_ENdef.pdf

A few years ago, within the checkout department almost half of the workforce of the store has been employed. Since 2008 there have been major reductions of workforce within this department. For example, in a store in Asturias (Centro de Azabache) a few years ago there were 350 to 400 people working. Nowadays there are only about 190 workers, because many contracts of temporary workers have not been renewed.

Structure of management within stores, levels of hierarchy and lines of (non-administrative) management

In general, there is very little staff employed in offices (about four percent of all store workers). It includes secretaries and administrative staff of the HR department as well as administration staff for the different departments (sectors).

The store is divided into five departments (sectors) and supervised by a store manager. The store manager is supported by five operation managers ('jefe de operaciones') which in former times have been called 'heads of department'.

The sections within the departments are supervised by managers called 'comerciales'. They are supported by coordinators, which coordinate and control worker.

The checkout area has its own management structure. There is a manager for all the checkout area (at the moment called 'Responsable de Atención al Cliente') which is supported by the coordinators (one or two for the early shift and one or two for the late shift). They wear different uniforms

Most managers are men (about 80 percent). In 2007 in a store in Barcelona (268 workers in total) there have been 26 managers (21 men, 5 women) (cf. Barranco 2010). During the last three years they started to reduce the number of managers in all stores. For that reason these numbers probably have changed.

Reduction of management

In general, by the introduction of the MOC the number of administrative staff, managers and workers has been reduced. In some departments they halved the staff number.

The number of department managers has been reduced. In former time there have been two managers for each department. Now there is only one, covering the morning or the afternoon shift (7am to 3pm or 2pm to 10pm).

It seems that in quite regular intervals the number of staff working in the offices becomes increased or decreased, depending on the decisions made at the head office in Madrid.

Working time

Carrefour is open from 10am to 10pm from Monday to Sunday to customers. Besides the opening time for the public, trucks have to be unloaded and products organized in the shelves. That means that the store is more or less open day and night. Administration staff and a few people of the store do not work on Saturdays.

The number of staff needed for each shift, section and workday is calculated exactly by administration staff. Many workers complain about the high workload.

Workers normally enter one hour before the store opens. During this time they clean the store and (re)label products. Depending on the contract, most of the workers work in the morning or in the afternoon. The working shifts change weekly (e.g. one week they work from 8am to 3pm and the other week from 3pm to 10pm).

Department managers are not present within the department all day but only during the morning or the afternoon shift. That means they work from 7am to 3pm or from 2pm to 10pm. Thus, some workers do not meet the department manager during their work.

Workers at the checkout only can have a break if they work more than 5,45hr. If they want to go to the toilet they have to ask for permission.

Autonomy of management

There has been a centralisation tendency, i.e. more and more competencies have been conferred on the headquarter in Madrid (e.g. selection of products, ordering of amounts). This explains e.g. the reduction of staff in the offices.

Leadership / management style and decent work

There are differences concerning the management behaviour of department managers. Some of them are more concerned about the problems of workers than others. One employee of a Madrid store reported e.g. that there is no problem if workers in her section are asking the manager for something.

The relationship between workers and coordinators (in particular at the checkout) as well as workers and the management at the higher levels is limited to necessary contacts. In general an authorial management style is predominant. The motto could be described as 'It's a matter of sink or swim'. The relationship among workers depends on the department of the store and the number of workers from service provider companies. Normally workers from Carrefour and the service provider companies do not have much contact.

Recruitment

The company has an apprenticeship programme for young people. The contracts (contrato de formación) are for two or three years. After three month the apprentices do the same work as other workers in the store but they earn less money (first year 80 percent of the normal salary, second year 90 percent). According to the national law Carrefour can not have more than 50 percent in total of these contracts.

There is at least the possibility that workers within the store can get promoted, even if it is quite difficult. In most cases the company contracts people from outside.

Skilling within stores

The Spanish retail sector offers many low-skilled jobs. Before the economic crisis the jobs have been considered as transitional by most of the workers but nowadays it is the contrary. Workers fear to loose the job.

The only jobs which require some more qualification are butcher, fish monger and the sales jobs within the electronic department.

About 15 years ago all workers attended a training course before they started working. One worker (affiliated to CCOO) told us that that she had a five day training course (theory) for checkout workers which has been followed by a two day practical training. The course has been a full-time course which was given by the checkout coordinators. Since the first day of the training course the workers had a valid employment contract.

Nowadays there is almost no training for workers. They get a short briefing and then they start working. Cashiers are accompanied by another worker one day or morning and the next day they already start working alone. Nevertheless, the company requires some norms which the checkout workers have to follow (the way to wear the uniform, the hairstyle, having a bright face, punctuality etc.).

Furthermore, checkout workers have to fulfil a certain productivity level. This is based on the number of clients and products which pass at the cash desk in one hour (in theory they should cash up 1.200 products per hour). The company has a technical system installed which counts customers and products passing each cash desk. But nobody of the workers was able to explain in more detail how this system works.

All workers receive a basic training concerning working safety and health. Furthermore, there are training courses offered concerning sale strategies.

Third party employees

There are shelf-stackers employed by Carrefour, but it seems that many of them (at least in some stores) are workers of so called service provider companies (subcontracted companies). One shelf-stacker in Gijón reported that in her area (liquids) most of the shelf-stackers come from a subcontracted company (from five shelf-stackers only one has been contracted by Carrefour). In other sections of the food department it is the same situation. Workers from subcontracted companies earn less than Carrefour workers (about 3.000 Euro less per year, 40hr contract). The advantage for Carrefour is that it has to deal with less bureaucratic work.

Furthermore, Carrefour subcontracts cleaning and security services on a regular basis. In former times it also has been common to employ temporary workers during month with a high workload, as e.g. the Christmas or holiday season. Nowadays the normal workforce have to manage these times without support. Sometimes they contract temporary workers for the checkout area or for special sales campaigns. But these workers only stay for a few days.

Currently there is no substitute for workers which are ill. Carrefour justifies this saying that they do not know for how long they will be on sick leave. Maternity leave is substituted because it is subsidised.

5.2.3 Part-time and working time management

Influence of collective agreement

Working time and schedules are determined by the company. It is difficult for workers to interlink work and family life.

Do welfare state related issues matter?

The company does not take into consideration that childcare services are very expensive and do only have limited opening hours. Female workers with children are dependent on relatives therewith they can manage job and family life together. Otherwise they have to apply for a shortened working time which implicates less money.

P/T and F/T workers

With regard to working hours, many workers have part-time contracts and work in changing shifts. Only workers which almost worked all their life in Carrefour have 40hr contracts. Part-time workers e.g. work 15hr (only weekends), 20hr or 36hr weekly. No interviewee reported about contracts less than 15hr.

Within the checkout area workers with a full-time contract do not work 40hr per week but 39hr. Therewith the company avoids paying extra-payments.

Most of the workers within the stores are women (75 to 80 percent). At the managerial level men are the majority (e.g. in Barcelona 5 woman, 21 men). Managers also have 40hr contracts. Department managers work a lot of unpaid extra hours. In internet forums people talked about 50 to 60hr weeks.

In the context of the crisis the number of temporary workers has been reduced and workers employed by Carrefour get more working hours (cf. Interview UGT official 2010). The majority of part-time workers are women working at the checkout area.

There are some students working part-time (mostly weekends, 15hr contracts) at the checkout area or as shelf-stackers.

Roster organisation/ announcement

The working schedules are prepared by the coordinators. During the first trimester of the year the company informs the trade union reps about general working schedules. The distribution of working hours is influenced by expected sales. Therefore the company may announce certain days and weeks with higher workload. According to the collective agreement workers are informed about their schedules one year in advance.

However, the company expects flexibility concerning working hours which is supported by FETICO. Trade union reps (CCOO and UGT) do not have influence on working time.

Overtime

Normally workers do not work unpaid extra-hours. Instead, workers get more hours during a certain period. This time becomes balanced with more time off later on, i.e. during no holiday periods and only on weekdays (compensation every four month).

Grievances about the organisation of work

Many workers complain about difficulties to interlink the job with family life. Furthermore, even if the collective agreement gives workers the right to have days off (Licencia retribuidas) because of marriage, childbirth, death of a family member etc., it is difficult for workers to get these days. When possible department managers try to influence workers to manage time schedules in a way that it does not affect working time or they admit them less time than stipulated in the collective agreement.

Breaks and holidays

In theory all workers are entitled to 31 days of vacation annually. They have the right to spend 21 days during the summer term (June to September) and 10 days during the rest of the year (February to May and October and November). During the Christmas season workers are not permitted to have holidays. If workers can not draw from vacations during the summer term they can claim to a financial compensation (bolsa vacacional).

5.2.4 Industrial Relations and Interest Representation

Carrefour is member of the employer organisation ANGED. The major unions within Carrefour are FETICO, CCOO and UGT. Every Carrefour store has sufficient workers for establishing its own works council (minimum are 50 workers). Most of the works councils have 9 members. Besides the works councils at the store level there is a comité intercentros at the national level where FETICO has the majority (8 of 13 members).

Influence of national institutions

The total percentage of workers employed with trade union representation is low in the retailing sector because of its relatively high proportion of unstable employment (34 percent). The workers' committees are dominated by trade union candidates. They are the most important representative organs at firm level. Union delegates have information, consultation and bargaining rights but no formal participation rights (cf. Köhler 2009).

Collective Agreement

The collective agreement is a national sector agreement signed by FETICO and FASGA (2009-2012). CCOO and UGT refused to sign this agreement because of the cutback of working conditions, in particular in the case of sickness.

Affiliation

In general the affiliation quote is very low. One trade union delegate (CCOO Asturias) believes that most of the workers can not or do not want to afford the affiliation fee because of the low salaries. Workers with a 40hr contract would have to pay about 10 Euros a month. In comparison the affiliation fee in FETICO is half. This is because they do not offer legal assistance.

The affiliates of FETICO enjoy favouritism of the company. But workers never know who is affiliated to FETICO, and who is not. Some affiliates of FETICO also change the trade union over the time when they recognize that FETICO does not support workers.

Payment

Workers are divided into five different job categories which are stipulated in the Collective Agreement (Grandes Almacenes 2009-2012). They range from the lowest skilled group (Grupo de iniciación profesional) to the most skilled group (Grupo de mandos). Most of the store workers belong to the first and the second group (Grupo profesionales).

The highest paid category (Grupo de mandos) is divided into three subcategories: 'Personal de dirección', 'Jefes de Sección Administrativa' and 'Jefes de Sección Mercantil'. Their basic salaries are not revealed within the wage tables in the collective agreement.

In general, salaries are very low. According to the last collective agreement, the base salary (gross-income) for a worker belonging to the professional group (40hr contract) is 13.769,41 Euro yearly (including extra payments and holidays). A coordinator earns 15.008,65 Euro. A department manager earns about 24.000 Euro per year (gross-income in 2007, net income about 1.100-1.200 Euro per month¹⁰²).

A cashier at the initiative level (39hr) earns about 800 Euro monthly. A part-time worker 20hr, Grupo iniciación, has a net-income of about 450 Euro and a part-time worker 20hr, Grupo profesional, has about 500 Euro.

There are three forms of additional payments: seniority (starting after four years working for the company), extra payments related to the workplace (because of specific risks, night shift) and extra payments related to quality (depending on the sales of the department).

Works council elections

Works council elections take place every four years. With regard to the date of the opening of the store, elections take place time shifted.

Trade union delegates have 15hr for trade union work a month (two days). But the participation at works council meetings and meetings with the management take place during the normal working time and trade union delegates do not have to spend their hour for union work therefore.

During the last years the election processes have been restricted by the company. Workers who decided to run for CCOO or UGT received calls by the HR department and have been forced to give up. In many cases, beforehand FETICO tried to intimidate them.

¹⁰² Cf. <http://www.trabajoahora.es/trabajar-en-carrefour/>

In January 2012, CCOO, UGT and the management of Carrefour Spain signed an agreement which includes the respect of neutrality of the management and same conditions for all unions during the election process. Besides, it includes the strengthening of communication channels within the stores and the disposition of management to open a Social Dialogue. The protocol has been achieved because of the pressure of UNI at the Headquarter in France. To what extent this protocol will strengthen the major unions within Carrefour and later on within the sector negotiation process is still not predictable. An official of CCOO expressed scepticism concerning its implementation.

The joint works council (comité intercentros) has 13 members. The majority has FETICO (9 members).

So far, there have not been major strikes against the current conditions but UGT and CCOO organised campaigns against the current collective agreement. These campaigns had only limited success because even workers did not believe in its success.

5.2.5 Conclusion

The Spanish retail sector is characterized by a high level of mobility and rotation. The increased workload and the reduction of staff affect the relationships among workers in a negative way. Furthermore, the workers at the checkout complain about little space which does not permit them to move and that they can not have social contacts. Working conditions have been decreased during the last years (conditions for sick-leave, salaries etc.). Workers earn little money and have problems to combine their jobs with family life, jobs lack of autonomy and creativity.

5.3 Carrefour in Poland

5.3.1 Introduction

Carrefour entered Poland in 1997. Carrefour Polska sp. z o.o. is controlled by one shareholder (Carrefour Nederland BV). Nowadays the network comprises:

- 85 hypermarkets;
- 202 supermarkets;
- 34 franchise stores;
- 44 petrol stations.

Following its entry to Poland and opening of first hypermarkets, Carrefour launched supermarket format “Champion” in 1998. In 2000 as a part of a transaction between Carrefour Group and the Belgian distribution group GIB, Carrefour Polska expanded further by 27 supermarkets Globi owned and operated by GIB in Poland. In 2003 the network began to open the first petrol station. The Carrefour network continued expansion by acquisition of 15 hypermarkets Hypernova from Dutch chain Ahold in 2005. In 2007 Ahold decided to abandon the Polish market, and sold the remainder of their operations (15 hypermarkets Hypernova and 183 supermarkets Albert) to Carrefour.

The years 2006/2007 proved to be a pivotal point in the history of Carrefour in Poland, as the hypermarket segment of the retail market was arguably nearing the level of saturation. As the

representatives of the company revealed, only two new hypermarkets (mini-hypermarkets) on average would be introduced each year.

After acquisition of Ahold, the company realised the need for re-organisation of its structures in order to build a more coherent management model. However, only since 2009, as a result in the shift in the global strategy of Carrefour, the network in Poland has begun to evolve quickly. The key symptoms of the process are: focus on development of smaller sized outlets (supermarkets and convenience stores) and increasing use of franchising with regard to small formats.

At the operational level, the company is divided into two regions, each covering approximately half of the territory of Poland, and referred to as “South; and “North” respectively.

Organisational structure of the company changed after 2009. Until that year, the structure was very much parallel, with hypermarkets and supermarkets operating largely independently. Currently, a ‘multiformat’ scheme is introduced, based on a principle of integration of operational management structures. Moreover, within the hypermarket format a new sub-format is being introduced under the name “Planeta” (Planete), thorough modernisation of existing outlets into ‘superstores’, which provide a range of additional services (e.g. photo services, bookstore, restaurants) operated by independent companies. There are currently two such stores in Warsaw.

There are following formats of Carrefour stores in Poland:

- **Hypermarket** – outlet with capacity of more than 3500 m², employment of above 150 staff;
- **Mini-hypermarket** - outlet of 2500-3500 m², employment of 50-150 staff;
- **Supermarkets** (either owned – or so-called ‘integrated’, as referred to in the official terminology used by the company – or franchised) – outlet with a capacity of 600-2500m², employment of 20-50 staff;
- **Convenience stores** (franchised) – outlet with a capacity of up to 600m², employment of 5-20 staff

The head of Carrefour is an expatriate manager (Jean Anthoine of France), so are majority of board members.

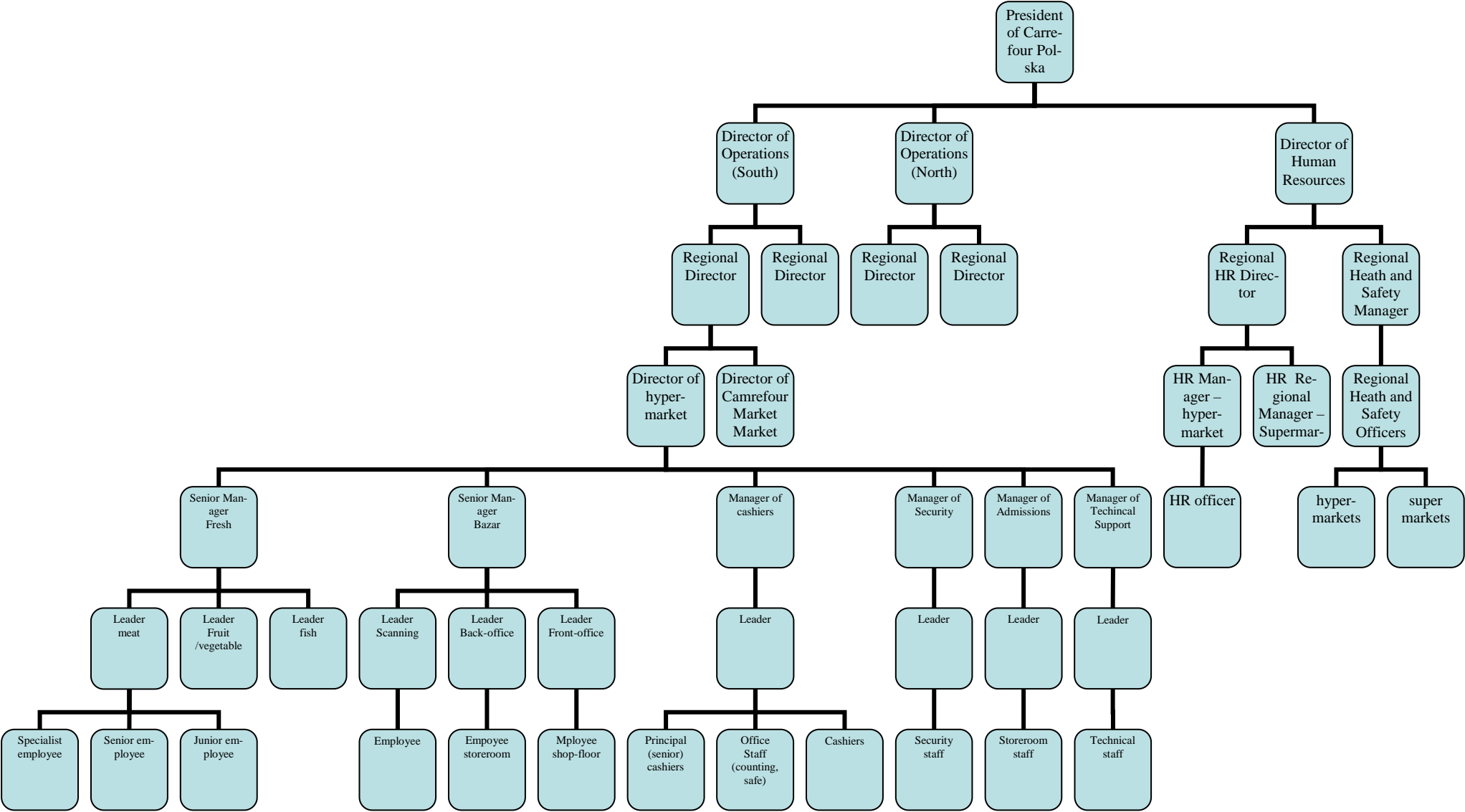
5.3.2 In-store management structure and skills

National IR system does not influence significantly management and skill development in stores, mostly due to the fact that no collective agreements (either company level or multi-employer are in place) and workplace representation does not have sufficient bargaining power to increase its impact in those areas of management.

Organisational hierarchy in an outlet is composed of four layers:

- Basic level or shop-floor (which is differentiated in four categories of workers: junior employee, senior employee, specialist, leader);
- Manager;
- Senior manager;
- Director.

Carrefour Polska organisational chart



An employee is considered 'junior' upon being admitted to work.

"These are people with no specific skills and experience, so they need to learn first. He becomes a qualified employee after about a year, up to 15 months'. (interview with company representative)

Having completed the initial stage of employment, experienced employees graduate to 'seniors'.

Organisational structure is depicted in the Chart on the following page.

Data on training mainly comes from the company sources. As stated by the Human Resources (HR) Director, training provided to employees may be divided into three categories: mandatory, in the areas where it is required by law; professional, which aims at improving specific skills of the staff; and so-called 'soft skills', in such fields as communication, negotiations.

The company took advantage of financial means available from European Social Fund. The project "Personnel development programme in Carrefour Poland supports the growth of a large distribution company pursuing a policy of socially responsible business („Program rozwoju kadr Carrefour Polska wsparciem wzrostu przedsiębiorstwa branży dużej dystrybucji realizującego politykę biznesu odpowiedzialnego społecznie"). The Project targeted managerial staff of the company and operation directors, prospective managers, employees with disabilities (hearing impairment), and employees over 50 years of age. Altogether, nearly 1,500 participants took part in the project between 2009 and 2010.

According to the HR Director, the company attempted to build ties with vocational schools in order to secure a steady source of skilled staff but the results have not been very promising mostly due to overall deterioration in vocational education in the country for the past two decades.

We wish there were more vocational schools. Let's take the example of a vocation which is already nearly extinct, and soon will vanish completely: butcher. With no schools, no students, we have to manage by ourselves, when it comes to training. But we can't substitute for schools, our potential is limited. ... It is not easy [to organise vocational training – J.Cz.] in cooperation with schools, as it requires overcoming of numerous bureaucratic barriers.

There is an unfavourable trend in working conditions, namely re-structuring of employment contracts so that an employee's duties are no longer precisely demarcated in their employment contract. As a result, a multi-tasking has become a widespread fact. In Polish circumstance, multi-tasking may be described as a practice of refraining from including a specific job-description in the employment contract, while retaining an obligation borne by a subordinate to report to their supervisors and follow their instructions.

5.3.3 Part-time and working time management

The law in Poland permits trading on Sundays, all stores in the Carrefour network work seven days a week. Unified opening hours apply to all hypermarkets. Depending on location, Carrefour hypermarket opens at 8 or 8.30 A.M. and closes at 10 P.M. or 12 P.M.

Based on the official data on employment in the company, at the end of the first quarter of 2012 total volume of employment (headcount) is 14.718 persons, of whom:

- 12.457 employed full-time;
- 1.598 employed on $\frac{3}{4}$ of a regular working time;
- 610 employed half-time ($\frac{1}{2}$ of a regular working time);
- 53 employed on $\frac{1}{4}$, $\frac{2}{5}$, $\frac{4}{7}$ or $\frac{5}{6}$ of a regular working time.

The total number of employed translated into full-time equivalents (FTE) would roughly amount to 14,000 (own calculations). The latest figures confirm that downward trend in employment in the company continues.

Table: Employment in Carrefour Polska

Year	Number of employees
2007*	27,000
2008*	25,000
2009*	19,000
2010**	17,000
2011**	14,000

* 2007-2009 only crude figures released by the company are publicly available.

** Figure released by the company to the unions.

The staff in Carrefour Polska is highly feminised as roughly 80% of employees are female, whereas the remaining 20% are male. The company also claims that 65% of the management staff (from the level 5 upwards) are female, and the average employee is 37 years old.

According the company representative, external recruitment is a dominant source of workforce to be employed at the lowest two levels of the organisational hierarchy. Above that level, however, internal mode of recruitment prevails. Furthermore, the company representative described evolution in the human resources strategy of the company, which between 2003 to 2009 based on the 'filter approach', while since 2009 it has become more human capital-oriented.

Discrepancy between the number of employees who left the company and the number of stores that closed down suggest that external sources of labour must have been reached for by the company in order to fill the gaps in the organisational structure. The union representative points to temporary agency workers as the replacement of regular staff.

'Up to 40% of staff come from employment agencies. There are some departments where no single regular employee can be found, except for managers, only people from agencies. Mostly cashiers. In this store [in the outskirts of Warsaw – J.Cz.], there are some 80 cashiers from the agency, it is one third of all people working here. But not only cashiers... There are some departments, like cheese or meat, where only agency workers can be found.' (interview with trade union representative)

Furthermore, it has been suggested that former workers are now employed by staffing agencies, their employment and pay conditions being considerably worse than those previously facilitated by contract of employment.

From the unions' point of view, the deskilling process is fairly advanced, which is mainly a result of cost cutting. As a result, the organisational structure has been flattened, with a level of leaders being cut out of the structure.

Despite the general tendency to outsource operations in majority of sales departments, there are specific fields of activity that seem not to be affected by the process. These are, in particular, those organisational cells where, due to functional reasons, skilled staff is required, such as meat departments and bakeries.

Presence of staff employed by outsourcing companies may create organisational problems when it comes to stocking. Formally, only Carrefour employees are entitled to enter the storeroom, while non-employees are not allowed to do so, and, as a consequence cannot perform stocking duties. The following solution has been introduced: a special team consisting of Carrefour employees is charged with a task of transporting stock from the storeroom to the area outside the door to the open-space, where the stock is subsequently picked up by 'external' staff and carried to their final destination, that is, to the selves.

In an attempt to prevent further deterioration of human capital, the company stepped with an offer of non-fixed employment contracts for each worker who has been employed on the basis of fixed-term contracts for at least 18 months in 2010. Following negotiations with trade unions, the new rule came into force in March 2011. Approximately 3.5 thousand employees took advantage of the solution offered.

5.3.4 Industrial Relations and Interest representation

There is an inter-company trade union NSZZ "Solidarność" (NSZZ Solidarity) in Carrefour Polska along with four company-level unions of NSZZ "Solidarność". That specific form of union dualism is feasible due to the fact that each outlet within the network is treated as a separate establishment. The inter-company union is deemed representative in light of Polish Labour Code. Trade unions of "Solidarność" were founded in the network during the first organising campaign in Polish retail in 2000. According to the inter-company union chair-person, in early 2011 the union had roughly 1,000 members, while the company-unions no more than 100 (thus, the unionisation rate may be estimated at about 6%). Reportedly, no other trade unions exist in the company. The chair-person of "Solidarność" claims no attempts have been made to build 'yellow unions', although in case of four company-unions certain suspicions regarding the motives for maintaining autonomy of those unions rose. Due to a radical shift in the employment policy made in 2009, and subsequent reduction in volume of regular employment in favour of temporary workers, the union has shrunk substantially.

In 2002 the inter-company union and the board of Carrefour Polska signed the 'agreement on cooperation', in which the company recognised the constitutional right of employees to associate in trade unions. Furthermore, in the agreement the employers declared to inform the unions in the matters of planned work reorganisation (including redundancies) and health and safety issues. The agreement came into force in 1 January 2003, and in 2005 it was renegotiated and concluded for an indefinite time. From the union's perspective, the agreement was to pave the way for conclusion of a collective agreement, yet as of 2012 still no formal collective bargaining is in place. The prospects for signing the agreement in a foreseeable future appear meagre.

Nevertheless, informal collective bargaining has been conducted by and between company board and all union organisations (inter-company and company unions) on regular basis, especially in the areas of pay and working conditions.

There are also three works councils established. Despite the fact the works councils are dominated by union-members (they were inaugurated in 2006, before the original legislation on information and consultation was deemed unconstitutional), the unions hold a critical opinion on the new form of collective interest representation, describing the process of information and consultation conducted within the councils as 'far less efficient than negotiations between unions and the board' (interview with trade unions).

Trade unions see European Works Council (EWC) for the Carrefour Group as a very important channel through which the local employee representatives gain access to vital information of management plans.

“On many occasions, I learned a lot about what was going to happen in Poland from my colleagues of the EWC, guys from France or Belgium who were by-passing me the information I should really get over here’. [...] “We are often not told about planned closures of stores. For instance, last year we did not receive any information on planned closings, even though we had kept asking for it. Finally, when we told them openly that we had heard about those plans at the EWC meeting, they would give us, reluctantly, the information in writing stating the number of stores to be shut down”.

Despite social dialogue continuing, industrial conflict has also been present in Carrefour. Trade unions in Carrefour has been relatively active in initiating industrial action: only in 2011 two large scale cases of workers protests were observed: one against increasing use of temporary agency workers, and the other against the overall policy of the company leading to deterioration of working conditions.

5.3.5 Concluding comments

Carrefour maintains its position in the Polish retail sector in terms of number of outlets, yet its volume of employment has been continuously decreasing. The company's strategy is marked by a redirection towards smaller formats and increase in the scale of franchising but at the same time selected hypermarkets are 'upgraded'. Mutual relations between the company and employee representation appear strained.

5.4 Carrefour in Turkey

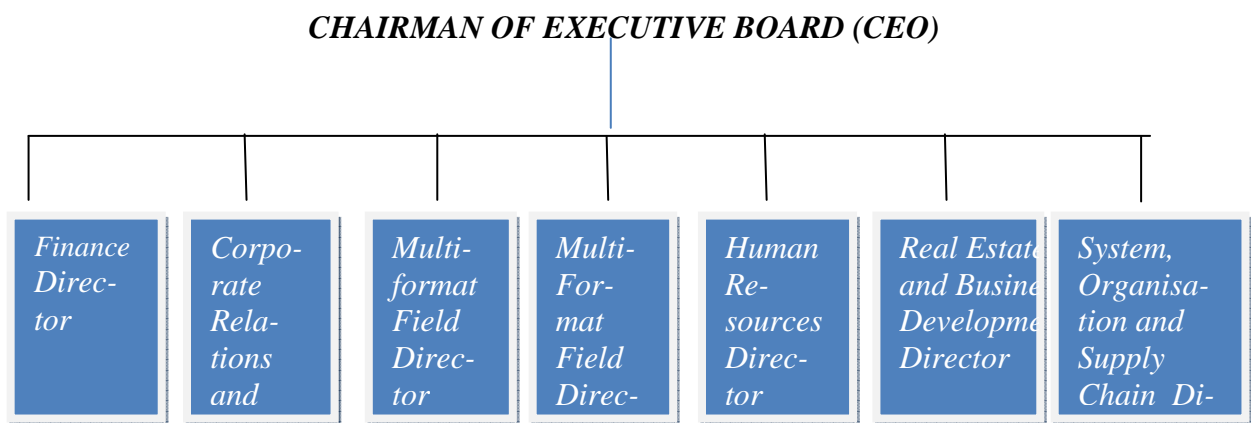
5.4.1 Introduction

Carrefour entered the Turkish market in 1993. Three years later in 1996, Carrefour partnered with a leading conglomerate in Turkey, the Sabancı Group, by selling 40% and keeping 60% of ownership. Together, the Carrefour-Sabancı merger became CarrefourSA. Currently, CarrefourSA has 27 hypermarkets operating under the name CarrefourSA. 220 supermarkets under the name CarrefourSa Express and 1100 dis-

count stores under the name DiaSa. As of 2011, the group employs 7,500 staff and generates a sales volume of 2.5 billion US Dollar (Atalaysun 2011, 7). The company employs around 20 personnel at supermarkets and 140 personnel at hypermarkets on average (<http://www.girisimciyim.org/carrefoursa-yeni-acacagi-magazalara-alim-yapacak.html>, 22.12.2010).

Organisational structure of CarrefourSA is as shown at Figure 1. The executive board of CarrefourSa consists of 8 members including the CEO who is also the General Manager of the company and the Chairman of the Executive Board. The Board comprises Finance Director, Corporate Relations and Law Director, two Multiformat Field Directors, Real Estates and Business Development Director, and System, Organisation and Supply Chain Director. Other than the CEO, the System, Organisation and Supply Chain Director, the Supply Chain Director and one of the Multiformat Field Directors, all members of the executive board are Turkish nationals (http://kurumsal.carrefour.com.tr/Tr_kurumsal_IcraKurulu.aspx).

Figure: Organisational Structure of CarrefourSa

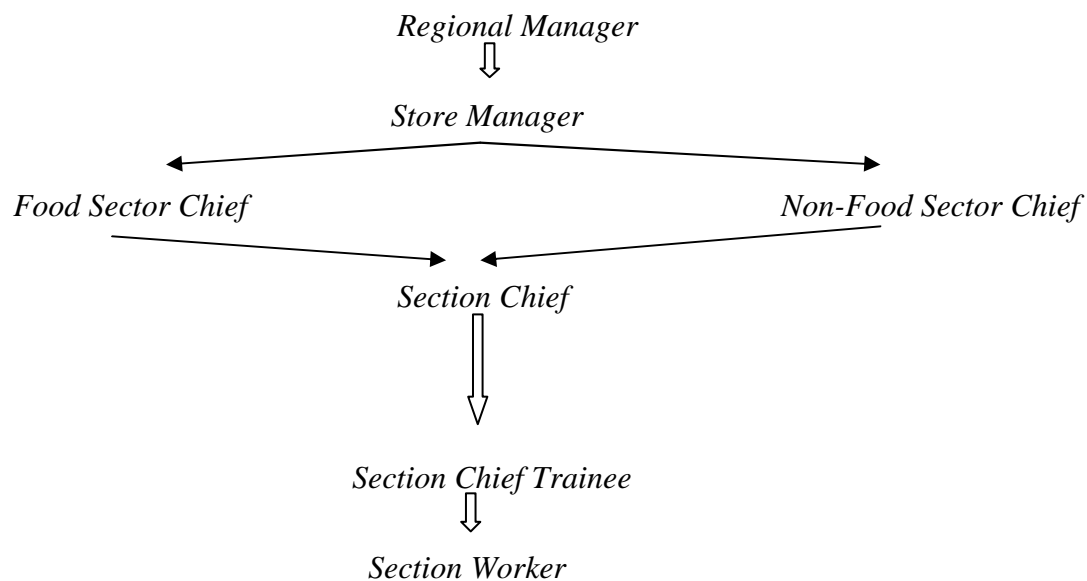


CarrefourSa stores are divided into two categories; stores up to 7000 square meters and stores larger than 7000 square meters.

5.4.2 In-store management structure and skills

Organisational structure of CarrefourSa stores includes Regional Directors at the head, and then Store Managers, two assistant managers as Food Sector Chief and Non-Food Sector Chief, and Section Chiefs at every store (Figure 2). Interviewee No.5 states that in the first years of CarrefourSa's operations in the Turkish market, most of the top managers of CarrefourSa, including the store managers, were French nationals; however in time managerial positions have been occupied by Turkish nationals.

Figure: In-store management structure CarrefourSA



After the signing of collective agreement at CarrefourSa in 2007, cost of labour started to increase and as a result the company does not employ non-food sector chief at most of the stores smaller than 7000 square meters, and prefers to employ only food sector chiefs. In those stores non-food section chiefs directly report to the store managers. Managers or executives at the stores changes in 3-4 years' time where the company applies a rotation procedure between stores at the manager/executive level.

CarrefourSa provide various trainings to its employees. Those trainings are held under key topics like

- Job health and hygiene,
- Customer relations,
- Fire training,
- First aid, and
- Values of CarrefourSa.

Those trainings are provided by instructors assigned by the Head Office; sometimes the company also delivers CD's of relevant training topics.

Interviewed workers mention that they were trained at a CarrefourSa store in İstanbul for fifteen days for qualification required jobs (like butchery, bakery cooking, etc.) when the store was being established. However, they also underline that there are no institutionalized training or orientation systems at CarrefourSa; and new recruits for sections are trained by the section workers themselves.

CarrefourSa applies internal recruitment system and provides opportunities to its employees for promotion; however, the company does not have a career system developed for this aim. A section could be promoted to become section chief, and then even to store manager. But the company does not offer any particular "manager training development program" for such kind of a promotion scheme.

Interviewee No.5 explains that a career committee meets once in every three months for evaluating all employees according to their seniorities, skills and capabilities. This

committee promotes promising workers to team leaders, and then, if appropriate, again promotes them to section chief level. However, sections chiefs should attend a training program called ALESSA for the last few years and should take an examination afterwards in order to be promoted to store managers, as interviewee No.5 mentions.

Recently the company has started new application called “section chief trainee”, and created a step for workers to become section chiefs. Section chief trainees are then transferred to other stores as section chiefs when it is needed, as the interviewed workers explain, but this kind of a transfer requires moving to another city, and for this reason the scheme is not really appealing for the workers. On the other hand, interviewed workers state that the company is attempting to remove the level of section chief and to extend the organisational hierarchy horizontally.

Both interviewed workers and the former executive affirm that there is not any incentive or reward system adopted at CarrefourSa. However, interviewee No.5 underlines that hard working and skilled section workers are promised progressive careers; those workers are promoted to being team leaders, and then to being section chiefs in time as a reward for their work.

There is a quite limited management participation approach at CarrefourSa, and usually the complaints are resolved through the trade union. However, there are some mechanisms called grievances and participation procedures, as follows:

Personnel Hearing Meetings

Troubles and complaints of the staff are listened at those personnel hearing meetings. However, these meetings are held with the participation of 15 representatives from each section at most but not periodically. Interviewed workers mention that this kind of a meeting was held at the store they work only once in four years' time. Interviewed workers also indicate that those meetings are organized by the Head Office, but the employees of the HR department or the store could also ask for such a meeting.

However, interviewed workers also mention that the meeting results are conveyed to the Head Office in a different fashion most of the time, and they associate it a game of word-of-mouth as:

“You know how the words change starting from the first person to the last in a word of mouth game; those meeting are similar to that. What we say might be conveyed differently to the Head Office.”

First the section chiefs are informed about problems concerning the workplace at CarrefourSa. But, due to the oppressive and authoritarian attitude of sector chiefs and store managers, section chiefs hesitate to convey the problems to top management, and therefore the problems are usually resolved with the aid of the trade union. Interviewee No.4 comments on the oppressive attitude of top management as:

“The section chief is so afraid of and refrains from the top management that he cannot talk about his own problems. How can he convey our problems?”

On the other hand, the interviewed workers also underline that the store manager and the sector chiefs feel uncomfortable about the union's interference to the problems; and hear their responses to the situation by saying ‘you complain about us to union again’. Interviewee No.4 comments on the issue as:

“The section chief, whom I had argued with, comes to me and asks ‘do you have a problem’ after his meeting with the union’s branch head at the store. But on the other hand, the store manager is not comfortable with the situation; he prefers to solve minor problems inside the store without interference of the union.”

Carrefour Values

Carrefour underpins three values for her employees and tries to create a team spirit that would develop committed employees to the company. Carrefour highlights those words in her corporate web site on the company’s values (<http://kurumsal.carrefour.com.tr/Tr.aspx>):

“Carrefour acquires her essential power from motivations of her employees. They are the best traders and professionals of their profession...”

Carrefour employees are recruited according to their retail mind-set, entrepreneurial spirits and ability to attune. Our employees constantly fulfil tasks that would provide them the opportunity to improve, require taking responsibility and initiative.”

“At Carrefour, personal development and training are indispensable for developing our professionalism in our work, sharing and adopting company values, and enhancing and expanding Carrefour culture.”

Values of the company are the legacy of all Carrefour Group companies and employees. These values are;

Positive: We are positive. We rise to every challenge with energy, enthusiasm, and with fresh ideas. We help brighten the lives of our customers and our consumers. For them, for our employees, for the planet, we want the best, both today and tomorrow.

Committed: We are committed. Committed professionals and committed members of the community. We constantly strive to exceed everyone’s expectations by providing better value and finding new solutions for a better quality of life.

Caring: We are caring. Caring towards our customers and our consumers. We are receptive to their needs, each and every day. We welcome them to our stores and meet their needs with kindness, warmth and attention to detail.

Interviewed workers mention that every morning before they start to work the management prepares all employees for the work day with a song that underlines the three values in order to improve employees’ commitment and their adoption of these values. But interviewee No.2 comments as:

“The song is nice. But the management itself is not positive...”

and continues by saying that the personalities and attitudes of managers directly affect labour relations. The same interviewee also mentions that the former HR executive was a problem-solving, humanitarian and helpful manager; but the current HR executive is a quite hard and distant person, and even does not greet the employees at the store. Interviewed workers also state that the same situation holds for the store manager. The current manager visits the problematic sections every day and reprimands the workers of those sections. On the other hand, if there is no problem at the section the manager does not pay any visit, does not inquire for their well-being, and even does not greet the workers. However, interviewed workers experienced at the store in İstanbul they visited for training that the store manager was visiting all sections every

morning, shaking hands with all lower level and higher level workers and inquiring after their well-beings.

Social Activities

Interviewees underline that each store organizes some kinds of social activities (such as picnics, backgammon tournaments) for employees in proportion to their budgets in order to strengthen solidarity and unity among employees. However, interviewees claim that those kinds of activities do not work out well and have a sincere meaning. Interviewee No.3 points out a board that has been placed at the entrance of the cafeteria on which the cashiers are grouped as rapid and slow workers; under the rapid working cashiers there exists a statement saying “We congratulate you” whereas a picture of a turtle is placed under the slow working cashiers that implies a meaning like “even this is faster than you”.

Personal Development Tracking Form

Personal Development Tracking Form is an application in which the performances of employees are evaluated. Interviewed workers state that all section workers are evaluated by relevant section chiefs twice a year through this form and those evaluations are then sent to the Career Committee. However, there is not a similar application where workers evaluate their managers.

Interviewees tell that they work in solidarity at the store, and everybody support and hold up to each other when if they face a problem.

Carrefour League

Carrefour stores in Turkey are compared to each other and ranked according to their sales figures under the classification called the “Carrefour League”. Interviewees mention that although the store they are working is placed in a higher rank, their store manager is still not pleased with the situation.

5.4.3 Part-time and working time management

At CarrefourSa most of the cashiers are females while there are quite less female workers among section workers. For example, interviewee No.5 states that almost 65-70% of the employees were males at the store he worked for, and their average age was approximately 25-35. Besides, According to interviewees, workers of the retailing sector usually do not consider their job as a profession, but a temporary way of gaining income; and particularly students work in the sector. Consequently, there are quite few workers with a 10 years or more experience in the sector. On the other hand, average age of full-time workers is higher than that of part-time workers. In addition, interviewee No.5 emphasizes that due to mobility almost 90% of the managers were males.

Both store managers and workers usually work with indefinite period contracts at CarrefourSa. Besides, all cashiers are part-time workers whereas all other types of workers work full-time. At the store where the interviewed workers are employed, 116 personnel is employed currently, of which 35 personnel are part-time working cashiers (work 4 hours a day on average). Since part-time workers do not have job security, their employment of could easily be terminated, and therefore they cannot bring up their problems freely.

Security services at CarrefourSa are performed by company's own staff instead of subcontractors' workers. Besides, "promotion workers" perform most of the tasks that store workers should carry out in addition to their own tasks, and consequently the company does not employ part-time workers at the sections of the stores.

CarrefourSa respects legal regulations on working hours, workers work for 7,5 hours and have a break for 1,5 hours. There is the clock in and clock out procedure, and the company applies checking system as well. If one or two hour deficiencies occur in working hours of workers, they compensate it by working more on busy days like weekends.

Interviewees mention that they do not face any trouble about leaves; they can use their leaves whenever they want to, and absenteeism is not a major problem at the stores.

Interviewed workers state that there has been a tendency to cut personnel at the stores recently in order to reduce costs. Hence, if a worker quits job or fired, the company does not hire a new recruit to fill his/her place. The situation is considered as kind of a "less staff, more job" policy. Former manager interviewee No.5 highlights that the company decreased the number of section chiefs in order to cut costs in recent years and section chiefs are now responsible for more than one section. Turnover of section workers in small cities is lower compared to large cities.

Interviewees complain about not having clear job definitions and increased work load as a result of staff shortage. However, they mention that they form various responses to the situation. For instance, interviewed worker No.3 describes his response to heavy work load such as this;

"They overload us with lots of work. This is my bread and butter, and I bear all of it. But I do not change the price tags and don't do my job. In fact, the store loses. When a different price of the product appears at the cashier, they happen to have to give the product away as a gift. The store gives away products as gifts from morning till evening."

Interviewees consider not having clear job differentiations among workers as being the most significant difference between the labour relations of stores in Turkey and Europe.

5.4.4 Industrial Relations and Interest representation

Tez-Koop-İş Union is legally organized at CarrefourSa. As a result of the organizing actions of Tez-Koop-İş at CarrefourSa between 2003 and 2005, 2600 out of 3570 workers joined to Tez-Koop-İş and Tez Koop-İş applied to the Ministry of Labour and Social Security for the authorisation for collective bargaining.

However, the Carrefour appealed against the authorisation for collective bargaining and it paved the way for 13 month judgement process. During the long process of judgement, CarrefourSa acquired the local supermarket chain Gima in that Tez-Koop-İş has already been organized and labour agreement were signed. At that time, Tez-Koop-İş, through the medium of UNI Commerce, requested CarrefourSa to withdraw the appeal and recognize the Tez-Koop-İş as a representing the majority of workers. After the intensive correspondence and the pressure of UNI Commerce to the head office of Carrefour in Paris, the employers withdrew the opposition and recognize the Tez-Koop-İş in December 2006.

The collective negotiations began in March 2007 and the agreement was concluded in June 2007. That agreement remained in effect till on 31 December 2009, and for the new agreement the collective negotiations have been continuing.

Workplace union representatives constitute the most significant representation mechanism since no other kind of representation exists. These representatives play an influential role in finding solutions to complaints and relations with the management. The company did not encounter any industrial conflict yet.

5.4.5 Conclusion

CarrefourSa's management approach is generally considered as an "authoritarian and non-participative management approach". Interviewed workers shared view on store management is that the store is being directed with a "Turkish way of thinking/ Turkish style". The interviewees compare their store manager with a feudal lord or a dictator like "Hitler and Mussolini". Nationality of the Regional Manager, whether he is French or Turk, creates a significant difference in management approach, according to interviewed worker No.1, and exemplifies his view as;

"The regional manager was a French guy but then replaced with Turkish manager, and the Turkish manager turned off the lights at the greengrocery section on his first visit to the store. But the regional managers are rotated, so then again comes a French manager and turned on all the lights of the same section on his first visit. The French reasoning is like 'we serve the best way we can, this would turn back to us'. But our guys have a strange habit that you would like earn two or three billion more profit and like you would rise the business if you turn off these two lights. Well, you saved three billions (TLs) by turning off the lights, but you would lose money in the long term because of not displaying greengrocery properly."

Interviewee No.2 explains the managerial differences of French and Turkish managers with this example;

"My wife/husband was working at Carrefour in İstanbul in 1995. Back then Carrefour belong to the French, and working conditions and especially wages were really fine. Such that, even the section workers earned almost the double of minimum wage at that time. My wife was so much pleased with her workplace that she persuaded me to work for Carrefour as well. But Carrefour merged with Sabancı when I started working there and I asked to my wife 'where is the wage, the working conditions you are talking about?' All of the procedures changed after the merger and everything became Turkish style. We now work for a wage similar to minimum wage."

5.5 Real in Germany

5.5.1 Introduction

Real is the hypermarket chain of the Metro Group. It developed through a series of mergers and acquisitions since the 1980s including Asko, Allkauf, Kriegbaum and, finally in 2006, 85 German Wal-Mart stores (cf. 2.3.3).

Managerial structure above store level

Real Holding GmbH, an indirect subsidiary of Metro AG; is only active in Germany and operates with four companies:

- (a) real,- SB Warenhaus GmbH (most stores),
- (b) zweite real,- SB Warenhaus GmbH (former Wal-Mart stores),
- (c) dritte real,- SB Warenhaus GmbH
(new stores: long opening hours, no collective agreement 2007-8),
- (d) vierte real,- SB Warenhaus GmbH (stores to be sold/closed).

Most of the following information will be on the main company, real,- SB Warenhaus GmbH which in November 2010 included 245 hypermarkets.

The German market is split up into seven distribution districts (Vertriebsbezirk) including all stores of the four holding companies headed by a distribution manager (Vertriebsleiter); within distribution districts there are some four or five districts headed by a district manager (Bezirksgeschäftsleiter).

Next to the sales operations hierarchy here is also a relatively independent structure/hierarchy of merchandisers who ultimately report to the food and non-food executive managers at corporate HQ and support store category management. They are responsible for assortment development, pricing, product presentation and promotions. The lowest level of merchandisers is responsible for one product group (e.g. ambient or electrical products) at the stores belonging to one district.

Personnel management

Employment contracts with all in-store managers are set up by five regional personnel managers who report to the labour director (Arbeitsdirektor) at corporate HQ; this severely restricts the room for manoeuvre of store managers who are no longer able to negotiate salaries with any of their employees.

5.5.2 In-store management structure and skills

Types of hypermarkets

Stores are grouped into three categories (small, middle and large) as can be seen from the following table.

Table: Store types at Real

	Sales	Sales area	Employees (FTE)	Team managers*	Number of stores
small	< 18 m€	< 5000 m ²	> 65	4-6	39
middle	< 34 m€	< 7000 m ²	> 95	7-9	128
large	> 34 m€	> 7000 m ²	< 95	10+	78

* incl. department managers (none to two)

In-store managerial structure

Until 1999, Real stores had four levels of hierarchy; between category team managers and the store manager there were two department managers responsible for food and non-food (called Marktleiter). After Real merged in 1998 with Allkauf, where department managers did not exist, they were abandoned at Real, too. Since then category teams are being merged reducing the numbers of team leaders. Later, in small and mid-sized stores department managers were demoted to team managers and the position of a team leader responsible for incoming goods was abandoned. And presently, this position is being abolished also at large stores. There are usually no deputy team leaders.

Within stores today, there are basically three levels of hierarchy: store managers, team and/or department managers, and staff. Details of this structure depend on the size of the store: Besides a store manager (small: Marktleiter; middle and large: Geschäftsleiter), every store has two deputy store managers; these are either department managers or team leaders. Usually all department/team managers also act as duty managers for one week every few weeks.

At small stores there are 4 to 6 team managers (Teamleiter), e.g. responsible for service counters ('Frischeservice'), food, non-food, and checkout. Mid-sized stores have 7 to 9 team managers including five to seven food and non-food category team managers, and there also is a team leader for administration. At large stores, there are at least seven category team managers, and the admin manager is ranked department manager and also is the line manager for the checkout team manager. At large stores the manager responsible for service counters is also ranked department manager, while at small and mid-sized stores he might hold this rank in some occasions.

Departments and category teams are organised across shifts.

Organisation of work

The organisation of work within stores has fundamentally changed about every ten years (phase three being much shorter) since the 1970s:¹⁰³

- A thick staffing with sales assistants and 'first sales assistants' (Erstverkäufer; below team and department leaders)
- More and more items were replenished by vendors ('Industrieservice'); store personnel was thinned out and 'first sales assistants' became abolished.
- Real set up its own distribution infrastructure (regional distribution centres); parallel to this, an in-house replenishment team of about/up to 60 people ('Warenservice') was established that would do most of the replenishment between 6:00 and

¹⁰³ This might be different at stores that had belonged to e.g. Allkauf or Wal-Mart.

10:00. At some stores replenishment teams also came in over night (and at some stores still do).

- A few years later, management acknowledged that this system did not work properly, and the present structure was established. Many workers from the replenishment team were taken over into these category teams. For this reason many of the team members do not have retail-specific vocational training.

Today, the basic organisational units are teams, most of which are responsible for a certain product range. On the number of teams/departments in stores of different sizes cf. above.¹⁰⁴

The biggest team is the checkout team consisting of up to 50 part-time workers. Trials with self-checkout systems have been abandoned. Trials to put sales personnel on checkouts in busy hours were also abandoned.

In terms of headcount, within food the 'fresh service' section/department is the biggest including counters for fresh meat, fish, cheeses, bakery, and also some back office activities, esp. for fresh meat. Service counters for fresh meat frequently have only one vocationally trained (full-time) butcher (Metzger) available, who frequently also heads the 'fresh service' section/department. This might leave the meat counter for much of the day without someone being responsible for the operations of the counter [D10].

The following information relates to one ambient team (Trockensortiment) at a large hypermarket [most information from D12].¹⁰⁵

The team consists of 12 members: team leader (male) and deputy team leader are working full-time; all others are female part-time workers (4 or 6 hours per day; five days a week). The female deputy team leader has no vocational retail training and had been working part-time; she now is trained to become team leader.

Team ambient includes the sub-sections of canned products, delicatessen, basic nutrients and sweets. Three subsections, packaged bread, Maggi/Knorr, and spices are served by suppliers' teams/employees (vendor replenishment; 'Industrieservice'); here the team leader has to do random controls.

The team leader starts work at 5:30 with an inspection of the department/section and decides about critical issues, i.e. what has to be done first by the workers coming in at 6:00 to prepare for store opening at 8:00. He also decides which pallets are needed for replenishment and (usually) brings these pallets to the end of the aisles.

They do not use trolleys; and pallets are (usually) commissioned specific to sub-sections, but not in shelf sequence.

Usually about seven workers come in at 6:00 and work until 10:00 or 12:30 (incl. half hour break), and some until 13:30. They usually work in a defined sub-section; but they have to be flexible helping out in all sub-sections.

Before store opening at 8:00 their work is directed by the team leader and focuses on removing empty card boxes, removing of scattered items disposed by customers (including those from other sections; fresh items must not be returned to the respective

¹⁰⁴ A store also employs e.g. specialised cleaning personnel.

¹⁰⁵ This store had a total of 12 or 13 teams/departments; food is made up of the following teams: ambient, beverages, spirits, fresh self-service (esp. dairy products), fruit and veg, detergents and cosmetics, fresh service.

departments and must be written off), filling (the largest) gaps, changing price tags, tidying end-caps in order to achieve a nice optical appearance, and potentially completely remolding end-caps (mostly for special promotions).

From 8:00 until the end of their shift workers mostly do replenishing (there might be 30 to 50 pallets per day in this section), combined with best-before-date control and up-fronting.

In this section, no subcontract workers are used, but temporary workers. The agency is told on Wednesdays how many workers will be needed on Fridays and Saturdays. Usually these are the same people every time (about 80%). The store can ‘order’ specific people – who have shown to deliver good work – and reject others.

Only some of the food sections of the store are staffed throughout the day: fruit and veg, drinks (due to potential problems with bottle deposit machines), and dairy. When in other sections, like ambient, all team members (usually at 13:30) and the team manager (usually at 15:00) have left the store, these sections are looked after by team members of other sections.

Besides directing his team members (on ‘style’ cf. below) and at times acting as duty store manager,¹⁰⁶ a team manager has several other mostly “administrative” [D12] tasks.

Product ordering is fully automated, i.e. when the number of items on stock falls below a defined level, an order of a defined number of items is triggered by the inventory management system. Both, minimum threshold and reorder quantity can be adjusted in the system by the team manager.

But, most important, the inventory management system “has to be kept alive every day” [D12] by correcting for numerous kinds of errors. Stocks according to the system and real stocks always differ. One of the main tasks of the team leader is to maintain data accuracy in the electronic system. This is done from two ends:

- a) The team leader compares the number of items that should be on stock as shown on his MDE (mobile data entry) device when scanning the tag on the shelf with the stock available on shelf or in the warehouse (where stock-taking might be very time-consuming).
- b) The system generates warnings on his computer about items with untypical sales movements. The team leader then tries to trace the mistake in the system’s article movement database and makes corrections accordingly.

This maintenance of the electronic inventory management system may account for up to half of the team leader’s daily working time (including ordering activities related to aligning real and ‘system stock’).

The assortment can not be changed by the team leader; but he can make suggestions to the merchandiser. The general shelf layout (planogram) is also defined on higher level merchandise management. A ‘Real Management System’ (RMS) defines the sequence of products on shelves, but single product’s facing might be slightly changed by the team manager – usually in coordination with the merchandiser.

¹⁰⁶ This leads to problems because during this time team leaders do not interact sufficiently with their team [D10].

Most ‘far-reaching’ decisions of team managers on visual merchandising relate to end-caps carrying advertised products and special offers where sales are less predictable and decisions on how to fill up any gaps must be taken.

KPI data are provided every week, e.g. on sales per sub-section and per key supplier, hours worked, that can be compared with those of other stores in the same region. This information may be used to organise special displays (e.g. in the main aisle) in coordination with the merchandiser in order to push sales of underperforming items.

Team leaders also sometimes exchange items *ad hoc* between stores (frequently by using their private car).

5.5.3 *Part-time work and working time management*

Types of contracts

Of the around 32,500 employees of Real 29.4% had a full-time contract, 62.1% had a part-time contract, 3.5% were mini-jobbers, and finally 5.0% were various kinds of trainees. In terms of hours worked, full-time employees accounted for 41.5%, part-timers for 57.5% and mini-jobbers for 1.0% of total time (trainees are excluded from this calculation). Relating to the collective agreement, most workers receive a salary (Gehalt) while those in the warehouse receive a wage (Lohn; for details cf. collective agreement in country study).

There are presently on average about 2,000 external workers in Real stores (distributed very unevenly across stores). Around 1,000 of these are temporary staff (Leiharbeit), mostly working at checkouts but also at service counters and other sections. About another 1,000 are employed with external subcontractors (Werkverträge), most of these working as shelf stackers – usually outside opening hours or in the early morning.

Most of these 2,000 external workers are mini-jobbers. And their hourly wage is clearly below the wage of the collective agreement for the retail sector (also cf. country report).

It could be the same companies that offer temporary staff and subcontracted work. Real used to have contracts with up to 100 different companies, working under a broad variety of conditions; these contracts had been set up independently by district and/or store managers. Recently Real strived to consolidate this business and their number is down below 30.

Staffing

On numbers of full-time equivalents and managers in stores of different size cf. table above.

The extension of opening hours in 2006/07 was not accompanied by an equivalent expansion of staffing. ‘Structures were simply stretched’ [D10].

It seems to happen frequently that managerial positions (esp. team managers and deputy store managers) at stores are not occupied in order to reduce wage costs. (This leads to problems of corporate negligence which are presently discussed at company HQ, esp. by HR managers.)

The number of attributed workers and their hours are derived from sales figures of a section; but other criteria are also taken into account. One interviewee compared staffing at Real with staffing at Kaufland where staffing was considered to be much tighter than at Real.

Flexibility of working time

Most shop floor workers seem to have fixed schedules. This includes one Saturday off per month.

When setting up work schedules, Real takes into consideration the needs e.g. of single mothers or of workers that depend on public transport (green field sites; rural areas); problems like this are handled sensibly [D10:1]. When opening hours were extended (until 22:00 in 2006/07) the problems that workers' representatives had expected ultimately did not come up.

During the first months of 2010 every employee on average worked about 1.5 hours overtime per month. This seems to be a relatively low volume.

Sick leaves: Usually notes come in early in the morning, and then work tasks have to be restructured within the teams. Longer sick leaves (for a few days) can be covered by temporary staff. Sometimes colleagues from other sections also are ordered to help out.

Electronic time management was introduced in about 2005. All data can be read by works council members. All changes/manipulations of data are traceable in the system. Before this system was introduced, according to one interviewee, manipulation of working time accounts sometimes happened.

Team managers have to organise their working time flexibly [D12]; but demands in terms of duration and position of working time are obviously much lower than at discounters.

5.5.4 Training and career patterns

Training

Due to the changes in work organisation (cf. above) where many of today's sales people were taken over from a replenishment team that consisted mainly of untrained shelf stackers (Packkräfte), many employees today do not have retail specific vocational training. At other stores this is probably quite different.

Real offers two-year as well as three-year vocational education and training (VET) courses. Generally VET is targeted not so much at developing future sales assistants, but to build a stock of potential future team leaders and managers [D12].

The judgements on the value of vocational retail training are inconsistent. According to a regional HR manager there is a fundamental difference between two-year (Verkäufer/in) and three-year (Kaufmann/-frau) vocationally trained personnel; she put this very simple: While the former would e.g. get the wine from the shelf for the customer, the latter would be able to give advice on the quality of the wine. Most other interviewees were quite critical about the value of vocational retail training.

Career patterns: internal vs. external recruitment

According to the HR manager [D1], team leaders have (three-year) vocational training, followed by at least two years of working experience, before they take part a 9-month in-house training programme.

One interviewee [D12] denied this and referred to his deputy team leader, who had no retail specific vocational training and who will probably become his successor – but this might be rather an exception.

Temporary workers are very rarely taken over as company employees [D10].

Real also offers training as retail assistant (Handelsassistent) to young people with extended secondary education (Abitur), who then start working as team leaders.

Gender and age

Age structure of employees (headcount including trainees) at the end of 2010, was as follows: 5% were teenagers, 15% were in their 20s, 18% were in their 30s, 33% were in their 40s, 25% were in their 50s, and 3% were 60 years or older.

Real had a programme for partial retirement until the government subsidies to this programme were terminated in 2009. But the company still subsidises some early retirement.

About 76% of all employees are female (2009). The vast majority of the women are working part-time; while nearly all men are working full-time.

Checkout workers are almost exclusively female part-timers. Several years ago there had been students working at checkouts; but with the availability of temporary workers they are no longer hired (according to one interviewee they would not work for these low wages).

In some non-food sections, esp. electronics/electrical appliances, sales staff frequently includes male full-timers.

Among team managers little more than one third are female. Among the 330 store managers there are only about five women. Among the different area managers there are no women at all, except for a few HR managers on the level of distribution districts.

Duration of employment

Job tenure in 2009 averaged 12 years. This was split up in the following way: up to 1 year 6%, 2 years 8%, 5 years 7%; 10 years 23%, 15 years 23%, 20 years 18% 25 years 7%, 30 years 4%, and over 40 years 4%.

A food team manager reported that his team (all women) has not changed much since the late 1990s and includes only two or three people that joined later. He stated that he preferred these long-time employees because they „know what do“, and they are prepared to work hard when necessary (which young people would not).

Management style

The (little) information available, especially from one interview, is somewhat inconsistent. On the one hand he insisted that his team was made up by experienced workers who know what to do, on the other hand he complained that they needed much direction since they tend to “focus on replenishing and forget other more important tasks like controlling for best-before-dates”.

Comparing his work today with that of the times when he worked at the same store, then belonging to a small independent group of three stores, in the 1980s a team leader said “I am no longer a trader, I am an administrator,” and “... we are increasingly becoming sales people with check lists.”

Grievances and work climate

Real might be one of the grocery retailers in Germany with the least grievances, except for problems with/of temporary and especially subcontracted workers.

5.5.5 Industrial Relations

Union density

Union density at Metro Real is relatively high, but exact data are not available.

Collective agreement and pay structure

Real’s parent company Metro is one of the most engaging members of the industry and employers association HDE. Metro Group and most of its subsidiaries, including Real (cf. above) are bound by collective agreement.

Experiments with one or two stores – including the first store to open until midnight (in Lübeck) – that were transferred to a separate company (‘dritte real,- SB Warenhaus GmbH’) were short lived and were terminated in 2008.

Real fully applies the collective agreement; it is one of the few grocery retailers who pays the collectively agreed (gross) wage to mini-jobbers [D9].

Team managers are paid as ‘Substitut’ (pay bracket III as in collective agreement).

Plant and company level interest representation

Most of Metro Group’s holding and operative companies also are subject to codetermination. Real Holding as well as two of the operating companies (cf. above) have formed supervisory boards (Aufsichtsrat) where workers representatives (mostly works council members and trade unionists from Verdi) take their seats.

All Real stores do have works councils. Real works councils are clearly dominated by Verdi. In addition to the works councils required by law, Metro/Real management and real,- SB-Warenhaus company works council (Gesamtbetriebsrat) have an agreement setting up an additional intermediate representation structure: there used to be five regional joint works councils (coinciding with the regional responsibilities of the five HR managers; but this structure has now been changed allowing a smaller number of stores to set up a joint works council facilitating communication between these works councils and also between works councils and trade union secretaries.

Experience of industrial conflict

Employees of various Real stores regularly participate in warning strikes and strikes to support Verdi’s demands in collective bargaining.

5.5.6 Concluding comments

The hypermarket division of Metro, Real, is the result of multiple mergers of various smaller hypermarket chains, many of them with a long history dating back to the

1960s and early 1970s. The growth of hypermarkets is restricted by German planning regulations; in addition to the general problems of hypermarkets, e.g. due to demographic changes, Real has lost its former number one position in the hypermarket segment to Schwarz Group's hypermarket chain Kaufland. Metro Group has indicated again and again its willingness to sell Real.

5.6 Real in Poland

5.6.1 Introduction

Real has been present in Poland since 1997, when their first hypermarket opened in Szczecin. In 2006, Real took over Polish operations of the French retail network Geant, and 19 outlets acquired from the French company were rebranded to Real. As of 2011, there are 54 Real hypermarkets in Poland.

The Real network has a legal form of a 'partnership company' (*spółka komandytowa*), while each outlet is a separate establishment and acts as an individual employer in terms of national labour law.

There is only one format maintained by Real in Poland, a hypermarket, with a capacity above 2,500 m².

The head of Real is a foreign national (Rafael Gasset of Spain), yet the Metro Group operations in Poland are led by a Polish executive.

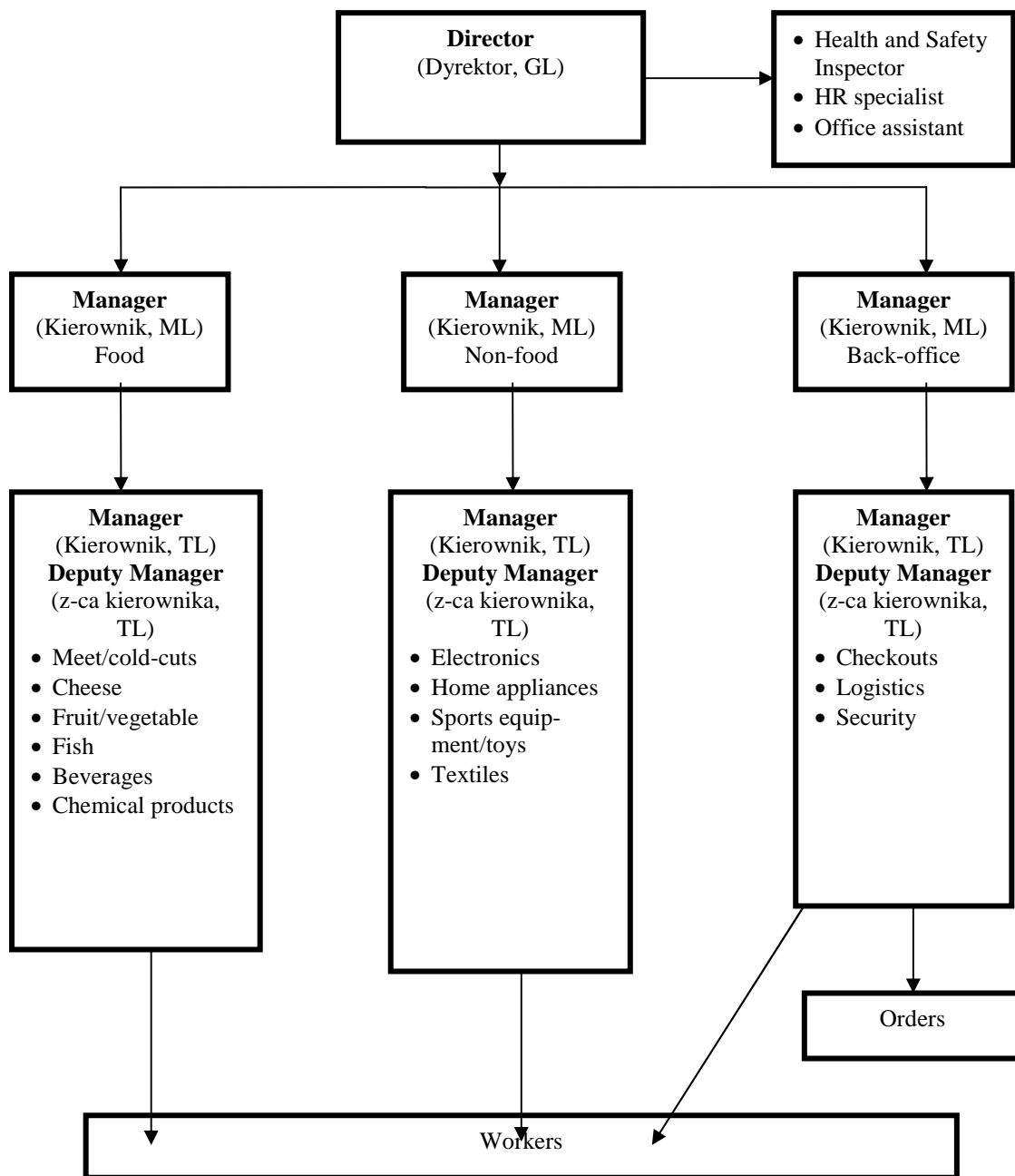
As of 2011, there are four regions, each corresponding to a cardinal direction. A region is headed by a regional director.

Economic performance of the store is evaluated based on an outlets' profitability. There are three classes (A, B, C), distinguished in accordance of the results of ex post analysis of economic performance. In the class A, the outlets which managed to achieve a positive financial result (profitable) are included. In class B, the stores which reached the 'break-even point' are classified. Finally, the outlets which ended up with a financial loss are assigned to the class C.

5.6.2 In-store management structure and skills

National IR system does not have significant influence on management and skill development in stores, mostly due to the fact that no collective agreements (either company level or multi-employer) are in place and workplace representation does not have adequate power to affect the state of affairs in that area. Organisational structure of a Real hypermarket in Poland (Chart 1) is similar to the organisational structure of stores in Germany. Even the German work titles are referred to, albeit informally, when specific managerial positions in the organisational ladder are mentioned.

Chart 1: Organisational chart of an outlet



Unions claim that in outlets with unsatisfactory financial performance the second layer from above (manager, *kierownik*, ML) is often eliminated, in search of personnel cost reduction, even though the fact may not be formally recognised (that is, the positions still exist in the structure but remain vacant).

As the company asserts that internal recruitment plays important role in Real, and in most cases, recruitment process starts internally. Furthermore, internal recruitment is appreciated for the following facts: “it allows to shorten the process, is cheaper, has undisputable motivational impact, because it shows the staff that the company offers opportunities for development and promotion. Besides, it is not affected (or affected only slightly) by the problems related to social and professional adaptation.” (quotes from the statement released to the author by the company).

At the selection stage, various methods are applied, depending on the level of hierarchy. In particular, the following methods are used at specific levels:

- shop-floor (basic) positions – interview by a direct supervisor;
- specialist (skilled) positions – interview by a HR department staff and the supervisor; in addition, specific proficiency tests are run regarding, for example, analytical skills test, language proficiency tests, computer skills test etc.;
- managerial positions: interview by a HR department staff, competence tests, AC method (multi-dimensional behaviour assessment regarding to performance of various types of tasks), language proficiency tests, interview with a direct supervisor.

External recruitment is used in case of unavailability of suitable in-house candidates. External sources employed by the company in the recruitment process include: the company website, recruitment websites (such as www.pracuj.pl), public labour offices, HR agencies, peer recommendations and, to lesser extent, newspapers.

As far as promotion is concerned, duration of employment is not a primary factor. On the contrary, periodical assessment plays a decisive role in the process. For a shop-floor staff, promotion is made based on positive evaluation issued by a direct supervisor and approved by a manager from an upper level of hierarchy. Regarding middle and upper level positions, promotion is granted if the prospective candidate's potential and competences are assessed favourably (seven groups of core competences being a key measure).

Multi-tasking seems to be of growing importance, according to the unions. It is reflected in the content of the employment contracts where scope of responsibility is reportedly unspecified, and only the hierarchical relation is defined (who reports to whom).

In each store the director is assigned a 'pay budget', which is calculated as a fixed percentage of the turnover of the outlet. It amounts reportedly to 7% of turnover, as claimed by the director of the hypermarket visited.

As reported by the company, in 2010 Real staff received total of more than 80 thousand hours of training.

Shop-floor staff receives basic formal training such as health and safety training and HACCP training (via e-learning platform), as they are hired. Customer-service training is also available. Formal training is administered by internal trainers, who had been previously prepared by employer to undertake the responsibility. Subsequently, shop-floor staff undergoes on-the-job training (in an informal way), while performing their tasks. Thus the mode of training may be described as 'learning by practice'.

Real is also engaged in human capital development projects aiming to build up its own human resources capacity. High-school students may take advantage of "Metroedukacja" programme, which facilitates a monthly vocational practices based on agreements made between stores and local technical high-schools (*technika*). Thus far around 700 students participated in the programme. "Metrostudent" programme targets university students who may receive scholarships to cover tuition for a three year studies (for a bachelor degree) in the Higher School of Commerce in Wrocław (25 participants). University graduates may enrol into the International Trainee Program (ITP), in which two graduates every year are given traineeships in Real subsidiaries abroad and afterwards are offered managerial positions. The company also con-

ducted an ESF-funded project "Academy of customer service" for its staff. Reportedly, total of 9.500 Real employees participated in those training activities until autumn 2011. On the store-level, trainings for operators of forklifts and other technical equipment are held on regular basis

5.6.3 Part-time and working time management

As the Polish law permits, all stores in the Real network work seven days a week. Opening hours are flexible; usually a hypermarket is open from 8 A.M. to 10 P.M. Monday to Saturday and 9 A.M. to 9 P.M. on Sundays. However, the hours differ: the hypermarket may open at 8.30 A.M. or 9 A.M. and close at 9 P.M. Monday to Saturday and close at 8 P.M. on Sundays.

According to self-released data, in 2011 the company had employment of approximately 11,000. However, since 2008 the volume of employment has been decreasing (see table below).

Table: Employment in Real Polska

Year	Number of employees
2008	11,000 (12,900)**
2009	11,100 (12,500)
2010	10,500 (11,600)
2011 (1st half)	(11,000)

Notes:

* the figures represent average full-time equivalents

** the figures in parentheses represent total number of employees at the end of the reference period

Source: Metro Group Annual Reports and Real Polska

In 2009 the SHAPE-2012 strategy began to be implemented in Poland, resulting in a cost-cutting, also affecting the personnel costs, which was also identified during the field research as one of the factors behind decline in the volume of employment.

As reported by the company, majority of staff (71 %) is employed full-time. The remaining 29% works part-time, of whom: 5% is works from 0.25 to 0.5 of a regular (full-time) job, and 24% between 0,51 to 0,97,5 of a regular (full-time) job.

Cashiers are usually employed at $\frac{3}{4}$, sometimes $\frac{7}{8}$ of a regular job, thus their remuneration is reduced accordingly when compared to that of a full-time staff. Considering the basic pay of a shop-floor employee to be PLN 1,450, it is easy to calculate that a basic pay of a cashier working at $\frac{3}{4}$ of a regular job is slightly above PLN 1,000 level. The union representative suggests it might be a major reason behind the company's propensity towards reaching to Temporary Agency Workers (TAWs).

“Who is going to work four hours a day? She needs to travel to work, and it costs money. It's easier to fill out the gaps with the leased staff. They call the agency and say ‘I need someone for three or four hours’ and they send a person needed. It becomes the problem for the agency to solve, and it is no longer the problem of the store.”

77% of the employees are employed on the basis of non-fixed term contracts, whereas the remaining 23% have fixed-term contracts. As described by the union representative, a new employee is hired for a trial period of three months; they are then offered a

steady contract, usually on fixed-term basis (lasting a year or two at the longest). Afterwards, they may sign another fixed-term contract (up to five years). Finally, having successfully completed the initial stage of employment, the worker is offered a non-fixed term contract. By comparison made by a union representative, who prior to 2006 acquisition of Geant hypermarkets had worked with the French network, Real's personnel policy differs from the Geant's approach regarding employment contracts, because the German chain is more likely to hire shop floor staff permanently, while the former operator usually offered fixed-term contracts to the basic level personnel. Employment structure in Real is highly feminized: 70% of staff are women, while 30% are men. Real staff is fairly young, as the average employee is 38 years old; a typical female employee at 39 is slightly older than her male colleague, who is aged 35. According to the company, the average number of employees in an outlet amounts to roughly 200 persons.

5.6.4 Industrial Relations and Interest representation

Trade unions are active in Real chain since as early as 1999. The Real store in Szczecin was the first ever private retail operation owned by a multinational company in which a trade union had been successfully established. Founding of the "Solidarność" union in the Real outlet marked the beginning of the pioneer organising campaign in post-communist Europe. According to the data from the company, union organisations are present in 39 locations, including 37 NSZZ "Solidarność" unions and two organisations belonging to the Confederation of Labour (OPZZ Konfederacja Pracy) associated with the national confederation the All-Poland Alliance of Trade Unions (Ogólnopolskie Porozumienie Związków Zawodowych, OPZZ). According to the "Solidarność" union, its membership is around 1,000. No data is known on membership of the Confederation of Labour union, yet it might be assessed at 100 members, so that altogether unionisation rate could be around 10%.

No collective agreement is in place and the process of enterprise-level social dialogue is hampered by its decentralised structure: each outlet (represented by the director) stands autonomously as an employer via employee representation. Fragmentation of union structure lessens their bargaining power, which was acutely visible during pay negotiations in 2011.

Following the enactment of the Information and Consultation Act of 2006, works councils (or similar non-unions representation bodies) were established in most of the Real outlets. Due to the decentralised structure, in each outlet a separate body is to operate. Currently, there are 12 works councils, and in 24 hypermarkets so-called 'employee forums' (fora pracowników – J.Cz.) have been established in a way stipulated by the Clause 24 of the Information and Consultation Act. While the members of works councils established originally (2006-2007) were appointed by trade unions, for the second term the general ballots were held, due to the amendment to the Information and Consultation Act made in 2009, following the ruling of the Constitutional Tribunal of 2008, which deemed the right of the unions to appoint work councillors in unionised workplaces unconstitutional. With works councils' prerogatives being limited and vague, the body has no significant influence on the state of industrial relations.

5.6.5 Concluding comments

Real in Poland has been going through a difficult period, marked by stagnation in the network development and a steady fall in the volume of employment. Since 2010 with another noticeable deceleration in the numerical development of the network, and negative effects of economic slowdown impacting the company, there have been numerous rumours (none officially confirmed) regarding a possible takeover of Real operations in Poland by one of the major global retailers. In mid-2011 U.S. Wal-Mart emerged as one of the contenders in the race to acquire the Polish Real operations. However, as of summer 2012, no takeover has taken place.

5.7 Real in Turkey

5.7.1 Introduction

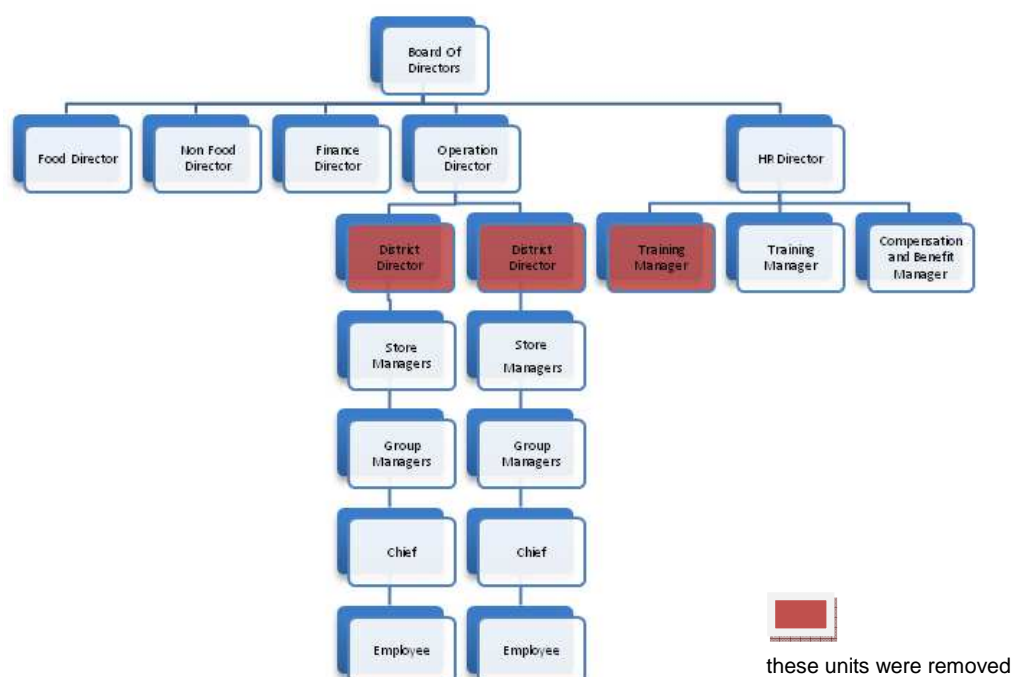
Real established its head office in Turkey in the year 1997. While Real's initial goal was to open 25 stores in Turkey, today Real serves to its customers in only 12 stores. Real has been downsizing for a few years. It closed two stores in last few years and seems to close some more in near future. One of the interviewed ex-managers expressed that the stores could be sold to another company (namely, to Wal-Mart) when they reach a particular profit margin.

Organisational structure of Real is as shown at Figure 1. One of the ex-managers indicated that especially managers with higher salary were dismissed to reduce the cost, but great majority of these people prosecute for their reinstatement. As a result of the case, Real had to pay high dismissal compensations to the former employees. It was also expressed that the turnover rate is so high so that in the last eight months 7 top managers were dismissed. One of the ex-managers summarizes the situation as follows;

"There are many unhappy people looking for a new job."

The easiest way to cut the cost is reducing the number of employee for Real which cannot make profit for about 13 years in Turkey, and two district managements were removed from the organisation structure said one of the ex-managers. He also stated food director was not employed for about one and a half years and also non-food director was not employed for four months. So there is a clear tendency of reducing the number of managers and even abolishing some managerial positions at Real.

Figure: Organisational Structure of Real



It is explained that all executives were German between the years 1997 and 2003, and then Turkish managers were employed. However, one of the ex-managers claimed that most of the executives -included CEO- resigned because of the poor working conditions and some of them were dismissed. The number of staff in human resource department was reduced from 18 to 8. Training department under the human resource department was closed and the personnel were dismissed. For that reason, there has been no training for about two years at Real said the ex-manager.

The host country effect is very dominant in Real. One of the participants explained it as follows:

“Real HR policy began as in German style and then the system is ruined becoming as a Turkish style.”

The main performance indicator for HR Department at the stores is both the number of the personnel and the cost. The ex-store manager declared core human resource policy depends on the cost of personnel not to exceed the 5 % of revenue. If the rate exceeds, the number of personnel decreases without determining the factors such as productivity, performance and motivation said the ex-store manager by giving an example from the store he worked for:

“The total personnel were 1000 at first. Some of them worked with weekly contracts. But the number of personnel reduced to 180 with the policies determined by the headquarters. Real just concentrates on numbers and set the goals but not focus on human. The most difficult task was to reduce the number of staff for me. I had to dismiss personnel without giving any reason in one and a half month. Workers are like slaves, have no importance. The most important think is the 5 percent goal.”

5.7.2 In-store management structure and skills

At the stores there are two group managers working under the store manager as food and non-food managers. Interviewed workers state that these two groups have their own separate product acceptance sections and some workers of these groups work at the store and some of them work at the office. Team leaders are positioned under the group managers. There are 7 sub-sections under the food department, namely dry food/candies, detergent, fish, meat, milk, bakery, grocery. Team leaders of these sub-sections report to food group manager. Four sub-sections, which are consumer electronics, garment, seasonal products and household goods, and their team leaders, operate under the non-food group. Each sub-section is run by a team leader and an assistant team leader. Assistant team leaders substitute the team leaders when they are not in attendance. Participant workers mention the fact that anyone who wants to be team leader should be in close relation with the management and get along with the group manager and the store manager. Size of the teams that leaders' are responsible of differs according to the sections. Such as, one of the workers points out that 7 workers, including the team leader, work at the dry food section of the store he/she works, and the team leader is directly responsible for any kind of job concerning the section from stocks to warehousing, from price labels to workers to work at the section.

However participants reported not only the number of workers reduced but also the number of managers at the top and operating management levels was reduced. One of the participants gave examples from the store he worked as a manager; at the beginning the number of 22 team leaders cut into 12, and top management changed in every 2, 5- 3 years.

Interviewed workers, who work at one of the most popular stores of Real, reveal that 158 staff is working at the store including part-time workers and team leaders. Yet, firm workers and promotion workers other than Real's own workers also form a significant amount of labour for Real. On the issue interviewed workers point out that promotion workers only perform tasks of promoting new products and tasting products at the store; however, firm workers work almost exactly like Real workers only they get their salaries from the firm they work for. At the hypermarkets workers of all sections except checkouts are full-time workers, which cause troubles in maintaining labour flexibility, but the company tries to retain quantitative flexibility of labour through firm workers.

The personality and leadership style affect the motivation of workers. One the ex-store managers expressed that;

"Management participation system completely depends on the store manager's personality. For example, I was regularly doing a meeting with my workers every Monday. Even we organized some activities such as football tournament among the departments to motivate the employee. Indeed people need to be appraised. When I said to cashiers 'your job is too significant, if you are not working here our job does not have any meaning' they surprised with an appreciation. Because cashiers are generally unskilled personnel from a conservative family and environment, their job expectations are extremely low. Store manager's personality and management style are reflected to the others, and department managers are following the store managers. "

The store managers do not have a full autonomy at the stores; they are dependent to the upper management. One of the ex-store managers gave the example below:

"The concept of Real in Turkey on store size, marketing, labelling, and product positioning are exactly the same in German system. When I was a store manager, I tried to develop a new concept as a "Ramadan Street Concept". Although the proposal was denied by the Head Office, I applied that concept without informing them. When one of the executives came, he saw the concept and liked it, and then we were the first store initiating the Ramadan Street practice amongst all stores at markets."

Similar to other hypermarkets' practices, Real lies heavily on internal recruitment for hiring new personnel. Performances of all employees are evaluated once a year. At the beginning workers evaluate their own performances by filling out the performance evaluation sheets and grade their performances (by giving scores such as A, B, C and D). Then the section managers and store managers evaluate these self-administered performance sheets, and communicate their performance grades to the workers in individual interviews. Workers, who get performance grade A for 3-4 times, are brought together in the golden fish pool where team leaders, section managers and store managers are chosen amongst. In other words, the golden fish method is used for personnel promotion. According to this method, personnel to be employed in the vacant positions are chosen from the golden fish pool and then promoted. The two interviewed ex-managers were promoted with this golden fish method.

No significant formal qualifications are needed for managerial positions. However one of the ex-store managers underlined the lack of confidence of top German managers to Turkish employees by giving the example below;

"Top managers had lack of confidence on Turkish employee although they have higher education with higher qualifications. Even though I was graduated from a university in Germany, had my master degree in the USA and had an experience in this sector, I faced with that distrust too."

Participants mention about various training programs such as checkout points, personal selling, inventory, product purchase, effective communication, job safety and customer relations at the stores. The store managers are responsible for determining the need for training. They distributed a training form at the beginning of the term and employees are free to choose any of the training they wish. It used to be a managers training program in cooperation with *Bosphorus* University but the cooperation was ended and the employee trained in that program were dismissed.

Real gave an apprenticeship opportunity to Vocational Trade High Schools' students who were studying marketing and retail department in 2009. HR directory expressed their foresight of every market to study with a retail high school under the program called "Real-co-op". HR director explained the program as follows: (http://www.real.com.tr/Real_stajerler.html; <http://www.yenibiris.com/HurriyetIK/Okul.aspx?ArticleID=5678-05.05.2011>):

"Sector offers multi-faceted career planning on cash, sale, logistics, purchase, finance, marketing and security. That is why we started the program. But young people are not aware of these facts. We want to explain the career opportunities to them. We initiated the pilot program at Beşiktaş Mehmet Ali Büyükhanlı Vocational Trade High School at where our primary goal is to introduce the retail sector, to explain how important it is by providing extensive career opportunities both to the students and their parents. In May, we are going to explain all the facts about this field to the new students and their parents in the meetings and fair."

There is no involvement of employee representatives in recruitment of employees and skill development.

There is no indication for re-skilling or de-skilling.

5.7.3 Part-time and working time management

Due to presence of an organised union, there is no significant grievance concerning the organisation of working time. Part-time and working time management is organised reliably. But there is no indicator on welfare state related issues matter in working time allocation at Real.

At Real most of the section workers are males whereas cashiers are predominantly female part-timers. Interviewed workers mention that only one of the team leaders working at their store is a female worker; on the other hand there are some female workers amongst the administrative personnel like the HR department. In addition, participating workers point out that major part of the workers is below the age 40. All managers and team leaders are full-timers.

Part-time workers of Real work 5 hours daily and 30 hours weekly whereas full-time workers work for 45 hours a week. Breaks organised according to the Labour Act. Workers have an average 45 minutes daily break. When there is a need for over-time work, the workers are paid for their over-time work. Interviewed workers mention that they as part of the clock in-clock out system they need to punch entry cards but the management generally tolerates 10-15 minutes delays. Workers work over-time especially at holidays and weekends. Most of the workers are willing to work over-time to gain more money. Over-time work is not used as a tool of rewarding obedient workers. Shifts are organised centrally on store level and announced one week in advance. Interviewed workers state that there are two work shifts at the Real store, as the store is open between 10:00-22:00, the first shifts starts at 7.30 in the morning and lasts till 15:30 in the afternoon, and the second shift covers the interval of 15:00-23:00. In addition they describe the shifts as such:

“Workers of the first shift organize product sections, prepare displays, check expiry dates of products, check promotional products (promotional products are changed in every 15 days) and make the store ready for customers till the store is opened for customers. After the store is open for customers, the workers take a break between 10:00-10:30, following this section workers depart for the warehouse and start organizing the warehouse. Workers of the second shift mainly work at the warehouse and go for organizing the sections if necessary.”

One of the ex-managers expressed that the wage rates are low while they have heavy workloads without any career planning. By stressing the salary of deputy managers at the headquarters of Real as around 2.000TL, he analyzed the system as follows:

“The main weakness in Real is the human resource department. In this department employment and the payroll are the main duties. HR department is not significant for the company. As employee is not an important asset for the company, nobody create added value for the company either. I think, the headquarters in Germany do not aware of this reality, if they are still do not care about it.”

At Real all section workers are paid almost the same level of salary (slightly over the minimum wage) while skilled workers (i.e. bakery chefs, butchers, etc.) are paid

higher levels than other workers. On the other hand, pay levels of workers do not differ with respect to their performances. Even though performances of workers are evaluated annually, high or low performances do not lead to disparities in pays of workers.

5.7.4 Industrial Relations and Interest representation

Tez-Koop-İş Union is legally organized at Real. The unionisation campaign started in 2004 and ended in 2005. During the organising campaign some organiser workers were dismissed. One of ex-managers explained this process as follows:

“Of course, Real management did not want the trade union and lay off some personnel. There was a pressure from Germany not to accept the trade union and the unionisation was accepted as the failure of management in Turkey. At one of the meetings when Real management said they were so good at in management that the workers did not need a trade union; the union expressed the management was too bad so the workers wanted to be member of a trade union.”

However in 2005 Real achieved to be recognized and signed the first collective agreement. Real is employed around 2.000 employees and 1.480 of them are unionized.

The second ca was signed in 2007 at Real and the third one was signed in 2010.

During the collective agreement negotiation, in 2010, disagreement was arisen on the “wage increment”. The company expressed that because of financial loses they could not increase the wages, on the other hand the union expressed that they could not accept this reason that depends on the unrealistic inflation rate.

The company also threatened the union by closing the stores if they go on a strike. The Union called Real hypermarkets’ department managers and 3 representatives from each 13 stores to a meeting and made a decision on disagreement with the workers together. (<http://www.haberler.com/real-de-kritik-toplu-sozlesme-sureci-2098395-haberi/>).

As a result of the negotiations between the Union and Real managers, the new collective agreement signed in Ankara on 5th of August in 2010 (for the period of 01.01.2010-31.12.2011) between Real and Tez Koop-İş before an issued strike warning was realised.

According to the collective agreement in 2010:

- Wage increase: For the first half of the year 3%, the second half of the year 3, 5%.
- Second year the wage increase will be made in the rate of inflation
- 10% increase on food cheques.
- This year there will be no increase in social benefits but the second year the social benefits will be increased in the rate of inflation.

The collective negotiation for the period of 01.01.2012-31.12.2013 has just started and is expected to be ended in a few months.

Union representatives at work are the significant representation mechanism. They are playing crucial role in the grievance procedure and communication with the manage-

ment. Union representatives have a strong influence on store management to fit in with the Labour Act.

5.7.5 Concluding comments

All the workers we interviewed have been satisfied with their working conditions. One of the workers expressed her work satisfaction as such:

“If I am going to continue working at the retailing sector, I would not think of working for another store; after all, the store I work for is a German store and we have better working conditions than other markets. Because of this, workers in our store have been working here for a long time”.

However the managers have not generally been satisfied with their working conditions and salaries. So the turnover rate of managers is higher than that of the workers. It can be said that Real has the highest turnover rate for managers among the multinational hypermarkets.

5.8 Tesco in the UK

5.8.1 Introduction

At the moment Tesco operates 2,482 stores and employs 287.669 people, (Tesco company website 20.05. 2011) in the UK. They operate four store formats: small convenience stores called Express, Metro the city version of its convenience format, Superstores which are the classic format and have some non-food sections and Hypermarkets called Extras which have a very wide range of food and non-food sections. Each format has its own operating principles and reporting structure (I, 8).

The first Tesco Extra in the UK was opened in 1997 in Pitsea and the number of stores has increased by about 20 a year, mainly by conversions from Superstores. Hypermarkets were a format which Tesco learnt from other food retailers when it began to internationalise and the format has been transplanted back into the UK. We were told that the size of UK hypermarkets ranges from 400 to 800 in terms of number of employees (I,1a); the two hypermarkets investigated had workforces of 550 (I, 9) and 543 (I, 12). Both stores have seen a large reduction in the headcount over the past few years.

Tesco shares saw a 16% fall in December as like for like sales fell 2.3% in the six weeks to January 2012 and this was far sharper than for other food retailers. Recent reports indicate that Tesco plans to pay ‘hundreds of millions of pounds to fix the supermarket’ providing more discounts, more staff and better fresh food ranges (Wallop, 12 Jan 2012). The company will now sacrifice its industry leading profit margins of 6.1% and has said that the days of huge out of town hypermarkets selling non-foods are over; Tesco will not be opening so many stores in future (ibid). Over 8000 more staff costing £200 million are due to be recruited to improve customer service in fresh food and larger stores in particular (Leroux et al. 19.4.12). Analysts argue that Tesco has underinvested in its UK stores while concentrating its expansion on Asia,

Eastern Europe, the US, banking and the Internet (Peston 2012). However, pre tax profits and revenue are up and Tesco still has over 30% market share in the UK.

Management structure above store level

At the top of the hierarchy the board of directors delegates the daily management responsibilities of Tesco plc (which is also called the 'Group' in the company's documentation) to the Executive Committee. Tesco appointed a new CEO, Philip Clarke who took over in March 2011 from Sir Terry Leahy, who ran the Group from 1997. The appointment of the new CEO led to some changes in the Executive Committee and few of the original Leahy appointed staff remain. Several executives have been brought back from overseas and the management structure has been overhauled by introducing new regional chief executives and a new UK management board (Leroux 19.12.11).

The overall organisation structure of the Tesco Group has been described as 'sort of matrix structure' (I, 1a). Below the Executive Committee we find the heads of the business units UK, Europe, Asia, US, Services and Property (ibid) based at the headquarters (HQ) in Cheshunt (Hertfordshire). Additionally, we also find integrating functions such as HR, Finance, Supply Chain, Buying and Corporate Affairs at the Group's HQ. Tesco was been described by a senior manager as very centralized in its decision making and organisation and all its stores are identical in terms of layout etc wherever you go in the country (I,4a). The company distinguishes six work levels, which range from work level 1 for frontline employees at the bottom, which is the biggest group of employees, of to the small number of Board members and top managers situated at work level 6 (The Times 100, 2008, p.147). Store managers of a very big hypermarket would be level 4, level 5 are the top 100 directors and most host country CEOs and 6 is board level (I, 1a & 2a).

At the store level: "The store manager manages the store and then he reports to store directors who manage typically a group of 20 to 25 stores who report into an operations director who runs a format. So that will be a hypermarket format or convenience format" (I, 2).

Performance indicators for hypermarkets

The organisation of work at Tesco is highly structured and increasingly monitored by highly sophisticated technologies and control systems, which replace former work tasks. Tesco is continually developing more sophisticated operational and computer systems which are also being rolled out internationally. Tesco also operates a Balanced Scorecard approach which they call the "Steering Wheel" (see Appendix 2). It defines and lays out Knowledge Performance Indicators (KPIs) and a "traffic light system" in place to monitor and warn:

"Our entire business is run against the steering wheel. Then within each of those segments, let's say finance, you would have target sets for your failed, your shrinkage i.e. the loss on your business... the stores will be given targets literally from everything from finance through people, through the work it does in the community, through its customers and how we deliver for our customers, and operationally, so productivity – the availability of product for example. So there is a very detailed, a very consistent approach in every business... a store would absolutely know where it was meant to be and where it actually was against its sales target." (I, 2)

The latter is described as follows: "We have traffic lights system, so if you hit your budget you are green; if you don't hit it you are amber; if you are miles away you are

red; and if you exceed it you are blue. So literally you can track sales by hour, by a minute. They would track sales certainly by the half day. So the sales are what locally in the store you'd really track. You are either looking at your sales or your other costs coming into line" (interview 2a).

One hypermarket manager (I,8) pointed to the growing emphasis on performance in Tesco and the increasing sophistication of performance measurement with accompanying pressures on management and staff: 'you're rewarded and celebrated if you deliver the numbers... I am under no illusion if I deliver red I could potentially lose my job.' His own key KPIs for the store are what he calls the killer KPIs, the ones that really drive the business: 'Sales, shrink, I don't queue and waste.' The second hypermarket manager supported the fact that there are the same measures based on the steering wheel for each store, there are central guidelines (I, 11). He explained how line and senior managers are on PRP so any salary increases are related to performance-red performers get just their base pay, amber a proportion of the pay rise, green would get the pay rise and blue twice the pay rise. Employee KPIs on the checkouts include scanning rates, offering to pack bags for customers, idle time etc (I, 12). The performance targets for employees are, unlike for management, not pay related, it's more a case of the possibility of eventually losing your job if the targets are not met according to one USDAW rep who has represented members disciplined for not meeting pick rates in the dot.com area (I,5). All the USDAW reps at area and national levels referred to the issue of unrealistic performance targets in the stores, which are a focus of talks between USDAW and Tesco; the company 'need to decide is it accuracy that you want or is it productivity or is it engagement? You can't have them all!' (I, 7)

5.8.2 In-store management structure and skills

There was no evidence of management structure and skills being influenced by the national IR system. They were both company developed systems and reflected the Anglo-Saxon focus on generalist management skills, in particular leadership and management of people. See later sections on how the supermarkets only put new staff into stores as the government gives them money in her view-jobs of 20 hours or more (I,6)

Positions of management and levels of hierarchy

In one of the hypermarkets investigated the hierarchy comprised 7 senior managers including the store manager, 36 line managers (e.g. department heads for deli, bakery, checkouts etc) and 50 team leaders (I, 11). Key departments which work largely independently included dot.com with 60-70 staff, pharmacy, telecom shop, opticians. Food departments include dairy, counters, frozen, wine and spirits, grocery, back door. Non-food departments include clothing, health and beauty, home, toys, books, health, seasonal areas. A line manager is responsible for each area with team leaders and teams working under them (ibid). A similar set up was mentioned in the other hypermarket (I, 8 and I, 9). Employee numbers were 550 (I, 9) and 543 (I, 12).

The team leaders interviewed pointed out that some line managers report to other senior managers such as checkouts to the customer service manager and some have direct reports to the store manager including pharmacy and opticians, dot.com, compliance (I,10).

At one time there would have been 60 managers reporting to the store manager but this has been reducing –management jobs have been amalgamated and there has been an increase in team leaders for cost saving issues (I, 8). Tesco has got rid of the section manager level and given a wider responsibility to the line managers. Team leaders under the line managers then manage the day to day supervision of staff, getting a preferential rate for doing so. Managers report the cutting back on the overall wage bill year on year: ‘One of the toughest parts of the job is trying to deliver the Tesco promise, the Tesco format and standard within your wage budget. But we all struggle because the wage bill gets screwed and screwed down...’ (I, 8).

Management contracts are 35 hours minimum and ‘there are no maximum hours.. you’re expected to be here when you need to be here’. (I, 11), whereas non-managerial staff work to their contracted hours and are paid overtime if they work additional hours. The other manager pointed to the antisocial hours and long hours in retail and his concerns about firstly because it will increase his cost base-covering more hours for less pounds- and secondly on a personal level, at the moment ‘at least I guarantee to my family to be home around 6pm’ (I, 8) He is contracted to work a minimum of 13 Sundays a year in order to keep in touch with staff and the trading.

Importance of personality/leadership styles In management

The management style at Tesco could be described as both bureaucratic and participative. We have already referred to highly hierarchical structure of whole group and to bureaucracy, indicated by high levels of formalisation of the organisation processes and their visibility and how the managerial control system (Steering Wheel approach) is set up. The bureaucratic approach is supported by new IT technologies, which allows Tesco to measure and control its daily operations in great detail. Thus, we find a highly standardized form of work organisation in stores which according to some studies (Bozkurt 2011)¹⁰⁷. also goes hand with a continuous deskilling of managers and employees, visible in the removal of previously skilled and semi-skilled work in stores. However, interviews with senior corporate managers indicated that there is - despite high formalisation and high standardisation - some room for managers ‘to make a difference’. Store managers seem to require certain leadership skills deemed necessary to motivate staff, organise the work at store, department and team levels to meet both centrally set KPIs¹⁰⁸.

Corporate managers interviewed stressed that for senior management positions in stores and above general management skills are crucial. It is argued that general management “is a key thing rather than specialised people, it’s people who have the confidence to take on a range of different roles” (interview 1b). They also emphasized that because of increased standardisation of work organisation managers need leadership and people management skills besides professional expertise in order to meet company targets:

The emphasis on generalist management skills reflects the typical Anglo-American approach to management education which we find in the Masters in Business Administration qualification, for example. Such an approach favours general managerial

¹⁰⁷ See also presentation “Hard Target, soft skills: Managing productivity between head office and shop floor in British supermarkets” of Ödül Bozkurt at the University of Surrey at the 4th of March 2011.

¹⁰⁸ See also Grugulis et al (2011) ‘No place to hide’?: The realities of leadership in UK supermarkets, in Grugulis et al. (eds): Retail work, Palgrave: Basingstoke.

skills over specialised professional management skills, which, in contrast, are more valued in Scandinavian and German companies. The management style seems also to be participation oriented reflected in the partnership approach of Tesco and USDAW, which is unusual for the Anglo-American institutional systems.

The two hypermarket managers presented their roles in terms of leadership: 'It's a very broad thing. You are responsible for every thing that happens in the store, you manage and lead.' (I, 11). The importance of being a people person was also emphasized: 'Here you have interactions with customers, with staff...I love working here. It's a great people job...You are on your feet a lot but you are always with people, out with people, working with them.' (I, 11) The increasing pressures of the job, however, have been indicated earlier when we considered performance targets and the pressures to deliver better and better results. One manager pointed to the sharpening of his management mentality and less tolerance of poorly performing staff (I, 8). This underlines potential between managing the targets and creating a good environment for people to work in particularly if those targets are becoming less and less achievable from the managers' point of view.

Despite this both managers saw room for autonomy. One manager argued they have a lot of freedom: 'There is a level of discretion that we still have got and I still think that's what's keeps us enjoying the job...there is quite a degree of discretion as long as you do the process, deliver the numbers and do the Tesco way.' (I, 8) Other areas of autonomy mentioned in the interviews include how they organise work teams, injecting personality and culture into the stores, inputting into refresh programmes 'deciding what will work here for our customers' (I, 11), the negotiation involved in agreeing store budgets with their boss where there is some room for influence: 'Some budgets can be skewed because of things that have happened during the year and you need to try to take out this noise and level it again. There is some room for flexibility and negotiation. He has a pot which does not change but there is some flexibility' (I, 11) Managers also influence the application of general targets within the store so 'there is a general target of 3% waste on produce but I give grocery a waste of 1.5% and the bakery 7% to help them build up their business (ibid).

Generally, however, both managers underline the year on year pressures with the emphasis on delivering the numbers and performance is becoming more transparent in this process. This is linked by them to the highly competitive UK market (I, 8). Everything is measured in great detail 'So if you've got a red performance on anything you can't hide' so in managers have to focus on 'getting the big stuff right' (ibid).

Recruitment and qualifications of managers

The company has a long tradition of supporting upward mobility of employees into managerial functions, especially at middle and lower levels: 'Over 90% of our store managers.. come from within the shops, not necessarily the same shop, but then within the shops.' (I, 2). Tesco sees itself as a meritocracy where it is possible to move up from the bottom to board level as in the case of the former CEO. Internal promotion is facilitated by a programme called "Options", which "basically helps people to do bigger or different jobs and anybody is eligible to go for that. We aim to bring people through the business. ... At each stage, you will be signed onto an "options programme" which runs for a certain duration, and then there is a panel that reviews you and signs you off"(I, 2). External recruitment is seen as crucial where Tesco has moved into new business areas, such as banking and real estate and needs to recruit expertise externally (ibid). One personnel manager pointed to a variety of

schemes to get into Tesco-external recruitment drives including for managers with other retail experience, the graduate scheme where they come in directly at senior team level and the internal the management training, Options, where all the learning is done in the store and then they have 12 weeks placement in other stores (I, 9).

Our store managers underlined that it is a big part of their role to ‘deliver people through the chain’ through the Options programme which develops management internally (I, 8) and they have performance targets for this area. One of our managers had worked his way up through the ranks and one was graduate who had had previous retail experience before he came to Tesco. One of the personnel managers had worked their way up through the Options programme from a Wage Clerk position (I, 9), whilst the other personnel manager was a graduate who had previously worked for Arcadia then came as a clothing line manager to Tesco and worked towards her personnel manager post through the Options programme (I,12).

In terms of the management teams around the store managers, the majority have still worked their way up through the stores although there were a number of graduate recruits and one manager based in London area said he sees a tipping point coming where the senior managers are becoming more graduate based whereas 25 years ago graduates were a rarity in food retail. However he sees Tesco as also doing very well in terms of growing the next wave of managers through its internal structures (I, 8). The other hypermarket senior team had fewer graduates, only 2: ‘Most people will have worked their way up.. whether someone is a graduate or not, there’s not an issue’ (I,12).

Tesco has developed its own training schemes, including apprenticeships, a foundation degree, a talent management programme and a Tesco Academy for the education of managerial staff of work levels 3-6. The Academy aims to provide ‘broad general managers who can do a variety of jobs in the business’ (I, 1b). The first graduations from the Foundation Degrees were in 2010 and are two-year retail degrees undertaken by staff members. Tesco also runs a Talent management scheme for its top 500 managers worldwide (I, 2).

Lower level employees are trained in store and/or online (I, 1a). For them “there is a day or day and half induction which cover all the sorts of legal responsibilities, health and safety, food hygiene, finding your way round the store (how we work particularly around customers). You will then be trained on the job that you are doing” (I, 2). Tesco’s apprenticeship training programme is in Retail Skills and in the ‘craft areas’ such as bakery and the counters (I, 11). The apprentices are all existing members of staff already so they learn while they are working (I, 8). All team leaders go through an internal management training programme (I, 10). The USDAW area rep (5) had positive views about Tesco’s ‘Options’ scheme, where the company will give employees training whether there is a job available or not and sign them off as having completed the training. They are the only company who will train employees for a job which doesn’t yet exist. In addition, ‘Tesco will pay on anything they (USDAW) want to train the reps on’ (I, 5). There was, however, no evidence that USDAW reps were involved in internal training areas apart from the USDAW role in staff induction and the learning reps role to build basic literacy and numeracy skills of the workforce but funding from the government for this is under threat.

Duration of employment

The duration of employment seems to be high at Tesco, especially for middle and senior managers. “Senior people tend to stay a long time. So if you look at the directors, I think the shortest service is 10 years. Most of them have got 20, 25, 30 years. The CEO has got almost 35 years service. So, senior levels tend to be long serving. Store managers and our senior team from stores tend to be very, very stable as well, very long serving in the UK.” (I, 2) However, as mentioned earlier, since the departure of Terry Leahy as CEO there has been an exodus of long serving staff from the higher levels of management, the reasons given are usually retirement reasons.

For lower level employees, the USDAW area rep (5) argued that the majority of Tesco’s employees stick with Tesco because it is the biggest payer in retail. However, there is some movement of staff from the other big three food retailers into Tesco. Our interviews with management supported this view. All interviewees stated that staff turnover is low at 3-4%. One personnel manager pointed out that: ‘Three years ago it was a struggle to manage to staff the store, now if we open a new store we get thousands of applications...it’s an advantage, you can get some fantastic people. People might not want to stay forever but actually once they get in normally they start to see it’s actually not that bad, it’s quite a good company, they can get on. There are people we can really develop’ (I, 12). The team leaders’ view was that turnover, where it happened, was mainly younger workers moving on to college or university (I, 10).

5.8.3 Part-Time and Working Time Management

Influence of national IR system

Although not mentioned by any respondents, legislation on working hours provides a framework for working time management in the UK despite the fact that employees can still agree to opt out from it in writing. The National Minimum Wage is exceeded by Tesco and they have also ended all sub-minimum national wage payment for younger staff in an agreement with USDAW. Other issues associated with their Partnership Agreement are covered in the IR section. A key issue in retail is Sunday Trading whereby the larger stores are only allowed to trade for 6 hours on a Sunday. A temporary change to the legislation is due to be implemented during the Olympics but there is concern from the unions, churches and store managers in our interviews about the effects on staff of a permanent extension of hours, which some employer organisations are pressing for.

This was not mentioned in the interviews although reference was made to the need to work 16 hours to get working tax credit (I, 6). This has now been increased to 24 hours in the recent economic budget. Childcare issues were only broached by interviewees in terms of Tesco showing some flexibility towards staff with childcare needs.

Contracts and hours

Senior management information on contracts was that in the UK in stores it would be around 70% part-time and 30% full-time. The average hours...it literally does vary from sort of 32 hours down to 8 hours. The average is about 20, 18 hours to 22 hours” (I, 2). In-store and USDAW interviews confirmed this. Most shop floor workers are on part-time contracts ranging from 8 to 30 hours a week (I, 7; I, 9; I, 4a; I, 5). Hours

vary but the team leader covering checkouts stated that 16-20 hours was usual for the staff in that area of operations and the peak days for the hours to reflect trading were Friday to Sunday (I, 10). Most managers, on the other hand, are on full-time contracts including team leaders according to senior manager interviewees and the USDAW reps.

The Partnership Agreement with Tesco includes different tiers in the workforce in terms of pay and benefits with a deterioration in conditions over time for newcomers-double time gradually disappears then time and a half for overtime shifts from 1999.

The Tesco-USDAW Partnership Agreement 1997 makes provision for temporary, permanent, flexible and inclusive contracts. The full-time working week is 36 and half hours. Temporary contracts are used to cover peak trading and maternity leave and are normally 12 weeks in duration. Permanent contracts cover all staff not on temporary contracts, which is the majority of the workforce. Flexible contracts can be temporary or permanent and are used to increase hours when trading patterns are high e.g. end of the month, school holidays, club card mailings, holiday cover etc.. Staff are recruited on an agreed number of hours (10-16 hours usually) and agree additional hours on top of this. These are used in dot.com in particular where staff are contracted for a minimum of 12 hours then they have opportunities to flex up so they have to be available for a 36 hour window should they be needed (I, 9). Most other shifts apart from dot.com are static (ibid). A store manager sees a trend in the use of flexi workers who have a short hours contract and the opportunity to do some overtime (I, 11). Finally inclusive contracts are for staff taken on to work an agreed number of Sundays-minimum of 13 and maximum of 45 per annum. They are paid at the premium Sunday rate.

The Partnership Agreement further stipulates that Tesco should not use casual or agency staff in their stores (I, 7) and this was borne out in our interviews. The only area where agency workers could be found was for security guards (I, 12) and in some stores the cafes are franchised out to Costa for example (I, 11).

Fixed shifts and flexibility issues

In stores they have morning, afternoon and evening shifts which is about service as most of their custom is from 8am to 8pm then the night shift which is all about replenishment with maybe one person on the checkout (I, 8). Set shifts are becoming rarer; staff now have to be more flexible around their shifts (I, 9). However, the hypermarkets have a large enough workforce to be able to give time off and make adjustments for childcare issues (I, 12).

Stores use software to schedule shifts and this is a compliance manager and store manager role. A store manager stated that they have computerised schedules for the checkouts, counters and dot.com but not for the other areas yet 'the aim will be to go to that across the store but we are in our infancy in those areas' (I, 11). However, most staff have predictable shifts and work certain days and certain hours. Just the flexi workers work 2 weeks in advance (ibid). Both management and union interviewees said that the shift rota in Tesco is usually well run as the smooth operation of the store depends on it. Tesco has stability of shifts-same shifts each week so employees can organise childcare and have a life outside of work (I, 4a).

In terms of overtime allocations line managers get their budgets 4 weeks in advance and then they can plan the booking in of their overtime slots (I, 10). Overtime, when it is available, tends to be on a first come, first served basis (ibid). However, the limits

on wage budgets have meant overtime has been reduced and team leaders pointed out that they often cannot cover for staff sick absences (ibid).

Grievances re working hours

One of the USDAW area organisers sees working hours and flexibility as the key issues for all employees in retail (I, 5). It is about moving people into working different times of day to suit changing shopping trends. He or the workplace representatives have to negotiate about this on an individual basis i.e. what the needs of the particular employee are although Tesco are said not to be not too bad if an employee has child problems or carer issues (ibid). Stores also now want more people to work Friday and Saturday nights and staff have to be flexible over the 7 days of the week now rather than 5. Due to their agreement with Tesco the USDAW national reps did not think that members would have problems refusing to work extra hours beyond their contracted hours unlike in the discounters and other stores where there is an expectation often that you will work extra hours (I, 7).

Company pay levels

There is general agreement among all the respondents that pay levels and the benefits package in Tesco are the best in the retail sector both for employees on the shop floor and managers. USDAW national reps point out that whatever others may say about their partnership agreement with Tesco it has “delivered the base pay across the food retail sector. We do have the best benefits package..we do have a big say in that’ (I,7) There is no age differential in terms of the pay-no matter what age the employee is they get the same rate. The national reps see what they achieve in Tesco as the standard bearer for the sector-they then try to achieve the same conditions in the other big 4 food retailers where they have a strong presence-Sainsbury’s, Morrison’s and Co-op (ibid).There is also added location pay depending on which band the store is in-this seems to depend on the local competition for staff.

In addition there are a range of share and savings options as well as a wide range of other staff benefits such as discounts and other add-ons (I, 12). All staff get 3.6% of salary as free shares, for example (I, 8). There is, however, a multi-tier workforce in terms of rates paid in Tesco for overtime and Sunday working as well as sick pay entitlements depending on when staff joined the company as indicated earlier. The reductions over the past 10 years (July 1999 is the key date) for new staff joining are said to reflect general reductions which have taken place across the retail sector (I, 7)

On gender issues in pay, interviewees said that they could see no issues if staff are paid under a collective agreement as everyone gets paid the same rate (I, 5; I, 12). However, there is some evidence of women managers working in certain areas of the stores such as tills whereas men work in areas such as the warehouse and fruit and veg. (I,5). The latter areas may be rewarded at a higher level or lead to faster promotion. In this way a gender pay gap could arise.

5.8.4 Industrial relations

Influenced of national institutions

Issues mentioned include the fact that the opening up of Sunday Trading had a huge impact on the sector and is an ongoing battle for USDAW as some want an extension of Sunday Trading and the opening up of Christmas Day, Easter Sunday etc. The na-

tional USDAW reps underlined how contract terms are influenced by legislation: changes to the law on holiday provision, for example, meant that they had to look at their terms to reflect the new legislation. Tesco were already giving above the minimum and also have the stipulation that working on a Bank holiday is voluntary unlike other retailers. Tesco have tried to get rid of this but the union has refused to agree to it (I, 7)

The conservative government is seen as a threat to employees' terms and conditions and the union movement generally, their influence is negative (I, 7). The national reps, for example, discussed the negative effects of changes to Working Tax credits on employees and are having to work differently with a Conservative government as they have less access to decision makers (ibid). Management respondents gave few references to national legislation other than to say these issues are dealt with by national level management and the policies then fed down to the stores with training where needed (I, 12 and I, 9). This is also true of the partnership agreement with USDAW.

Main trade union

The regional organiser stated that union density in his region is around 60% and estimated density in Tesco to be around 60% when the average union density for the private sector is 15-16% (I, 4a). A key issue with recruitment is the fact that a large proportion of retail workers are on part-time contracts ranging from 8 to 30 hours a week. This fact, rather than gender or job type, was in his view affecting workers' readiness to join a union. The USDAW area reps pointed to differences in store densities, for example one Tesco Extra has 92% density (I, 5) but it ranges from 61- 90% (I, 6). The national reps estimated approximately 57% of their 407,500 membership is female, 19% of the membership are young workers (I, 7). With the reduction in jobs in manufacturing more men have come into the retail sector. Interestingly, USDAW represents all Tesco employees 'to the top', including store managers. The management wing of USDAW is known as SATA and represents staff from line manager level and above to HQ level including admin staff. The national reps pointed out that SATA densities in the stores are high but the overall density is reduced by HQ density being only around 20% (I, 7).

None of the respondents were aware of Tesco's membership of an employer association. The only employer representative body mentioned was the British Retail Consortium which appears to represent the smaller retailers in terms of lobbying government bodies (I, 7).

Collective agreements

Most of the agreements in retail are national ones e.g. Co-op, Sainsbury's, Tesco, Morrison's. Area reps appear to have little involvement in the negotiation of these agreements apart from implementing them day to day on the ground. The Tesco Agreement with USDAW is seen as vital in the area reps' everyday work. There are two parts to the agreements with Tesco-the partnership agreement deals with facilities etc, then 'Policy for People', which is really a bigger version of the staff handbook, contains all the current terms of the national agreement. Conditions can change at any time through negotiation and this is usually for the better for employees. Wage negotiations with Tesco take place annually at national forum level in the spring, all USDAW reps will be briefed on it then the staff will be told the actual rates by their store managers. Tesco extends the conditions to non-members. The only area store and per-

sonnel managers saw as different for members was the right to take a trade union representative into disciplinary meetings (I, 11).

The national reps told us that in the national forum there are 51 trade union representatives in different working groups which have been identified by both the union and Tesco and important for meeting future priorities. They receive regular updates and have involvement in shaping national strategies on, for example, training and development, job roles etc (I, 7). The national agreements are said to deal with all the traditional areas of working conditions such as pay, hours, holidays, premia, the benefit package etc (ibid). What they manage to negotiate with Tesco has repercussions across the retail sector.

Strikes/industrial action:

When we asked the regional organiser (I, 4a) about whether the partnership with Tesco allowed the use of strikes in certain situations he said it would be 'nigh on impossible' to organise a strike among food retail workers. The national reps underlined strongly that the partnership deal is not a no strike agreement (I, 7). The regional organiser saw the aim as to 'play the game' to get the best deal for the members. If management take action against the workforce, they argue that Tesco is not acting in the spirit of partnership and have some options to exert pressure in these ways. He was also clear that USDAW is there in Tesco to defend members' interests (I, 4a).

One of the area organisers had a similar response to questions about industrial action—that there have been no strikes at least in his area and issues arising are mainly individual grievances (I, 5). The other area organiser agreed with this assessment: "the days of hitting the fist on the table are gone. Union officials have to negotiate the best outcomes for their members" (I, 6). Food retail is one of the poorest paying sectors and staff cannot afford to lose their jobs or take industrial action and lose pay. Also "the attitude of the company and the managers is that if you don't want to work for us there are millions out there who do". In her view there are very few collective issues, she deals mainly with individual issues. The job situation has, however, been leading to more appeal cases in retail generally as members are getting more prepared to stand and fight rather than just leave their job. The managers also tended to view conflicts in terms of individual grievances, disciplinaries and appeal cases (I, 11).

Despite the absence of overt conflict, the National reps stated "that's not to say we don't have issues with Tesco...sometimes we do have different views on subjects but we try to work together to find a solution that suits them and suits us" (I, 7).

Pay levels

In interviews with both managers and union reps it was, as mentioned earlier, stressed that Tesco aims to pay better than its local and national competitors (interview 1a, 2a and 4a) and that the pay structure is annually reviewed (interview 2a).

Both USDAW area reps said Tesco pays above average in food retail. Tesco also have a generous share option scheme for staff involving an individual staff allocation of free shares (pro rate). There is a save as you earn scheme where employees can put in money each week and buy X amount of shares at a certain price. An example of non-wage benefits negotiated include extra holidays for workers.

Store representation structures

Tesco has had a partnership agreement with USDAW since 1998, which means that USDAW is the sole union representing and negotiating on behalf of all grades of staff

up to and including section managers. The partnership agreement has extensive information on trade union facilities for representatives including 19 areas of training opportunities, both trade union and company. The agreement includes a section on security of employment, recognising 'that it is of prime importance to all staff' (p.26). Tesco commits to try to plan recruitment to match long term staffing requirements and will make every effort to maintain continuity of employment as a major aim and objective.

Tesco operates the partnership on the basis of three levels of forums. The store level forum meets 3 X a year. Forum reps (1 per 50 staff members) can be any employee. Every department has a forum rep elected by that department to be their voice. There are 2 reserved seats on the store forums for USDAW and the section manager. The main concerns raised in the forum are said to be usually about facilities-not enough equipment to count stock, not enough uniforms or lockers etc (I, 8)), although the other store manager mentioned management relationships too (I,11). Other issues in the forum include business update from store manager, health and safety issues from compliance manager, any new issues and corporate updates (I, 12).

Management interviewees underline the role employee reps are expected to play in helping management to improve business operations. We have no evidence of a key role being played in terms of influencing job design, descriptions, working time allocation or organisation of working tasks but such issues are dealt with in the different working groups with Tesco's management at national levels within the partnership agreement and enshrined in Tesco's Policy for People document (I, 7).

The USDAW area reps deal directly with the store managers and take issues members have raised up with them direct. Sometimes they also deal with the area manager level in appeal cases and some issues can go up to the next level- director level (I, 6). USDAW reps in her view are treated with respect by the managers "as the union could contact their management hierarchy" (ibid). The USDAW area reps did not view Tesco's managers in general as authoritarian, although some managers are said to overstep the mark (I, 5). This is seen as an issue of individual managers in the stores not as a company issue. Both store managers outlined problems they had had with USDAW reps in store but "You realise when you have done a couple of jobs that you have to work closer" (I, 11).

Above store level rep structures

The next level is the store director forum-again very business focussed and its members seem to be management dominated although there is a rep from each store and the USDAW area organiser is involved. One personnel manager told us that the next level is called the area forum and this is held a few weeks after the store forum. It is run by the personnel manager group and the area manager. The store forum elects one of the store forum reps to represent the store at this level. The final level is national forum mentioned earlier dealing with long term and strategic policies affecting staff-it includes a rep from each store director group, the stores personnel director, USDAW national officer, divisional officer and 4 support area officers. This is the level at which the employment package is negotiated annually-there are 10 national forum reps on the pay review project team, all of them from USDAW.

Use and role of partnership agreements

There has been some criticism from members within USDAW of the partnership with Tesco. USDAW was faced in 1997 with the possibility of de-recognition by Tesco

unless they were willing to sign a partnership agreement. The membership supported the agreement in a ballot 4 to 1 in favour but there have been some calls since then to review it (Blyton and Turnbull 2004, p. 252). One USDAW area rep argued that ‘If we didn’t have it as a partnership, each of us would go off in opposite directions’ (I, 5). Both area reps saw the partnership agreement as positive and echoed the views of the regional rep (I, 4a) that ‘Other unions would love to have our agreement’ and USDAW density levels especially in the retail sector. The area organiser described the meaning of the partnership for him as USDAW union reps being involved in Tesco’s working parties and influencing decisions on wages and conditions. The USDAW reps see as they are negotiated with the company (ibid). One store manager said the union the hierarchy of the company as very pro the shop floor but there is the possibility of the middle managers not rolling out what senior management want in their interpretation of company policy (I, 6) “Tesco are very professional in the way they deal with things at top and store director levels, sometimes lower management or line managers may not know all the policies and might try to adapt it to his own way but they have to follow it...The Partnership Agreement and the staff handbook are your boxing ring” (I, 6). Similarly store management saw USDAW as positive it was just that at store level the reps can be a bit blinkered (I, 11).

USDAW national reps underlined the importance of the agreement as constitutional “there’s a framework that’s been developed and agreed by Tesco so it goes out to stores and actually that manager then is obliged to work within that framework” (I, 7) but they emphasised the importance of keeping density levels high ‘because obviously that for me is what gives us more influence in Tesco.. I think the membership realises it is not the benevolence of Tesco’ (ibid) The dialogue they use with Tesco is that if they want to be number one then they need to be number one in their terms and conditions of employment too. They present this as win-win situation for the company if they want to attract the best people (ibid). They stress that partnership it is not the easy “it is tough for them, tough for us. It is hugely resource hungry, time consuming, we are involved in a lot of areas of the business which frankly some companies I don’t think would even engage with” (ibid).

In terms of the criticism of complicity with Tesco’s management, the national reps emphasised that the proof is in the superior wages and working conditions in Tesco compared to other food retailers and the higher density levels of membership. They believe they are delivering to the membership and a proof of that is in the growing membership figures. They have been alarmed at conditions in other European countries where they expected better organisation and structures: “I’m listening to some of our European colleagues, they are obviously looking to us in terms of some of the structures that we’ve got in particular on the partnerships, on the forums...I think they are looking for us to help them establish some of those ways of workings’ (I, 7). USDAW are not only seeking to transfer conditions negotiated with Tesco to other UK food retailers but are looking at ways colleagues in other countries could promote similar terms and conditions in the stores in which their members operate (I, 7).

5.9 Tesco in Ireland

5.9.1 Introduction

Tesco first tried to enter the Republic of Ireland (ROI) in the 1980s but failed. It returned in 1996 with the takeover of the Irish retailing operations of Associated British Foods, namely Powers Supermarkets Limited and its subsidiaries, trading as Quinnsworth and Crazy Prices. Tesco is the largest retailer in Ireland; in 2011 it accounted for 27.1 percent of the grocery market (Shelflife 2011) employing over 14,000 people in 131 stores in Ireland with sales of €3 billion. It has 88 supermarkets, 20 hypermarkets under the 'Tesco Extra' brand, and 23 convenience stores under the 'Tesco Express' brand. Its stores offer a combination of opening hours of either 7am to 11 or 12pm or 24 hour opening. Tesco Ireland's profit margins are also said to be considerably higher than the parent company (*Irish Times* 2009; Pope 2010; Hennessy 2011). Tesco has dominated the Irish market for some time, although it lost some ground to its nearest rival Dunnes in 2008 and 2009, its market share has been increasing again more recently (Ruddy 2010). However, the foreign-owned hard discounters Aldi and Lidl are growing strongly (see table below).

Table: Grocery Sector Market Shares in the Republic of Ireland April 2011

Company	Market Share	Percentage change since 2010
Tesco	27.1	+0.4
Dunnes	23.6	-0.1
Supervalu	19.5	-0.3
Superquinn	6.4	-0.5
Lidl	6.1	+0.4
Aldi	4.2	+0.9

Kantar Worldpanel in Ireland (Shelflife 2011).

Centralisation and UK-isation

Tesco began reducing the size of its Dublin head office from May 2009 onwards, it originally had around 400 staff; it now has around 100 employees. Many of the jobs that have gone have been in skilled areas such legal, buying, commercial and retail finance, marketing, human resources, property, store ordering, staff involved in the company's mobile phone arm, and even corporate social responsibility. Irish managers state that all the main decisions are now made in the UK, new campaigns and strategies come from the UK and Irish stores then have to roll them out, usually beginning with their flagship store in the North of Dublin. Managers state that there is a lot of pressure to increase profitability coming from UK management.

In 2009 Tesco launched the campaign 'Change for Good' this was supposed to result in average price reductions across its stores of 22 per cent, largely as a response to the mass of shoppers crossing the border to shop in Northern Ireland in the wake of a significant shift in the value of the euro. However, it also involved the centralisation of its distribution system, using more international suppliers and putting pressure on local suppliers to drop prices. Several Irish managers state that this is also part of a benchmarking exercise with UK stores, or as one put it, ... *Change for Good is another attempt to UK-ize all Irish stores*. Irish managers also state that Tesco behaves differently in the UK, because of greater competition from Asda and Sainsbury's. One

ex-Tesco manager stated (Pope 2011): ... *In the Republic, they see themselves as invincible.*

Structure above store level

In general terms the formats are not as big as the stores in the UK as this is a much smaller market. However, management in Irish stores have the same training programmes as the UK including *Options* and use the same *Steering wheel* in training as in the UK. They also have the same work levels 1-6. There are also *Talent Management* programmes for store managers and above. Above store level there is one country manager (level 6) and two Operations Directors (ODs, level 5) one for hypermarkets and one for the other formats, the hypermarket OD for the ROI is based in the Northern Ireland office. Below the ODs are several Store Directors (level 4) and these each look after between 15-25 stores. Store Directors look after particular regions or groups of stores e.g. those around the outskirts of Dublin are in group 5, this group has about 17 stores.

Performance Targets, Absenteeism and Outsourcing

The most important performance indicators for the Irish stores are sales volumes, waste and shrink. *Shrink* is either items missing, wasted or damaged which they are not able to account for (some of it may be theft). Absenteeism is also measured and with the crisis has fallen to about 2.5 percent, around 2007-2008 it was around 4 percent and around 2003 it was 8 percent. There are also many other targets at the department level for example targets for replenishment and packing, checkout scan rates which are measured everyday (currently 800 items per hour is the target. There is also a pick rate for dotcom workers. Workers are also assessed on their smile, polite manner with customers, good eye contact and wearing their name badge, checkout staff must also ask every customer if they have a loyalty card; *I Don't Queue* and basket compliance are also common to all stores. None of the core activities are subcontracted out, the only exception appears to be mystery shoppers and *Personnel Direct*. This is based in India and provides standardised letters and procedures regarding basic employment relations issue such as warnings over sick absences and disciplinary measure. Tesco still have a specialist employment lawyer in Dublin but this is referred to in difficult or special cases.

5.9.2 *In-store management structure and skills*

There is no obvious impact of national institutional structures on skills, training takes place in-house or in employment in other retail employers. However, the institutional setting is very important in terms of the pay and conditions of work (see section 4 below). Many line managers have come through the ranks and don't have degrees, those above this level deputy store manager and personnel manager and store managers often (but not always) have university degrees.

In-Store Management Structure

The *Structures Programme* introduced in 2006 changed the in-store hierarchy slightly and gave different names to the existing roles. It created the additional layer/position of team leader (see table). Team leaders do not get any extra pay for taking the role, but have the same pay rates as the lowest level customer assistant. However, once appointed as team leaders they can then enter the *Options* management training programme.

In one hypermarket there were 229 employees, with 21 line managers and 10 team leaders; whether or not a department has a team leader appears to depend on the number of employees in the department. In a large store where they may be around 40 checkout staff there are likely to be 2 team leaders. Store managers are usually classed as level 3, but some maybe level 4 if they are in charge of a very large store. Personnel manager may be level 2 or level 3 depending on experience size of store etc.

Table: Changes in in-store structure

Before	After Structures Programme	Level in Hierarchy
Store Manager	Store Manager	3/4
Personnel Manager	Personnel Manager	2/3
Trading manager	Deputy Store Manager	2
Section Manager	Line Manager	2
<i>Informal supervisor</i>	Team leader	1
General Assistant	Customer Assistant	1

One other feature of the structures programme was that it now takes longer to get an increase on the pay scale, but this was probably a compromise that was made to get the banded hours agreement (see section 3 below). Before 2006 workers got an annual rise with each year of service up to a maximum of 5 years, now workers have to wait 1.5 years before they get a move up to the next pay scale. Pay rates and overtime rates are completely different to the UK and Northern Ireland for example in the ROI there are different rates of pay for working days and nights. Workers performance is assessed on things like pick rates or scan rates, attendance and feedback from Mystery shoppers. Workers have their performance reviewed after, 4, 8 and then 12 weeks and if OK after 6 months and then annually thereafter. All training is rolled out from the UK and there is a standard induction for all staff.

Departments in Stores

The size of each store is based on its sales volume. In one of the larger stores (e.g. 75,000sqft) there are 16 line managers who are responsible for their own departments or night duty roles. In the four stores where interviews were carried out over half the line managers were males. The departments in this store were Grocery, Non-Food, Stock Control, Deli and bakery, Chill, Produce, Front end (checkouts); Customer Services and Trolleys; Electrical; Clothing; Compliance (payroll, legal audits etc); 3 night managers; Dotcom manager. Larger stores may also have pharmacy, optician and restaurant departments.

Team Leader and Line Manager Roles

Team leaders do the scheduling of hours for their department and themselves at least one week in advance and this is then checked by the line managers (LM). TL's also follow up on attendance, problems with customers; they cover for absences and do the *welcome back* to work routines after sick absence. When mystery shoppers reports have been seen by LMs they are then shown to the team leaders (TLs) and they are then posted on the wall for workers to see. TLs cannot discipline workers, only LMs can do this, LMs can also move staff around from one department to another with about one weeks notice, usually with the agreement of the personnel manager, but this is usually avoided if possible as workers may object or may not have the appropriate knowledge.

Automation and Deskillling

Workers use a electronic fingerprint system to clock in and out of work, but there is no substantial evidence of de-skilling, most jobs are already low-skilled, the only significant area of automation is self-checkout, however this has not as yet taken over from the main checkout activity.

5.9.3 Part-time and working time management

Contracts, hours and pay

Some Irish workers have been employed for many years at Tesco and its Irish predecessor Quinnsworth. These workers usually have 39 or 40hrs per week (full-time) contracts and some of them have been employed by Quinnsworth and then Tesco for 25 or 30 years. In some of the older ex-Quinnsworth stores there can be as many as 40 percent of employees with Quinnsworth 'pre-96' contracts (see industrial relations below), stores with high proportions of pre-96 contracts are referred to by management as 'non-conforming' stores.

Pre-96 employees have better terms and conditions than post-96 employees, pre-96 employees cannot be forced to work on Sundays and are entitled to double-time payments for working on Sundays and triple time for working Sundays in December. Most also have full-time 39 hour per week contracts working Monday to Friday. The remainder of Tesco employees (post-96) have compulsory Sunday working and only a 1.5 rate for Sundays. Until 2006 Tesco hired the majority of their post-1996 staff on a part-time basis with a guaranteed 18 hours work per week on a five over seven day roster.

LMs have the discretion to give additional hours to increase part-timers weekly hours to a maximum of 39 hours (the full-time equivalent). This provides Tesco with flexibility in meeting demand, but also allows LMs to exert pressure on staff, in that additional hours can be increased or cut on the grounds of 'business required flexibility'. There is also a financial incentive for Tesco to reduce the number of longer-serving worker's hours as they progressed up the incremental pay scale. Pre-96 workers can also earn more than newer workers, the lowest starting rate at level 1 is €9.36p.h, the pay level for the top of the Customer Assistant scale (level 1) is €13.20p.h, however a typical ex-quinnsworth pre-96 employee could earn up to €15.00p.h. Tesco's pay is slightly higher than at their main rival in the ROI Dunnes.

Union officials suggest that Tesco has persistently tried to get all their employees on the lower rate of pay and off the 5 day week to the '7 day flexible rosters' on which all post-96 workers are employed. This has led to a 'divide and conquer' strategy, where local managers have tried to weed out the pre-96 employees, constantly reminding newer workers that they are paid less for the same jobs. Despite senior management's preference to try to remove pre-96 full-time employees, workers and team leaders like having these full-time workers as it provides a more predictable scheduling pattern on which to base the large numbers of part-time workers.

'Banded Hours' Agreement

In 2006 Mandate and SIPTU negotiated an agreement with Tesco to give part-time workers greater earnings security, with a new 'banded hours' agreement. All part-time employees were put into bands of 5 hours starting at 18, 23, 28 and 33 hours contracts

with the possibility to work up to a maximum of 39 hours p.w. These contracts could only be extended for an additional five hours per week. This was later changed to a minimum of 20, 25, 30 and 35. Although in practice part-time workers report that on a 20 hours contract it is normal to work 30 hours per week. If management at store level want to reduce the hours of part-time workers to a lower band (e.g. 30 hours to 25 hours) management has to negotiate any such change with the local trade union official (not shop steward). The new arrangements did lead to some disputes, leading Mandate to ballot for strike action in 19 stores where such bands had been reduced, but these difficulties were largely resolved without action being taken. To some extent this has reduced management's ability to reward and punish employees with additional or less hours. There is no banded hours agreement in Northern Ireland. The minimum hours contract is now 20 hours the only exception is for some students who only want to work weekends. Line managers and above have a full-time 45hr per week contract. With the exception of pre-96 workers, all TLs and CAs are part-time workers, they may have 25 or 30 hours contracts, but usually work a full 39 hours in practice, about one-third of CAs have 30 hour contracts, whilst two-thirds have 20 or 25 hour contracts.

5.9.4 Industrial relations and Interest Representation

Tesco has a high union density in the ROI and is in the unusual position of having a form of closed shop/union membership agreement with two unions SIPTU (but only in five of its stores) and Mandate. Many union members never actually fill out a union application form; they pay their union subscriptions deducted through the company pay roll as a requirement of their employment contract. Workers have to request not to be a union member. This means that a number of Tesco employees may not know they are union members and even if they do may not be interested in the union or its actions, what one official described as a 'membership of conscripts' as opposed to a membership of 'volunteers'. This agreement is not strictly legal in the Irish context, but based on an agreement that already existed at the Quinns stores. As a result around a third of Mandate's total membership is in Tesco, which on the one hand gives a Mandate a very strong presence within the company (with almost 100 percent union membership amongst CAs and Team Leaders), but also puts them in a potentially vulnerable situation with regard to Mandate's finances, should Tesco decide to overturn this agreement. Tesco does not recognise either union for Line Managers or above, despite the fact that quite a managers may be union members.

Until 1999 there were 42 different pay scales depending on the geographic location of each store. In 1999 these pay scales were reduced to just two different rates either 'urban' or 'rural' at slightly higher rates. Most other retailers also followed this pattern leading to a situation (despite pay increases under national social partnership) that Tesco's wages fell behind that of other retailers. As Tesco refused to raise wages any further a national strike at Tesco was organised (as mentioned above). After the first day of stoppage and the further intervention of the Labour Court an agreement was reached on a new single national pay rate and the rural scale applicable in 27 stores was abolished. Workers also accepted the Labour Court proposal to give them a six percent average pay increase in addition to the then PPF social partnership agreement.

Overall one could argue that Tesco Ireland has a more adversarial industrial relations climate than in the UK, there was also a national strike in 2001 when 10,000 workers

took part in a one-day work stoppage in July that year. In early 2002, an Equality Officer (EO) adjudicating on an alleged sex discrimination case at Tesco made the unusual move of criticizing management and unions for engaging in what he termed a 'war of attrition', with both sides expending significant personnel resources in fighting it (Sheehan 2005). Although relations seem to have been more cooperative since 2002, there have been a number of industrial disputes, but perhaps not quite as on the same scale as previously.

The overall effect on pay and conditions of all this is that there can be considerable variation within and across different stores, although most employees are on similar pay rates and are to some extent 'fully flexible' they are not as flexible as UK workers in that they have banded hours (see above), there are also still a considerable number of pre-96 ex-Quinnsworth employees many of whom have 40 hour weeks, better sick pay arrangements and who often only work Monday-Friday. One manager estimated that there were also as many as 43 different sick pay schemes in operation in Tesco in the ROI which again dates back to Quinnsworth and various local agreements that were signed into contracts.

Staff Forums and Union Representation

Unions already had a well-entrenched network of shop stewards at Tesco from the beginning. However, in the face of the European Union Information and Consultation of Employees Directive adopted in 2002, Tesco initiated negotiations with Mandate and SIPTU to establish a system of 'consultation forums'. A voluntary agreement was reached in 2005, before the directive was transposed into Irish law (this was in any case transposed one year late in Ireland in 2006). In moving to design its own customized indirect/collective employee representative consultation forums, Tesco Ireland in effect pre-empted the directive (Sheehan 2005). The agreement provides for a Store-level Forum, a Regional Forum and a National Company Forum. The regional forum takes place every three months and usually has one shop steward from each store. Management and union representatives received training on how the forums are supposed to operate. The structure is based on union representative participation as opposed to direct employee participation and store level forums are supposed to take place on a monthly basis and the minutes of such meetings sent to the relevant trade union. If meetings do not take place on a monthly basis then the stores will be asked to state the reasons why not.

Most managers seem to have a positive view of the forums as they think they help to resolve grievances before they get out of hand and that their experiences with shop stewards is generally positive. However, Mandate has some concerns about the long term potential of these forums to undermine union channels. One Mandate union official stated that:

The problem with the forums is that they tend to dissipate grievances before they are properly resolved and may channel grievances away from the union, there are already some occasions when this has happened and undermined our role.

The staff forum in each store is made up of four people, the store manager or deputy manager, the personnel manager and two shop stewards. Although there may be as many as 5 shop stewards in each store, only the more senior shop stewards usually sit on the forum. Key Performance Indicators and other standard issues as laid down in the Staff Forum agreement are always on the agenda of meetings, but shop stewards can also raise matters that they wish to discuss. Union officials only become involved

at the regional level if there is an appeal hearing relating to a disciplinary process against a worker. Most of the issues that come up in meetings from the shop steward side are inadequate notice of scheduling, breaks not given by line managers and part-time hours. If problems cannot be resolved at the store-level forum within 3 months then the issue will go to the regional forum or is taken up by the union. Interviews with customer assistants and team leaders suggest that there may be little communication between the staff forum and the bulk of employees in stores, most employees have had little knowledge of the staff forum or what its purpose is. It is interesting to note SIPTU do not support the staff forum so in the 5 stores which are organised by SIPTU there are no staff forums.

There is no direct role for the forums in training these are much more about passing on information regards store performance and the chance to air grievances. The most common worker's grievances are over scheduling of hours or inadequate hours and time off etc, breaks not given to workers, line managers not fulfilling promises to workers, incorrect calculation of payments for hours worked above contract. Most workers say that they have little involvement with the forums unless they have a problem in which case they might take it to the shop steward if the TL or LM does not resolve it.

5.9.5 Concluding comments

There is little evidence that the national institutional arrangements affect management skills as these seem to be largely developed in-house or within employment in other retailers or other employment etc, institutionally there appears to be little or no influence in this regard. Most aspects of training, policies and procedures are the same as in the UK. However, there are a number of areas that do create variation from the 'UK model' of Tesco. One is the nature of expansion into Ireland; this was based on the takeover of an existing company which was already unionised. This means that existing pre-96 collective agreements and employment contracts provide better terms and conditions than for new workers, this also provided a strong union presence in the company from the date it opened its first store in the ROI. Although the number of workers employed on the pre-96 contracts has gradually reduced over time, they are still a significant feature of employment relations at Tesco in the ROI. The fact that Tesco agreed an informal closed shop with mandate may be the result of two factors the way Tesco normally operates in the UK but perhaps more importantly, a feature of the strong union presence already established in the company. It is clear that Tesco would like to 'fully flex' all its workers in Ireland, but this is far from straightforward with the existing number of pre-96 contracts and the strong union presence. The staff forums represent a strategic management response appear to the EU Directive, they appear to have more value for management than the workforce which have little direct involvement. The strong union presence is far more important for workers in that unions have been largely effective in maintaining pay and working conditions for most workers.

USDAW which organises Tesco workers in the UK and Northern Ireland is not present in the ROI. Mandate is the Irish retail workers union and is very different in its orientation to employers; SIPTU is also represented in 5 stores in the ROI and is Ireland's largest general union. Due to an informal agreement with Tesco, Mandate and SIPTU have union members in nearly all stores and a high membership density of

close to 100 per cent amongst TLs and CAs. Whilst USDAW is arguably more akin to a company union usually avoiding confrontation with Tesco, Mandate and SIPTU are more independent and willing to challenge Tesco in the courts and through industrial action where deemed necessary. This more independent (perhaps adversarial) approach may be the reason that Tesco workers have been able to negotiate **‘banded hours’** contracts for all Tesco employees, this gives workers a more secure working arrangements than that in the UK, as working hours cannot be so easily reduced by line managers. Irish workers also seem to have more of propensity to take industrial action in comparison with their UK counterparts, but again this may be a feature of the more pluralist institutional climate in the ROI and the difference in the nature of the unions organising Irish workers.

The combination of the previous ownership and strong union presence and the national institutional arrangements which have been more pluralist in orientation for much of the post-war period in Ireland, which is epitomized by social partnership, third-party dispute resolution bodies such as the Irish labour Relations Commission and Labour Court and, other tripartite institutions such as the Joint Labour Committees (referred to in the country report), have also played a part influencing the nature of employment relations and working hours and pay levels at Tesco in the ROI.

5.10 Tesco in Poland

5.10.1 Introduction

Tesco entered Poland in 1995, originally through ‘brownfield’ type of investment, but in 1998 also began to develop its own network. In 2011 the total volume of employment in the company amounted to nearly 29,000, which would make Tesco the second largest retail employer in Poland.

As of 2011 Tesco Polska operations consists of:

1. 127 hypermarkets, of which
 - 74 hypermarkets (including 5 Tesco Extra outlets),
 - 53 compact hypermarkets,
2. 253 supermarkets (including 18 operating under Savia logo),
3. 28 petrol stations.

There are the following formats of stores in the Polish Tesco network:

- Tesco Extra hypermarket – in Poland it is an ‘upgraded’ hypermarket , with a capacity of no more than 12,000 m², distinguished by a range of additional services offered (e.g. optician, pharmacy, telephone sales and photo services);
- Tesco hypermarket – outlet with capacity of 5,000-12,000 m², with approximately 20-50 thousand products on sale;
- Tesco compact hypermarket – outlet of 2,000-5,000 m², with approximately 10-13 thousand products on sale;
- Tesco supermarket – outlet of up to 1,000 m², with approximately 3-5 thousand products on sale;

- Savia supermarket – outlet of 80-1,043 m², with approximately 7 thousand products on sale.

Territorial structure of the company is two-tier, as there are two separate forms of division maintained, one for hypermarkets and one for supermarkets. As of hypermarkets, Poland is currently (2011) divided into seven ‘regions’. However, as HR Director asserts, the territorial structure is flexible and may be adjusted to the changing demands of the market, with number of stores serving as major criterion. The number should not be higher than 13-14 outlets per region.

In functional terms, there are following functions in the corporate headquarters:

- Finance;
- HR;
- Marketing;
- Purchase;
- Logistics;
- Operational support;
- Shopping arcades;
- IT;
- Corporate law;
- Real estate and investment;
- Security and loss prevention;
- Location analysis

There are five Work Levels (WL) in Tesco Polska, delineated in a parallel manner to the structure in the UK, except for WL 6, which is non-existent, as it applies to Tesco plc only. According to HR Director, the WL (referred to as *poziomy odpowiedzialności* in Polish, literally responsibility levels) definitions in Poland are coherent with those in the UK. As of a relation between WL to the positions in the organisational hierarchy, it is as follows:

WL 1 – shop-floor jobs, direct contact with customers,

WL 2 – specialists and lower-level managers,

WL 3 – managers,

WL 4 – directors,

WL 5 – President (CEO), board members (Vice-President, Vice-President for Finance (CFO), Vice-President for Operations (COO).

In 2007 Ryszard Tomaszewski became the President of Tesco Polska, as the first Pole (non-expatriate) to receive a nomination.

The “steering wheel” model has been introduced in Poland under the name “Kompas” (Compass).

It is not clear what segments of the ‘steering wheel’ matter most in each country for performance measures in store.

5.10.2 In-store management structure and skills

National IR system has little influence on management and skill development in stores, mostly due to the fact that no collective agreements (either company level or multi-employer are in place) and workplace representation does not have sufficient capacity to leave their mark in that regard.

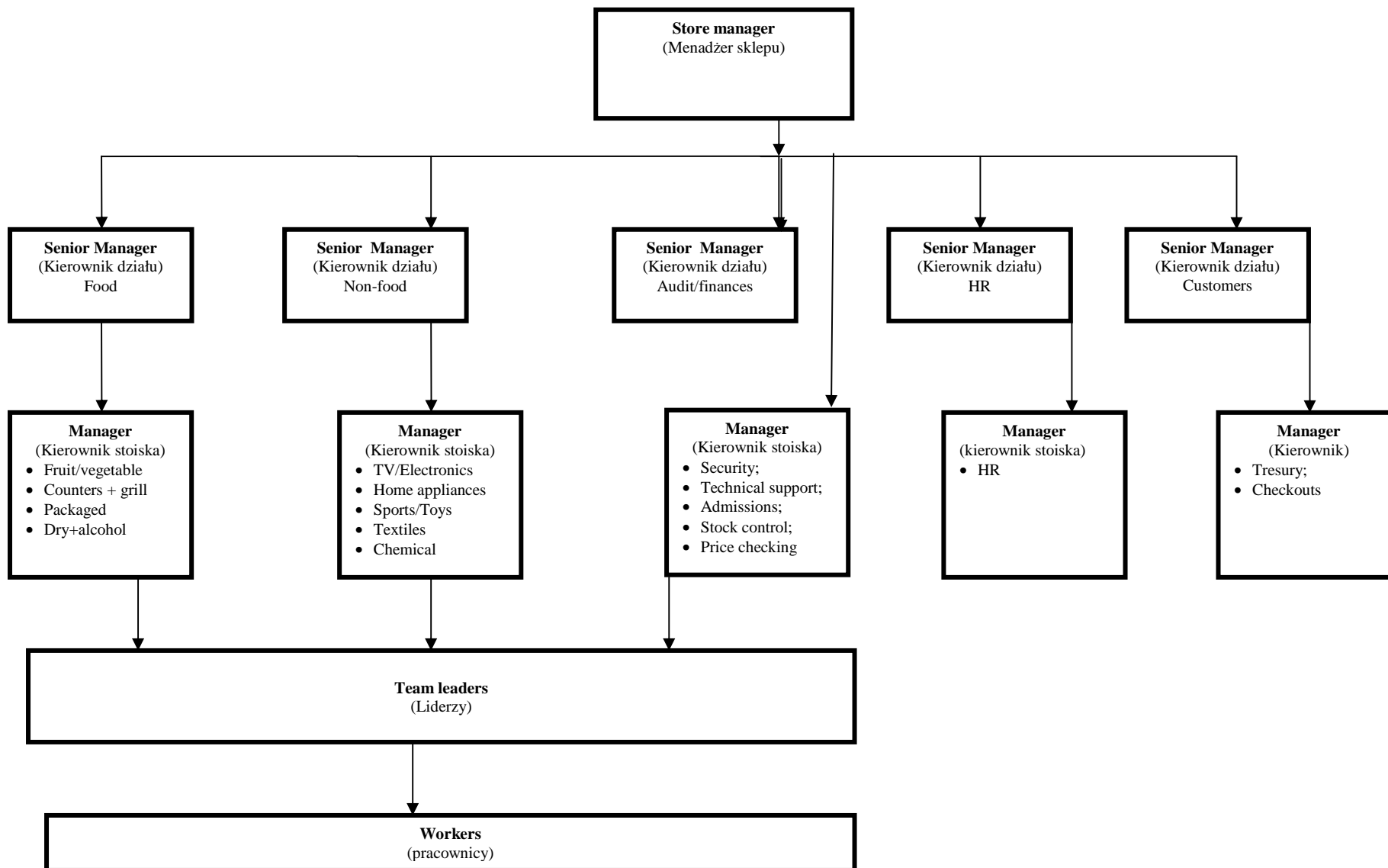
The organisational structure is depicted in the Chart on the next page.

New employees undergo an induction training aiming to provide them with basic information and skills necessary to perform their duties safely. The form of induction training is – among other factors – determined by general legal regulation, which stipulates a mandatory ‘training for the position’ (*instruktaż na stanowisku pracy*) of 8 hours for any newly hired member of staff. Induction programme, called ‘Welcome to Tesco’ (*Witamy w Tesco*) goes beyond the basic requirements set by law with a duration of three weeks. During the first five days a new employee receives theoretical instructions on their jobs and is also able to enter the service-area in order to study-by-observation. After the first five days, a practical, on-the-job training begins, including not only attending his or her workplace by the employee and practicing their tasks with their supervisor but also taking part in specific training classes suiting the needs of the specific position. Finally, a new employee is tested with regard to knowledge and skills they are expected to have acquired during the induction training. Testing is conducted with a standardized tool (a checklist) but the assessment (and the following decision regarding the future of the trainee) is made by the testing person, which is the direct supervisor. To employees who have passed the trial period, specific ‘training sets’ are offered.

Tesco Academy (Akademia Tesco) programme has also been implemented in Poland. Under that heading ‘all off-site training and development programmes’ are placed. Training needs are usually first identified at the department level using standardized competence models. Each employee is eligible for an ‘individual development plan’ (*indywidualny plan rozwoju*, IPR). As mentioned in an interview, ‘operational’ and ‘managerial’ training is differentiated.

For each position in the employment structure specific competences and skills are identified. The whole map of skills and competences required for all positions is portrayed as ‘Tesco Tree’, whose branches (i.e. specific skills) stem from a trunk of ‘leadership’.

Focus is kept on developing leadership skills among managers. “As for leadership, we offer, for instance, ‘options’ (*opcje*), special programmes which everyone who wants to climb up to a higher position is expected to take. There are many specific training tools applied in options, like coaching, mentoring, teaching how to set IPRs, Twist, which is a week spent at the shop-floor in order to learn by experience how basic-level staff works and how to provide best possible service to customers” (interview).



The company has attempted to build steady relations with vocational schools. In 2010 Tesco launched a cooperation with secondary-level vocational schools of a trade profile, aiming at encouraging students to choose a career in commerce in general. The initiative is based on the concept of HR managers from local outlets visiting schools of that type in the area. The results have been described as ‘promising’. On the other hand, the concept of developing vocational practices in cooperation with vocational schools has proven a difficult challenge. Under current regulations, it is a student of a vocational school that is responsible for seeking and obtaining a vocational practice for themselves with a specific employer with virtually no assistance provided by school. In order to by-pass the bureaucratic barriers, the company attempts to establish contacts with local school superintendent (thus far, the pilot programme has been implemented in Cracow).

Furthermore, other human-capital development programmes have been devised to target secondary-school or university graduates (for those who graduated up to two years prior to enrolment in the programme). In 2010, a total of 40 places in the graduate programme were prepared. 2011 is the first year during which a joint development programme for university graduates is conducted for a group of countries of CEE (Czech Republic, Hungary, Poland, and Slovakia) and Turkey. The programme is based on unified curricula and consists of two stages, each lasting a year: the first stage takes place locally, upon its completion an assessment of trainees is being conducted, and those who successfully pass the selection may continue the programme for another year abroad.

The “traffic light system” has been implemented to monitor employee performance. The assessment is run on quarterly basis. There are four lights with red indicating unsatisfactory performance (far below a non-negotiable), yellow – below the target, green – reaching the target and blue – above.

5.10.3 Part-time and working time management

As the Polish law allows for trading on Sundays, all stores in the Tesco network work seven days a week. However, only hypermarkets are opened 24 hours a day, whereas smaller outlets work shorter hours: compact hypermarkets are opened from 6 to 24. As a result, daily working time is divided into three shifts: morning (6-14), evening (14-22) and night (22-6).

Out of 28,528 employees, majority (87%) work full-time. Among the remaining 13% working part-time, most are cashiers-assistants. Occasionally, employees in other positions work part-time. On the other hand, as one of the interviewees remarked, there are cashiers working full-time. Cashiers are usually employed at $\frac{3}{4}$ of a regular job (rarely $\frac{1}{2}$), which is a typical pattern in Polish retail network. The rationale behind such method of employing cashiers is the employers’ strive for workforce flexibility. As daily rhythm of sales in a hypermarket is uneven, with rush hours occurring in the morning (9-12) and late afternoon to evening (16-20), part-time employment of cashiers is seen as a key to the problem.

According to the statement by the HR Director of Tesco Polska, the employment structure in the company is highly feminised (“Tesco is a women”, as the HR Director put it). As of 2011, 77% of Tesco’s staff are female, while the remaining 23% are male. Furthermore, the female/male ratio remains stable on all levels of hierarchy:

- WL 1 - 79%;
- WL 2 – 65%;
- WL 3 – 50%;
- WL 4 – 30%.

Trade union representative reflected on the phenomenon, pointing to low level of wages as the primary reason behind the prevalence of female workforce in the company. “Still (in Poland – J. Cz.) it is a man who is expected to be the family breadwinner. With that kind of money it is hard to support wife and kids, it is even difficult to support yourself, if you are single. From what I see, most of the guys working in our store have other jobs, like doing merchandising for our suppliers or working elsewhere after hours.”

Educational background of Tesco Polska staff varies: over 40% of employees have full secondary-school education (finalised with the exit examination, equivalent to German Abitur), 21% - vocational education, and 19 % - university education (with either Bachelor or Master degree).

Sales representatives of Tesco suppliers are allowed in stores. Furthermore, Tesco employees are permitted to undertake such jobs after hours. Sales reps who are not Tesco employees are allowed to enter the storeroom to collect stock and transport it to the sales area and eventually place it on shelves. According to the store director, sales reps usually get along with the Tesco staff on duty, so the tensions or conflicts over interfering with each others work are rare.

Multi-skilling is a widespread phenomenon. “It aims at providing support to cashiers by employees working in sales units or in the supporting units or the other way around [...] They all have ‘sales assistant-cashier’ title written in their employment contracts” (interview with a company representative). As a result, such workers alternate between checkouts and other tasks such as stocking or cleaning. Multi-skilling affects only basic shop-floor workers, while specialists such as bakers or butchers are excluded from that work-organisation scheme. Introduction of multi-skilling correlated with decrease in use of temporary agency workers (TAWs).

Tesco Polska does not regard duration of employment a pay-determining factor. Wages are not seniority-based. “We only have two types of a rate: a ‘starter rate’ and an ‘established rate’. In the first year of employment, an employee learns his job, so his wage rate is 10% lower than a regular rate.

5.10.4 Industrial relations and interest representation

Industrial relations in Poland are pluralist and concentrate at the company level. In the national-context of industrial relations, Tesco is considered to be a fairly union-friendly employer, even though there is no collective agreement in place (but there is no single collective agreement in the whole retail sector).

There are five trade unions in the network but all except for the largest union ‘Solidarity’ are present in only one outlet respectively. The remaining four unions are: Sierpień’80 (Tychy), Solidarność’80 (Gliwice), Konfederacja Pracy (Częstochowa) and ZZ Pracowników Handlu (Gdynia). Solidarity is present in 120 outlets, of which over 60 are hypermarkets and has approximately 2,500 members. The size of the other four

unions are unknown, however, all the unions combined might have a total of 3,000 members, so the unionisation rate in the company could be estimated at 10%.

There is an 'agreement on co-operation' in Tesco Polska signed originally in 2002 between the board and "Solidarity". In 2005 the agreement was renewed for a non-fixed time. Currently, negotiations are underway with a view of amending the agreement. The agreement defines the mutual relations between the company and the union. No collective agreement is in place and, according to the unions, the prospects of concluding of such in a foreseeable future are meagre, as the unions have no sufficient bargaining power. However, the unions are consulted on work-organisation and pay-related matters, which are reflected in 'work regulation' and 'pay regulation'.

Union induction programme was tested for one year (January 2011-January 2012), and the pilot phase was taking place in two stores. However, the programme was not prolonged for 2012.

Employee forums are institutional form of representation transferred from the UK. Forum has limited prerogatives, it mainly focuses on matters related to work-organisation but never discusses the issues of employment relations, which explains why the relationship between the forums and trade unions is not competitive in nature. There are no conflicts between forum and trade unions. Forum meets regularly, every six to eight weeks. Forum consists of representatives of all units, who are elected for one year term. The form of election is in fact left to the discretion of employees, who may choose whether to vote openly or decide in a secret ballot.

There are three levels of forum: store, regional and national. In each store one delegate is elected to represent the workplace in the regional body, and in each region one representative is chosen to the national-level forum. Regional forum meets once a quarter. There are separate forums for hypermarkets and supermarkets.

Works councils in Tesco Polska does not exist; lack of thereof is explained by the fact that the "Solidarity" trade union is a representative union in line with the regulation of the Polish Labour Code, so by virtue of agreement with the company board, it serves as information and consultation body towards the employer.

Polish delegates (of the 'Solidarity' union) participate in the European Works Council (EWC) in Tesco.

5.10.5 Concluding comments

In Poland Tesco has earned a reputation of an employer with a fairly good attitude towards employee representation among other multinational chains. Furthermore, the parent company has managed to successfully transpose a specific form of employee participation developed in a home-country (forum) to its foreign subsidiary. The unions in Tesco have been often characterized as a prime example of "cooperative orientation". Nevertheless, the bargaining power of the employee side cannot be overrated, considering the fact there are still no collective agreement in the company.

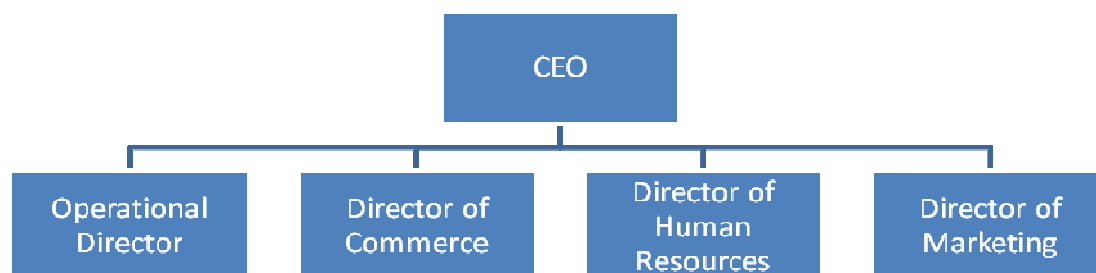
5.11 Tesco in Turkey

5.11.1 Introduction

By 2011 Tesco-Kipa operates in a total number of 123 stores both in *small and large store formats*¹⁰⁹. Tesco-Kipa in Turkey is at *developing stage I* with 47 hypermarkets and 76 express stores. In the small format stores up to 300 m² in size are deemed *express stores* whereas stores between 300-1000 m² in size are considered as supermar-kets. The large format stores, on the other hand, comprise stores over 2000 m² in size. Stores between 2000-5000 m² in size are called *hypermarkets* and stores 5000 m² and over in size are deemed *Extras*. Extra stores contain other shops, photo shops and op-ticians apart from the hypermarkets. At the same time stores are classified from 1K to 15K's according to store size in m² (1K = 1000m²).

There are two separate boards at the top management of Tesco-Kipa: the Executive Board and the Board of Directors. Strategic decisions concerning Tesco-Kipa are made by the Executive Board while the Board of Directors performs as the executive top management unit. The Executive Board, which is elected to direct for three years, consists of 10 members. Only four members of the present Executive Board of Tesco-Kipa are Turkish nationals. The Board of Directors, which is assigned by the Execu-tive Board to manage for three years, comprises five members: CEO, Operational Di-rector (CCO - Chief Operator Officer), Commerce Director, Human Resources Direc-tor and Marketing Director. Only the Commerce Director and the HR Director of the existing Board of Directors are Turkish nationals (http://tesco.kipa.com.tr/PDF/FaaliyetRaporlari/01_mart_2011_28_agustos%20%202011_yonetim_kurulu_faaliyet_raporu.pdf).

Figure 1: Organisational Structure of Board of Directors



Operational Director is the top manager that manages and controls all operations of Tesco-Kipa. According to Tesco-Kipa's organisational structure the team of COO consists of the following: Operational HR Director, Support Office Director, two

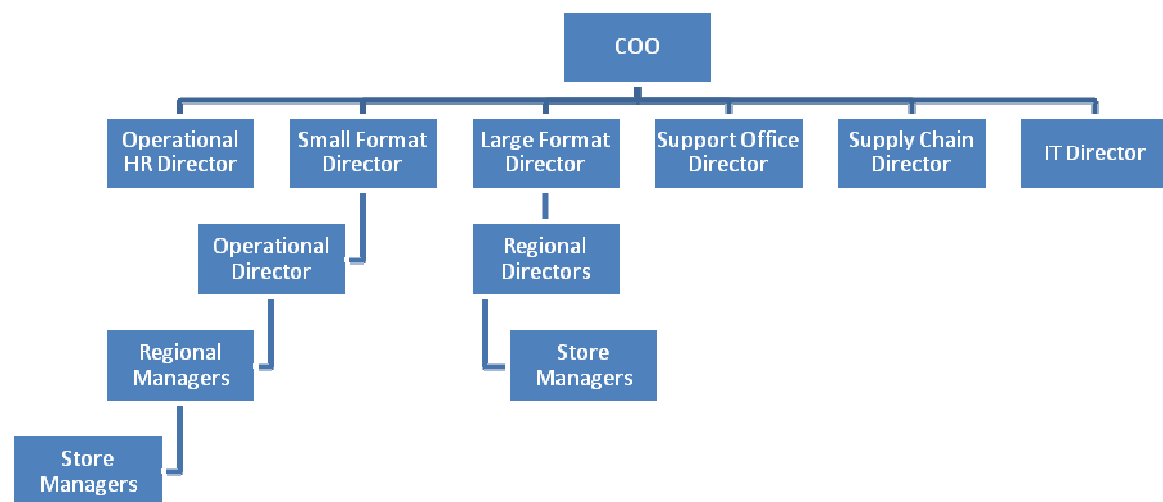
¹⁰⁹ Tesco is the sector leader or at least the second largest in all the countries it operate except Turkey, in Turkey it is the fourth largest company in the food retailing sector. One of the participants clarifies the issue by recalling the goal of Tesco-Kipa as "being the best retailer, not the largest". She mentions that Tesco-Kipa carries a very well-defined and detailed investment research and accordingly invests only on areas where it can profit; and the company aims to open 40 new stores in 2011 and 70 new stores in 2012.

Format (small and large formats) Directors¹¹⁰, Supply Chain Director and IT Director. This team of COO is in charge and accountable of all the operations of Tesco-Kipa.

In Turkey Tesco-Kipa assigned directors for the large and small formats following the opening of the extra stores in 2010. Each format director works with his own team, which comprises budget planning, marketing and financial analysts in order to shape the relevant formats¹¹¹. In the organisational structure of the large format stores, the large format director is at the top of the format management where regional directors and store managers report to him/her.

On the other hand, the organisational structure of small format stores is different than the large format, such as two operations directors, one for express stores and the other for supermarkets, work under small format director (Figure 2). In Tesco-Kipa's Turkish market operations, 7 regional directors assigned for specified regions in the organisational structure of large format stores whereas 6 regional managers work in the organisation of small format stores. Since the surface area of Turkey is much larger than that of England, number of stores per region is less. Related to this issue, Participant No. 3 states that regional managers in England are responsible for around 20-25 stores while in Turkey they are responsible for approximately 10 stores.

Figure 2: Organisational Structure of Tesco-Kipa



5.11.2 In-store management structure and skills

You can find the organisational structures of express stores, supermarkets and hypermarkets in the Appendices 1-2-3. Stores are classified from 1K to 15K's according to store size in m² (1K = 1000m²). And for instance, 98 personnel are working at a 5K store. But we do not have any number of managers at the stores.

¹¹⁰ In Turkey the format directors were assigned by the company after the opening of the extra stores in 2010. In this fashion, large format director became responsible of the extra stores and hypermarkets, and the small format director got control of the express stores and supermarkets.

¹¹¹ In Turkey teams of format directors do not include an HR analyst yet. However, Participant No. 3 mentions that depending on the increase in the numbers of stores and employees of each format, the teams of format directors would develop as to include an HR analyst.

There is no tendency of reducing the number of managers. Store and deputy manager contracts do not stipulate unpaid over-time; they particularly work overtime at the weekends and holidays.

Although the company systematically tries to involve employees more closely in their work and the business of the company, the personality and the leadership style directly affect the quality of work the motivation of employees. For example if the store manager starts the working day with a smiling face and greetings, the motivation of employees would be higher.

Tesco-Kipa focuses on internal recruitment in recent years. In line with this approach the company started the “Optional Manager Training Program”¹¹² in 2004, in which qualified employees are trained to become managers to any eligible position. The program is open to all employees who wants advance in his/her career and who has the potential of developing into a manager. With this optional program, employees take the opportunity to advance their careers, and as a result Kipa gets the chance of generating resources for any level of management. As part of the optional training programmes, Tesco-Kipa has provided 3.646 hours of training in hypermarkets and 1.430 hours in express stores (http://tesco.kipa.com.tr/PDF/FaaliyetRaporlari/march_1st_2009_february_28th_2010_board_of_directors_annual_activity_report_Eng.pdf- 09.05.2011).

The program, which is an adaptation of the original one in the UK, is being continuously improved, and provides training for management positions such as Regional Director, Store Manager, Regional Human Resources Manager, Group Manager, Human Resources Manager, Checkout Services Chief, Administrative Chief, Department of Commerce Chief, all positions at the Head Office, Express Stores Regional Manager, and Store Executive. The participants of the training program are selected via interviews held at pre-set election centres. Upon completion of the training program the trained personnel is evaluated by a decision panel, and if the panel approves of the success of the candidate, he/she is assigned to the appropriate position. Optional Manager Training Program paves the way for eager and improvement-oriented workers to become managers (http://tesco.kipa.com.tr/pages/kurumsal_yonetim.asp-20.04.2011).

The interviewed workers mention that they have a clause in their employment contract as “Workers could work in any Tesco-Kipa store”; for this reason whoever completes the optional manager training program is then transferred to any store that lacks managers. They also state that their store manager used to work as a butcher; although such cases are rare, it is still possible for workers to become managers. On the other hand, interviewed workers also emphasize possible favours to certain employees (like nepotism) in the training program, and the occasions where unsuccessful trainees could graduate or on the contrary successful trainees could not manage to graduate from the program.

Besides optional training programs, “*Fresh School*” also give opportunity for re-skilling and managers and employees do not see any indication for de-skilling. Tesco-Kipa trains employees of fresh food section for expertise at the *Fresh School*. Kipa employees seek to improve customer satisfaction by achieving expertise on ready-food, meat, fish, chicken, bakery products, open and branded delicatessen and green-grocery products through training programs of the Fresh School. Until now 75 em-

¹¹² Optional Manager Training Program consists of two categories, which are “Accelerated Training” and “Long Term Training”.

ployees participated in these trainings and 51 one of them are granted their certifications.

Even though Tesco-Kipa focuses on internal recruitment in recent years, the company developed a new external recruitment scheme in collaboration with İzmir University of Economics (IEU). Tesco-Kipa started the joint “*Retail Management Option Programme*” with IEU in September 2008. In the first year of the program students take extra courses on retailing and Tesco-Kipa staff provides coaching to the students in practical applications of these courses. During the program students get a two-month summer apprenticeship program in which they have the opportunity to work both at stores and the Head Office. Following the extra courses specifically designed for retailing sector and coaching support from Tesco-Kipa staff during the second year of the program, the students are aimed to work at the company after graduation. In addition, the most successful two students of the program are sent to the UK for their apprenticeship period. This way, Tesco-Kipa aims to fill long-term highly qualified personnel requirement with fresh graduates who have specialized in retail management. 4 students out of 19 who graduated the Program in 2009, and 5 students out of 9 who graduated the Program in 2010 started to work at Tesco-Kipa Head Office. Tesco-Kipa places particular importance to this Program which is unique to Turkey. Such that, managers of Tesco-Kipa believe the future CEO’s of the company would be graduates of this Program. Almost all of the fresh graduates build their initial work experience at Tesco-Kipa via this program and nurture with the organisational culture of Tesco-Kipa.

Though it is not legally required, Tesco-Kipa has formed “Employee Forums”, which is a type of worker representation, upon its own preference. In the forum system regional and national employee forums are held periodically at stores, the head office or distribution centres with the participation of employees and managers. Employees determine the agenda of the forums where action plans are developed on debated issues and pursued afterwards. However, employee forums do not have any involvement in recruitment process.

Auxiliary tasks, such as cleaning and security services at Tesco-Kipa are performed by subcontractors. Besides subcontractors’ workers, interviewed workers point out promotion workers, who are basically responsible for placing, preparing and promoting products of specific brands, also perform most of the tasks that store workers should carry out, i.e. replenishments.

5.11.3 Part-time and working time management

Due to lack of a collective agreement in Tesco Kipa, the working time is regulated by Labour Act (see Country Report).

Tesco-Kipa employs 8.588 workers, of which 7.520 (88%) are full-time and 1.066 (12%) are part-time, by November 2011. However, Tesco-Kipa aims to increase the number of part-time workers. There is no team leader or manager as part-timer.

In Turkey, the main breadwinner is male in households (see country report). Consequently, female jobs are seen as secondary jobs. Nevertheless, most of the female employees are employed in service sector. By November 2011, 36% of all Tesco-Kipa workers are females (3071 people) and 64% are males (5517 people). Most of the part-timers are cashiers and most of the cashiers are females. Other employees of the

stores are mostly males. For instance, store managers are typically males. Participant No.3 states that there is only one female store manager at large format stores (and also only one female store manager candidate in the optional training program), but also adds that the number of female managers is a little higher at small format stores.

However there are female employees working at the administrative departments of the stores, i.e. human resources managers of the stores are usually females. After telling that most of the section workers are males Participant No.3 also states that there are female section workers too, but females do not seek for promotion after getting married since following their promotion from section worker to group manager or store manager they should be transferred to another city which would bring up the issue of their husbands' job fact which are assumed to be the primary employments of the households. Therefore, Tesco-Kipa started a new project called Women Leadership Network in 2011 in order to increase the number of female managers (beginning from chiefs and group managers). In this project the company organizes meetings to draw together female managers and female manager candidates, promotes optional training programs to female workers and conducts leadership courses for females.

The established practices do not allow workers to work certain times during every week. They have to be able to work all possible hours. Depending on the circumstances of retailing sector, sometimes it becomes necessary to change the posts of workers spontaneously or daily. Rosters are organised on store level and announced one week in advance.

Job definitions and occupation groups are comparatively more clear and definite in large stores of Tesco-Kipa; however, in small stores job definitions mostly could not be defined as clearly as they are in large stores and usually every one performs all kinds of jobs. With a project conducted in 2010 clear and specific job definitions are formed for each level of worker at Tesco-Kipa. New recruits are handed these job definitions when they start working. Existing workers are also provided with their job definitions and trained correspondingly. However interviewed workers come to believe that there are not any clear job definitions at the store. For example, a fresh food section worker might easily sort out shelves, or in another instance bakery cooks are forced to clean the dishes.

Breaks are organized reliably according to the Labour Act.

Employees generally work over-time at the weekends and holidays and most of the workers would like to work over-time to gain more money. Over-time work is not used as a tool of rewarding obedient workers.

There are no important grievances about the organisation of working time. When some grievances about working time occur, employee forums could discuss to solve these issues.

Tesco-Kipa has a pay structure rather distinct than other retailers in the sector, in which pay levels differ with respect to both the nature of jobs and living standards of cities.

5.11.4 Industrial Relations and Interest representation

Tez Koop-İş union started organisation and unionisation activities at Kipa stores a short while before Kipa was purchased by Tesco in November 2003. The union

started off unionisation at Kipa in June 2003 and applied for workplace majority verification to MLSS and got the authorisation for collective bargaining in May 2004. However, Tesco-Kipa appealed against the call, following this appeal the court concluded against Tez Koop-İş in 2006. Even after the call of terminating the authorisation, Tez Koop-İş continued unionisation activities at Tesco-Kipa, and applied for workplace majority verification to MLSS once more and attained authorisation in July 2010. Tesco-Kipa again appealed the respective call, and the court concluded in favour of TezKoop-İş in March 2012. Now the final decision of Supreme Court has been waiting.

Tez Koop-İş's struggle for unionisation at Tesco-Kipa that has been continuing since 2003 is acclaimed and supported by both national and international labour unions. Even Sosyal-İş which is the greatest rival of Tez Koop-İş supports Tez Koop-İş in this great struggle. UNI Global Union, of which Tez Koop-İş is a member, tries to develop an agenda on the issue at international level. Representatives of UNI encourage workers by frequently visiting Tez Koop-İş and Tesco-Kipa stores.

There is union freedom according to the TUA. However during the recruitment of new workers in the period of 2006-2008, Tesco-Kipa imposed on the applicants the condition of non-membership to Tez-Koop-İş or resignation if they were already union members. The Tesco-Kipa management told workers who left Gima and Tansaş (local supermarket chains) and applied for jobs in Tesco-Kipa that they had to resign from union membership for admission. The management knew well that Tez-Koop-İş was the recognized union in Gima and Tansaş. Workers who are leading figures in unionisation activities are also being watched by their superiors and psychological pressure is exerted upon other workers by making them aware of this watch. In some cases workers are offered promotion and various other means of career in order to dissuade them from union membership. And at the organising process some of the unionized workers were also dismissed.

Since authorisation of collective bargaining process of Tez Koop-İş still continues, there is not any signed collective agreement. Tesco-Kipa is the only retailer among multinational hypermarkets operating in the Turkish market that has not signed a collective agreement yet.

Due to lack of work councils and worker representation systems in Turkey, trade unions play a critical role in representing and defending interests of workers. However the most important procedure that represents workers at Tesco-Kipa is the "employee forum". One representative is selected for each store in these forums, and these representatives discuss problems of store employees at the regionally and nationally held forums (http://tesco.kipa.com.tr/pages/kurumsal_yonetim.asp-20.04.2011). Participant No.1 states that the system had also avoided unionisation for quite a long time. He also mentions that store representatives at the same time have functioned almost like union representatives in the forum system by saying;

"We used to held store forum once a month and gather all the employees, and they let us know all their problems. But it was difficult to gather 150-200 employees at the store, so we told them to select representatives and started to meet with these representatives. Otherwise how could we cope with the union all these years? The later the union reaches the workplace the better it is."

Participant No.2 indicates that the forum system initially starts with the election of representatives. Employees of each department who wants to be forum representatives apply to HR department, and the HR department-approved individuals begin their activities for being elected as representatives. However, management looks for some requirements (i.e., not being warned before or not being fined for any act). Each department of the store elects its own representative, as Participant No.2 states, such as two representatives for administrative department, one representative for dry food department and again one representative for fresh food department are to be elected for representation at the forum; and the employee who gets most of the votes becomes the forum representative. These department representatives then elect workplace representatives among themselves; workplace representatives similarly elect regional representatives and in the end regional representatives constitute the national workers forum. Store forums are held once a month with the participation of store manager and HR manager whereas regional forums are held once in every three months and national forums are held once a year as participants notify.

However, interviewed workers claim that forum representatives are mostly elected amongst quiet and calm workers, and these workers could not advocate adequately the problems of workers in front of the management.

The most significant industrial conflict at Tesco-Kipa is the law suit on authorisation of collective agreement against Tez Koop-İş that continues since 2003.

5.11.5 Concluding comments

It appears that Tesco do not have a uniform attitude towards trade unions in different parts of the world. While Tesco headquarters have an established discourse that Tesco employees are free to be union members, this may hold true for the UK stores but not for other parts of the world, particularly for Turkey. The nine years long experience of Tez-Koop-İş in unionisation at Tesco-Kipa stores plainly contradicts the Tesco claims that unions are not rejected at Tesco workplaces.

5.12 Lidl in Germany

5.12.1 Introduction

Lidl, the hard discount chain of Schwarz Group, operates around 3150 stores in Germany, with annual sales of above € 15 billion. OneRDC and on average 85 stores are forming 37 operational regional sales units (IGD 2012). These regional units are formally made up by two separate companies: one consisting of the regional HQ operations including the RDC and the other consisting of the stores. These companies, both in the form of GmbH & Co. KGs, are formally independent, since their manager, the regional manager (RM), acts as owner of the GmbH as the company's general partner.

The formal form of incorporation was introduced in the early 2000s. There are probably two reasons for this. In 2000, companies incorporated as GmbH & Co. KG (a legal German specialty within Europe) became obliged to publish basic financial results, by the split up of its regional companies these would fall below the threshold. Further, in 2001, the Works Constitution Act was changed, slightly improving

chances to set up works councils. The split-up of regional operations helps to avoid the emergence of works councils based on § 4 BetrVG (Works Constitution Act) which would extend the basis of works councils set up at HQ and RCD operations to also include harder to organise stores; the split-up also precludes joint works councils (Gesamtbetriebsrat) that could be formed by works councils at single stores and HQ works councils.

The management structure is highly standardised. Each regional unit, depending on its size, has one to three sales operations managers (SOMs). Below these there are district managers (DMs; Verkaufsleiter VL); each DM is responsible for about 5 stores.

Store performance is measured by some uniform indicators across the country. These are sales per hours worked and sales per labour costs, as well as waste and inventory loss.

5.12.2 In-store management structure and skills

Staffing, tasks and hierarchy

Stores employ between around 8 and 20 persons.¹¹³ Stores are managed by a store manager (SM; Filialleiter FL), who is assisted by usually one deputy store manager (DSM; SFL). Some shop assistants also work as duty managers in case of absence of SM and DSM; besides some experience, the formal qualification for this is quite low (especially first aid and OTC qualification). There is no further hierarchical differentiation or (formal) segmentation between cashiers/sales personnel, except for a small number of employees with ‘marginal contracts’ (mini-jobbers).¹¹⁴

Personnel responsibility: Mini-job contracts can be set up by SMs; employment contracts with shop-floor workers are set up by DMs; employment contracts with SMs and district managers by regional managers (always in coordination with immediate line managers). Disciplinary power is arranged in the same way.

Shop assistants (sales personnel/cashiers) have two main tasks: restocking (incl. tidying shelves, turning stock and arranging special non-food offers twice a week) and operating checkouts. Both activities each take on average about 50% of total working time. Other activities include cleaning (floors with machine; shelves, etc.), baking bread etc. (mostly) from frozen dough pieces (has been introduced recently at Lidl), or changing tags (above shelves).

There is always a first, a second and (usually) a third cashier. A first cashier might typically work an estimated 90% of total time at the checkout, she is the first to open a checkout when customers want to pay; second cashiers about 60%, and third cashiers about 20%. All cashiers operate on separate checkouts and have their own cash drawers (for the time of their shift) and cash up at the end of their shift. Store managers usually attempt to limit daily time of checkout work of one employee to four or five hours, because longer hours lead to too many mistakes.

¹¹³ Smaller stores (three aisles stores; Drei-Gang-Filialen) with usually less than 1000 m² employ between 8 and 15 people. Larger (four aisles) stores employ a few more.

¹¹⁴ But it seems that in some regions Lidl is experimenting with some specialisation: store managers assign certain tasks and responsibilities – like fresh produce or non-food – to single ‘specialists’, perhaps for one shift but also for a longer period.

Restocking at discounters like Lidl is very hard physical work,¹¹⁵ due to high turnover and because most of the time, complete boxes have to be moved instead of single items. But still (according to one interviewee) replenishment is preferred by most employees over checkout work where mental concentration and 'friendliness' are required (except by workers with e.g. back complaints).¹¹⁶

In addition to 'normal' shop assistants, a small number of mini-jobbers are employed – but there seem to be significant regional differences how this is done. One mini-jobber, usually a student or a pensioner, might fulfil out-door house-keeping tasks (like cleaning parking lot; usually about half an hour a day). Other tasks like window cleaning, gardening (lawns and hedges) are subcontracted to specialist firms. In some regions, two to three other mini-jobbers work as 'Abschachtelhilfen' for about two hours in the morning or in the evening; they consolidate half-empty boxes on the shelves, remove empty ones, and turn stock. In other regions, employees on mini-job contracts have to come in helping out with all kinds of tasks.¹¹⁷

SMs mainly do the same work as 'normal' employees (one interviewee estimated this at 70% of their working time), except they rarely work at the checkout – only if no one else available. This is because SMs have to be flexible and someone who sits at a checkout cannot quickly leave this place. Other tasks of SMs include:

Ordering: most products are ordered every second day (for half of the assortment, respectively), products with a use-by-date are ordered every day from RDC. Orders from RDC are placed electronically via a handheld MDE gadget (Mobile Datenerfassung; mobile data entry) device. The device shows the last orders made for every single product and by comparing this information with the amount of products on stock the number of boxes needed is estimated and then ordered by typing it into the device. This takes up to half an hour per day and has to be done before 10:00am; data are automatically transmitted to the RDC. (In one instance we were told that incoming goods are not controlled in detail since a pallet may contain e.g. 30 different items which cannot be checked without unpacking). Most products are ordered from the RDC; produce is ordered daily from an independent wholesale market (Fruchthof) by telephone, usually before 8:00am (incoming call from wholesale market) based on a list of items and prices provided by HQ. The non-food assortment is delivered twice a week by RDC in centrally assigned quantities; this is the same for advertised food products; store managers do not have any influence on this.

Stock/inventory taking is done every four weeks in the late evening; it takes two to three hours and is done in the presence of the DM by (nearly) all employees of the store. At stores where inventory losses are low this has to be done only every three months.

Other 'managerial' tasks are: supervising all tasks; opening and closing the store; developing the personnel roster (cf. below); dealing with orders that come in from regional HQ (e.g. visual merchandising; price changes); daily accounting.

¹¹⁵ There are frequent complaints about health problems, especially among elder workers; in ahrd discounters this means workers in their late 30s or 40s.

¹¹⁶ A special problem: One employee at an Aldi store, but this might be the same as at Lidl stores, told that a violence-prone drug addict regularly steals certain products (coffee, salmon etc.) for private re-sale; she and her colleagues do not dare to call the police fearing to be 'stabbed in the back' by this person at a later occasion.

¹¹⁷ This distinguishes Lidl from Aldi Nord and Aldi Süd where no mini-jobbers are employed, but also from discounters like Netto that employ a large number of mini-jobbers.

DSMs take over potentially all tasks of SMs, if these are not in store; but esp. rostering seems to be kept in the remit of the SM. Shop assistants while acting as duty managers are being paid an additional allowance.

Management style

Management at Lidl has been described as a “system Lidl” (Hamann and Giese 2004; Schramm-de Robertis 2010) including a high level of ‘personal control’ (Edwards 1979) allowing to build up pressure on single employees. This pressure could be built up especially on workers who

- are pregnant
- are frequently ill (avoiding sick pay)
- are (no longer) high-performers
- do not show full flexibility
- are indebted, as they are assumed to be inclined to steal
- are critical, demand their rights,
- support trade unions, works council initiatives etc.

The company was systematically collecting all kinds of information on their employees. These seem to be directed towards collecting information on employees that could be used to ‘justify’ dismissals on grounds of conduct (with immediate effect) and/or to build up pressure (e.g. warning notices). There used to be e.g. inspections of employees’ bags, lockers, cars etc. Mystery shoppers with ‘difficult’ shopping carts could easily trick cashiers into making mistakes. In 2008, the German media unveiled that several regional Lidl units had installed secret cameras, even in rec rooms, which caused a huge scandal in the country. And little later, it was found out, that Lidl had set a database on employees’ diseases – aggravating the image problems of Lidl, and finally leading to the dismissal of the head of Lidl’s German operations, Mr. Mros.¹¹⁸

Real or insinuated offences, and frequently petty offences, were used to start interrogating or ‘grilling’ employees: a group of managers (district managers and others) spent hours with the ‘offender’ in the rec room pressuring her or him to sign a ‘voluntary’ agreement terminating the employment contract (Aufhebungsvertrag).

At Lidl, there certainly was – at least at many regional units and stores – a ‘System Lidl’: labour relations were based on mistrust, combined with bullying and high levels of various forms of legal and illegal control – and with pressure on workers to work extremely hard, including unpaid over-time and ignoring breaks. The managerial culture of “tough guys” (“harte Hunde”) is described by Straub (2012) for Aldi and was probably quite similar at Lidl.

The highly personalised and discretionary form of control made the working climate for single employees highly dependent on the personality of their line managers:

“You hear this again and again when you talk to staff. They insist that it is of crucial importance: is the district manager a human person you can talk with, who is approachable, open-minded towards reasonable arguments, or is that someone who simply dictates orders from above, who ruthlessly implements targets. For the people this is of absolutely central importance – of surprisingly central importance ... primarily collaboration with store management, and then with district management.” [D05]

Following Verdi’s organisation campaign (cf. below) and the scandalous reports in the German media, since around 2009, a change has occurred: middle managers are

¹¹⁸ But only a few months later he rejoined the company as head of Lidl UK.

now, e.g. on their training courses, told to treat workers fairly – and according to a usually not uncritical store manager – many do; even though some others, especially those that have been with the company for a long time, still do not. Electronic time recording, too, was introduced in 2009, making the practices of incorrect time registration more difficult.

Training

Among sales personnel/cashiers (i.e. excluding mini-jobbers), the share of employees with retail-specific vocational training seems to be clearly below the national average (one estimate given was 40%; D09).

Most cashiers/sales staff have been trained on the job. SMs have to systematically check a number of competencies and tick them off on a training list ('Einarbeitungsbogen'); on-the-job training might take up to half a year.

Most Lidl stores offer vocational training. Judgements on the quality of this training are contradictory: While some interviewees criticized that, because of tight staffing, experienced employees do not have any time to be involved in training and that training tends to be learning by doing, other interviewees stated that the training courses offered by the company were excellent.

Training contracts used to be for only two years (Verkäufer/in); and only a smaller number would be allowed to add another year to become Kaufmann/frau. Successful three year trainees might then have a chance to be promoted, to act as duty managers and to become DSM or SM. For a few years Lidl also offers three year courses to new entrants; according to a regional HM manager, Lidl wants to attract better trainees, especially for further development as SMs and potentially as DMs.

DSMs and SMs used to be recruited among (frequently also female) workers with three-year vocational training; but increasingly they are also hired externally; these start as store manager candidates (Filialleiter Anwärtler, FLA) with a fixed term probation contract that can be extended for up to two years. One interviewee stated that the majority does not make it to become a SM afterwards.

5.12.3 Part-time work and working time management

Contracted hours

Frequently the SM is the only full-time employee. DSMs sometimes also have full-time contracts. SMs usually work a considerable amount of over-time and are expected to work whenever necessary (as stated in their employment contract). 50 hours might be seen as the regular working week (cf. below).

Nearly all sales personnel/cashiers are part-time employees – usually half-time, i.e. around 80, and sometimes up to 120 hours per month). They are expected to be very flexible and to be able to work from 6:00 in the morning until 20:00, or in some regions even until 22:00 in the evening¹¹⁹ (as stated in their employment contract; 'Kernarbeitszeit').

¹¹⁹ At Lidl opening hours in most regions are from 8:00 to 20:00 Mondays through Saturdays. Stores are closed on Sundays.

As mentioned above a small number of mini-jobbers are working very short hours, up to two or three hours a day (usually students or pensioners). Finally, many stores employ vocational trainees (cf. below).

There are no fixed term contracts, except for maternity covers. There are no temporary and no contract workers. A special role is played by security personnel: many stores are attended by a uniformed security guard, nearly all the time. They are employed by security firms engaged by regional Lidl companies. Security guards frequently help out with all kinds of 'smaller' tasks: they put away items dropped somewhere by customers, they help attaching posters, or they assist customers finding some items.

Flexibility

Since 2009 Lidl SMs are supposed to (and usually do) set up work schedules two weeks in advance. Work schedules must be displayed in the back office / rec rooms.

But still, "Flexibility is essential" ('Flexibilität ist das A und O'; D09). High flexibility is not only required in terms of the situation of working hours but also in terms of (short-term) adaptation, e.g. to cover sick colleagues' shifts. This seems to be expected not only by superiors (SMs, DMs) but also by colleagues as a matter of solidarity and mutual support. Employees are expected to be able to come in and help out at short notice (telephone call). Important appointments or other duties might be accepted as excuses on special occasions, but not regularly. 'There is a moral responsibility for everybody to do this' [D09:7]. Refusing flexibility might lead to a warning letter and ultimately to dismissal. In cases of emergency, employees might be exchanged between stores (within one district).¹²⁰

Over-time

Over-time is very common. A majority or even nearly all employees work overtime. According to one interviewee overtime accounts for at least 20% of total working time at the stores she had information on.

Most employees would like to work more hours than granted in their contract; allowing SMs to 'reward' certain employees by assigning them additional hours. This seems to be a common practice at Lidl stores.

Employees frequently seem to be expected to work some unpaid overtime, e.g. for setting up their cash drawers before the store opens or before a colleague leaves and the official shift begins.

Unpaid over-time

The manipulation of overtime documentation, which was done manually by store and district managers used to be a common grievance (detail needed). In some cases documented overtime was even charged against sick leave; and even more drastic stories are being told (cf. also Hamann and Giese 2004; Schramm-de Robertis 2010). But, according to several interviewees, the situation seems to have improved significantly with the installation of electronic time measurement in 2009, and a more general change in Lidl's management style.

Linked to the problem of working hours (and understaffing) is the problem of denied breaks (and frequently also self-denying breaks); actually not interrupting work dur-

¹²⁰ Employment contracts allow for up to 30 km travelling distance.

ing official and legally required break times would not automatically be detected by electronic time management systems.

Another frequently heard grievance relates to the atmosphere in the stores; and there are many examples of bullying, shouting, and verbal abuse (cf. also Hamann and Giese 2004); this too, according to several interviewees, seems to have changed during the last years – even though some long-established managers are said to not really have changed.

5.12.4 Industrial Relations

Union density at the stores of Lidl is extremely low. It is considerably higher at their distribution centres; but exact data are not available.

Collective agreement

It is unknown in which way Lidl is a member of the employers association HDE, because formally all companies belonging to the group would have to be members of the regional sub-units of HDE. But, Lidl applies the collective agreement; and even pays slightly more.

Pay structure

Lidl pays slightly above the level of the collective agreement. All sales personnel/cashiers (except some mini-jobbers) are formally employed as cashiers, and thus receive the collectively agreed extra pay for cashiers (Kassenfunktionszulage; about 4%) – even if they only spend a small part of their working time at the checkout. Additionally hourly wages are 20 Cents above collective agreement; and an additional Christmas bonus is paid. But, the discounters' higher share of employees without professional training would allow lower average payments (cf. 4.1.4 on collective agreement), especially for new employees. In addition, the low average age also reduces Lidl's wage cost; there seem to be only very few store employees in their mid 40s or older – partly because many stores have only opened during the last two decades and partly because employees who could not cope with the heavy work load were forced to leave the company.

Lidl's top manager, Gehrig, had announced in 2010 that the company will pay at least €10 per hour to all its employees (including mini-jobbers).¹²¹ For unskilled entry level employees, this would imply wages clearly above the collective agreement.

SMs earn around 4,000 €, but there is no (or little) additional payment for frequently considerable amounts of overtime, as common for 'managers' (Leitende Angestellte).

District managers earn from 4.000 € and get a company car they can also use privately.

Plant and company level interest representation

Lidl is very hostile towards trade unions and to any attempts of employees to establish works councils.

¹²¹ The background to this, linked with a demand for a national minimum wage, probably is that some of Lidl's competitors like Netto-Markendiscount are paying considerably lower wages. In July 2012 Lidl announced to increase its minimum wage (including mini-jobbers) to € 10.50; while Netto-Markendiscount announced a minimum wage of €7.50.

There exist five works councils at store level (two in Hamburg, two in the Stuttgart region and one in Bamberg (end of 2011). Stores and distribution centres are formally incorporated in separate companies making it more difficult to install workers' representations (cf. 5.12.1). Management have been very hostile toward employees that tried to establish works councils.¹²² In 2005, Lidl even closed down a (profitable) store in Calw where a works council had been working.¹²³ It seems that this hostility has recently slightly decreased: the foundation of the second works council in Hamburg in 2008 has been somewhat easier than that of the first one in 2007.

5.12.5 Concluding comments

From the first half of the 2000s until the late 2000s, Verdi had conducted an organising campaign for Lidl stores; where it had met fierce opposition from the company. The campaign had focused on a critique of working conditions and argued for the necessity of works councils (Schreieder 2007; Röhlk 2008; Bormann 2011).

On the one hand, the campaign had ultimately led to a success, especially after additional pressure came from the German media revealing scandalous practices of Lidl. The company seems to have significantly changed its managerial practices leading to improved working conditions at its stores.

But, on the other hand, in terms of organising the campaign was not very successful: the number of works councils at Lidl stores is still small and trade union membership amongst Lidl employees has not risen steeply. This demonstrates the enormous difficulty of employee representation at small establishments within the German institutional framework, even when they belong to huge corporations.¹²⁴

5.13 Lidl in the UK

5.13.1 Introduction

Overall structure of Lidl UK

Lidl entered the UK market in 1994 and runs more than 580 Lidl stores at the moment (Lidl UK website, accessed 24.04.12). At the HQ in the UK we find the Managing

¹²² Stores with works council are also isolated from the rest of the company: They are excluded from short-term exchange of personnel with other stores. And they are not allowed to have vocational trainees, which would mingle with trainees from other stores at company organised courses or at vocational school.

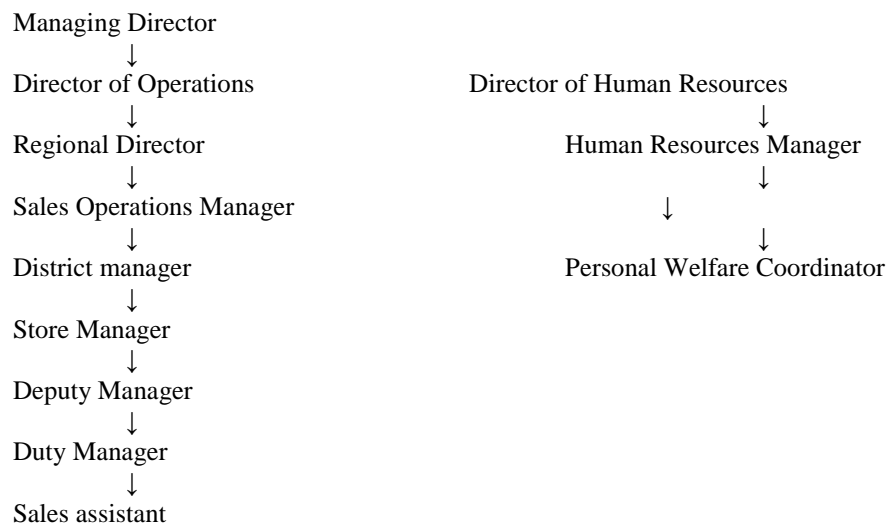
¹²³ Further, in some cases, where employees attempted to set up a works council, these stores were incorporated as an independent GmbH & Co. KG facilitating their closure (their workers then would not have to be taken on by other stores in the same regional company).

¹²⁴ A comparison with the organisation campaign of HBV at the drug store chain Schlecker ten years earlier should account for the completely different situation of the two cases. At Schlecker, many workers were paid below the level of the collective agreement; and at that time this agreement had been generally binding (Allgemeinverbindlichkeitserklärung). In this situation, HBV could assist workers to pursue their right to a higher wage; and works councils would also help in this direction since they are responsible for classifying employees into pay brackets. In contrast, Lidl has always followed the collective agreement, and thus a central factor for the success of the Schlecker campaign is missing.

Director, followed by the Operations Manager and some HR functions (see also figure below). There are 8 Regional Distribution Centres (RDCs) across the UK. These are located in: Belvedere, Bridgend, Enfield, Livingston, Lutterworth (Magna Park), Newton Aycliffe, Runcorn and Weston-Super-Mare. How many stores are managed by one RDC is related to geographic location. The Bridgend RDC e.g. is responsible for Wales and the West Country (including - Gloucestershire and South Gloucestershire, Herefordshire, Worcestershire, Cheltenham, Swindon, Powys and South Wales).

Management structure above store level

For the region Wales and the West-Country; we find 1 Regional Director (RD) and 2 Sales Operations Managers (SOMs) - one for Wales and one for the West-Country - and perhaps 8 District Managers (DMs) just for Wales, if you count in that every DM controls four stores (interviewee 3). One SOM covers 'a wide region'. However, there are exceptions for large stores such as the Bridgend store, a large store in Wales with a £100k turnover per week. The DM only covers this and one other store (ibid). The following organisation chart was provided by Lidl store manager (SM, 3):



Performance indicators for store

Interviewee (3) explains that there are three other important performance indicators for stores which: "productivity, waste and inventory loss. There are standard targets which can be adjusted by SMs in agreement with their DMs. How this operates in practice is that if you are within your set targets they tend to leave you alone-I have not had a visit in ages because the store is in target. If you miss your targets even slightly then you get visited." The most important of these is sales-productivity. They look at turnover in pounds and pence divided by the number of hours for that day the resulting value must be a minimum of 220. An example given was: £10,000 Turnover/ 45 hours (i.e. Total number of hours worked by all staff in the store that day) = 222 productivity.

5.13.2 In-store management structure and skills

Levels of hierarchy, management functions and roles of SM, DSM and duty managers

UK Lidl stores usually have, related to size/performance, the following number of employees and functions in stores: 1 store manager, 1-2 deputy managers and 2-4 duty managers and a variable number of sales assistants, usually on part-time contracts. Large stores with a high turnover and customer base, e.g. in Torquay, have a larger number of employees. This has 38 members, including 2 SMs, 6 deputy SMs and 9 duty managers (Intouch 2011). In larger stores work roles and managerial functions seem to be more differentiated; every member of the team has their own specific role; ranging from “shop floor supervisors” through “night shift workers” (ibid). In smaller stores with lower turnover, we would find that SMs are interested in making sure that staff is multi-skilled, because if not SMs need to be involved more in daily shop-floor tasks.

A greater amount of turnover per week in £ is directly linked with number of staff in stores. The more staff a store has the greater it is able to train and increase the number of duty managers. The following managerial tasks are shared between SM, DSMs and Duty Managers in stores (interviewee 3):

- *Check price files have updated onto till systems so new price changes are in effect.*
- *Check all tills are operating on the correct date.*
- *Check previous day's completion of electronic clock in and clock out.*
- *Work delivery with staff in the morning.*
- *Break off from working the delivery to complete morning orders by 9am deadline (Including chiller, meat & poultry, freezer and bread areas).*
- *Check picklists for discrepancies against delivery quantities.*
- *Complete daily manager checks*
- *Temp checks on chiller bays & freezers.*
- *Store checks & Security checks.*
- *Quality check Fruit & Veg area and check ticketing. (Legal requirement).*
- *Check layout and ticketing of convenience bay in chiller versus memo. (Legal requirement).*
- *Clear down warehouse and process waste onto Back Office system.*
- *Complete Fruit & Veg and Ambient orders by 12pm deadline.*
- *Ensure all staff take required breaks by covering till adequately.*
- *Maintain “Priorities” i.e. Fruit & Veg, Bread, Non Food and Chiller.*
- *Remerchandising. When levels become low they must be lifted or relocated.*
- *Other tasks include preparing for a Thursday/Monday i.e. Non Food tabled up, price changes prepared, promotional products merchandised into the correct presenters in the correct format as per memo instruction.*
- *Complete transfers and recalls as required.*
- *Complete rosters. This task has completely changed in the last 2 weeks; it has now become more automated.*

The SM and the deputy store manager (DSM) usually work as normal employees. But usually either the SM or the DSM is around. They cannot take the same rest days and or holiday/annual leave periods and mirror each other, i.e. if the SM does the morning shift the DSM does the closing shift. Only in certain situations it is possible that both are at the same time in the store. The only special management function which seems

to be exclusively allocated to SM is rostering, even when DSMs are *fully trained to complete rosters* (3): this is “*one of the few ‘controls’ that separate and distinguish them from DSMs*”. He also mentioned that “*some SMs become very possessive of this function as they get the first choice on rest days and preferred shifts*” (ibid).

There seem to be at least four issues which influence whether they will get involved in daily work routines: a) personality/management style of the SM, b) size of store, c) performance of the store and sometimes also d) the personality/management style of the DM. Lower level employees reported that they decided either to leave because of personality/management style of the SM or to move to another store (e.g. 2; 5). Moreover change of the DM could influence daily work routines, both positively and negatively (e.g. 3 and 6). In short, the SM’s interest in being supportive and encourage decent work can be seen as important leadership skill in order to get the job done and meet performance goals. However, there are limits to how far you can beat the ‘system Lidl’ “*because there are so many demands on time management, the culture is so hostile and aggressive. If you are not outspoken in certain circumstances that will be seen as weakness*”, as one of our SMs put it (3).

Duty managers are characterised as “*someone you can trust with the keys, money etc. These staff are paid and operate as sales assistants up to the time the manager leaves the store for the day then they operate as duty manager and are paid extra for that time*” (3). Offering an employee a duty manager role is seen as first step to a DSM or even SM role. Sales assistants have to do every task they are asked to do by store management.

Role of trainees in stores

We have evidence that trainees, e.g. for DSM and DM roles, need to start from the bottom up and work for several months in one or two stores, doing everything including cleaning, shelf-stacking etc. (interviews with 5, 6, 7 and 8). SMs need to train future DMs “*and these DM can potentially move up to SOM, but this will be in a different region if it takes place*” (interviewee 3). This can be very tricky task for SMs, because when DMs have finished their time as trainees, they are asked to come back to his/her store and assess the performance of the trainee store. Interviewee 3 also stressed that a trainee’s time in store might vary according to ability of trainee and how ‘successful’ the trainee is. Factors that affect the latter are (ibid):

- Personality clash with established team/trainer manager
- Ability/attitude of trainee.
- Emergency cover requiring trainee to be placed in a different store preventing continuous training/development.

Measures to prevent fraternisation of employees

Lidl had a policy in the past to avoid ‘fraternisation. However, this has slowly been disappearing. It is not such an issue anymore that couples and friends should not work in same store. However, meetings between store employees and SMs outside work context are still discouraged

Unpaid over-time

Unpaid overtime used to be common for all employees in Lidl stores and still is common especially for salaried staff (store, DSM and DMs). They especially – including district managers - need to step in and work unpaid overtime when store turnover and performance is weak. One interviewee (6), who worked in store and as a

DM, estimated that SMs and DMs usually work anywhere between 65-100 hours a week. Unpaid overtime (and being on call all the time) was also quite wide-spread for non-salaried Lidl staff in the past. Examples given were mainly related to problems of store management not running the stores properly which creates a 'need' for unpaid overtime and to the use of unpaid overtime to discipline disobedient or non-performing employees (e.g. 4 and 7).

However, since the HQ has introduced a new clocking in system (PZE & PEP) the amount of overtime seems to have dropped, especially for non-salaried staff. The new technology keeps a more accurate account of employee working hours. It was actually introduced to discourage the extensive use of unpaid overtime (3). We were told (ibid) that there was an accident with a SM who fainted whilst alone in the store and was found later by members of staff. That is why the HQ is especially keen to discourage managers [from] staying on late and arriving very early (ibid).

An example why overtime seems to remain a problem for salaried store staff is because DMs often make decisions at the last minute. Last minute decisions might occur, for e.g., because of the company's memo system. 'Friday Memos' have replaced the old system of two previous memos (on Saturday & Tuesday). The details on these [Friday] memos must be followed 100% without question except on occasions when higher management decide otherwise (3).

Age, gender and ethnic background of SMs, DSMs, and workers

Most of the employees who work in UK Lidl stores seem to be in their 20s and 30s, only a few seem to be older than 40. Lidl also seems to attract many employees who have migrated to Britain in all roles at store level and also at DM level. However, one interviewee (8) with Pakistani ethnic background reported that she worked in a mainly white British store. That is why she asked to be moved to store with broader ethnic mix.

Gender structure in stores seems to be mixed. However, there is a high likelihood that SMs are male.

There also seems to be an informal rule that DMs are very young (in their early and mid twenties). They are also often freshly graduated, with no managerial experience. Store managers are often older and more experienced than DMs. Some SMs have worked their way up in Lidl-stores and others have been managers in other firms. However, this might change in future if they shift their policies to exclusively recruit only graduates for SM positions (see below).

Recruitment, education and training at store level

For SMs there were three career paths in the past: a) bottom-up careers; b) recruitment of graduates and c) of experienced managers.

Lidl seems to have plans now to exclusively recruit graduates for SM positions because *new young graduates may be more inclined to follow the book than older established managers* (3). This still seems to be more an informal policy at the moment and has not been announced officially.

All Lidl employees were trained via a buddy system in the past, meaning that an experienced member of staff gave some a few days or even a few weeks' of induction training depending on the position targeted. This induction was described as both quite helpful (3) as well as insufficient (7) by our interviewees.

However, Lidl introduced a more formal in-store training and appraisal system in 2011 (see Appraisals Guidelines). These four week appraisals need to be completed by the employee first, then there is an appraisal meeting with the SM (ibid). *The appraisal covers team integration and personal accomplishments, job knowledge and targets and other comments. Scoring for each section is 1-3 with 1 being good and 3 below average. Once completed the appraisal is sent to the payroll dept to be kept on the individual's personnel file (3).* The form has finally to be signed off by the Disciplinary Manager who also deals with issues where appraiser and appraise disagree. Reasons given for the new training passport *may include eliminating workplace misunderstandings, improving performance and efficiency of staff, reduction in turnover, professionally documented procedures and increasing professionalism of staff...Currently it is difficult to discipline an employee over a breakdown in procedure if they have never clearly been trained to do it in the first place (3).*

The 'grand parent rule'

The grand parent rule has been described as follows by interviewee 3: a disciplinary manager is a "Grandparent Manager". These are:

1. Regional Director.
2. Sales Operations Manager.
3. District Manager.
4. Store Manager and Deputy Store Manager.
5. Duty Manager and Sales Assistants.

The DM is the "grandparent" or disciplinary manager for the duty managers and sales assistants. The SOM is the "grandparent" or disciplinary manager for the SM and Deputy SM. The Regional Director (RD) is the DM's disciplinary manager for sales assistants

To what extent are there third party employees in the store?

One interviewee (3) mentioned he had come across subcontractors in the following areas during his time with Lidl:

- Security
- Chiller maintenance.
- Building maintenance.
- Pest control.
- Roller shutter door/security door maintenance.
- Landscaping.

5.13.3 Part-time and working time management

There is limited evidence of the national IR system (collective agreements, work place representation) having an influence on working time arrangements in stores and on full-time / part- time contracted hours. However, Lidl does appear to be responding to legal requirements on employment conditions in the new human resource policies it has introduced. The new clocking in system had also the effect of reducing unpaid overtime of employees and control overtime which takes employee working hours over 40 hours, which is in breach of working time regulations-this now requires employees to sign an opt-out of the regulations. The working time regulations impose no limits on management working hours but health and safety considerations seem to be

influencing the requirement for managers to avoid excessive hours especially when they are in the store on their own.

Changes to the appraisal and training systems to formalise practices could be partly linked to the need to show that employees have been warned about performance shortcomings and had the opportunity to improve as well as receive adequate training to do their work if the company is to be successful in disciplinary proceedings against them. The few instances mentioned by USDAW reps of their representing Lidl employees in disciplinary cases may have had some influence on this across Lidl's UK operations.

Recruitment of ethnic minorities seemed to be influenced by the area in which the store was located with higher proportions in the London stores investigated. We found no examples of pensioners and few of students working in the stores. This may be linked firstly to the physicality of the jobs undertaken in the discounter stores as well as to the longer working hours in employee contracts. The sheer physicality of the work seemed to have an impact not just on the age of employees, both at store level and in store management, but also on the gender aspect. We were informed by a SM (3) that part of his recruitment had involved working an unpaid morning delivery shift, which was the toughest area of work in the store. This may lead to older workers and women deselecting themselves from working in Lidl or the management being able to legitimately claim that they would be unable to do the work required of them.

Organisation of rostering (short notice or in advance)

Rostering seems to be almost exclusively done by SMs only. However, SMs allocate working hours in regard of status (hierarchy in store) and of performance of individual employees *Furthermore factors that will determine rostering decisions of SMs are store turnover, busy periods of trade, "safe key handover", working of stock delivery, and of course the weekly change overs that take place on a Wednesday and Sunday "close"* (3).

There seems to have been severe problems in the past with short notice on rotas and employees being asked to be on call all the time. That is why some of the interviewed former employees left (e.g. 4). With the introduction of new human resource policies the organisation of rostering seems to be fairer. Most employees currently working for Lidl stress that rostering and work schedules are done well in advance.

Remaining rostering problems seem to be related to personalities and personal management styles of SMs and DMs.

Hours worked above contracted hours

SAs and DSMs are on contracted hours and most of them we talked to need to get as much as possible to make a living (e.g. 2). SAs need to get approval if they intend to seek employment in another company, while still employed by Lidl (see contract of employment, clause 15.1., p. 4)

Lidl has recently introduced new rules and the position of a Personnel Welfare Coordinator (PWC). Interviewee 3 explains: *Hourly paid workers are only permitted to work 10hrs above their contract, or this will be flagged to the PWC. Also if an employee's hours exceed 40hrs then the PWC will insist on an emergency "opt out" being signed...*

Denial of additional hours as punishment

This seems to be the case and is especially used to discipline employees. SM (3) stresses e.g. that it is *quite important, most people want extra hours and yes, it is still used as a method of reward where possible. Furthermore, if an employee consistently under performs, then it is a natural course of action to reduce this person's working hours to a minimum by replacing them with a high performing individual.* Moreover, we learned about a case where a new DM introduced night shifts from 11pm to 6am in a London based store, mainly for shelf stacking. Night shift work, however, was not part of the SA's employment contract. However, he was forced to work at night even though he does not like it because he needs these extra hours to make a living (2).

Grievances about manipulation of hours worked, unpaid overtime, etc.

Most grievances and complaints raised by former Lidl employees were about unpaid overtime. One claimed that he was actually sacked because he refused to work unpaid overtime (4). However, overtime is now handled differently for contracted employees (see above). There are also more professional rules in place since 2009 on how to deal with grievances (SA induction pack, pp. 13/14) and avoid harassment at the work place (ibid: pp. 16-18).

There were also complaints about having to be on call all the time by past employees and about heavy and repetitive work tasks and not being allowed to use the toilet or have breaks. SMs can e.g. get in serious trouble if they are not obedient to upper level managerial demands or disliked by DMs. We learned that (false) accusations of theft have been used by e.g. DMs in order to start disciplinary actions or sack people including SMs (3).

In general we found that Lidl employees do not openly criticize practices at Lidl or talk negatively about the working conditions. This may be due to the fear that they will lose their jobs if found out.

How are breaks handled?

It seems generally to be difficult for all store level managers and employees to have breaks given the performance pressures they are under. Especially in interviews with former Lidl employees we learned that breaks have been used as control tool by managers (e.g. 7). However, we also learned that SMs need to step in at the checkouts to give some room for a short break for SAs (3).

Seniority payment and bonuses for SMs

We learned that e.g. a SM might get a seniority payment but this is capped now for SMs. There also were bonuses more or less every year worked for Lidl, but people frequently have no clue how this is calculated and why he gets these bonuses. The bonus just appears on the pay slip.

5.13.4 Industrial Relations and Interest representation

The organisation of Lidl employees seems to be not attractive for large unions such as USDAW because the firm is seen as *very anti-union* (see group interview 12) and stores are seen as *too small to organise effectively* (ibid). USDAW has decided to concentrate its organising activities primarily on the four of the five big UK food re-

tailers and gave up on smaller ones such as the hard discounters after initial organising attempts failed. Regional and area reps (interviewees 9 and 10) however told us that they have a few members working for Lidl and Aldi and the USDAW reps have even represented a few of them in court. But the union does not generally know much about them and does not know how many of their members overall work for Lidl or Aldi. One area rep (11) summarises these problems as follows: *Members in such stores do not give you a telephone number or want any contact with the union in case the management finds out they are in a union and they get into trouble so there are problems getting in touch with such members- You wouldn't have a chance.* Thus, unions appear to have no influence on employment in Lidl stores whatsoever and the few employees who are members only want contact with the union when they get into difficulties with the stores as in the case of disciplinary action.

Collective agreements

Lidl has not negotiated any collective agreements with trade unions nor does it recognise any unions.

Pay structure

Lidl UK seems to be an attractive employer at first sight for both low skilled and skilled (graduate) employees because Lidl pays wages which, according to our interviewees, are quite competitive and above the industry sector average. Our Graduate DM trainee said that the main reasons she joined Lidl was the higher salary in comparison to the salary she would have earned as a graduate joining a London based law firm after university. They also offered her a company car. However, she also stressed that she learned rather quickly that the earnings are actually rather low when she calculates in the excessive amount of hours she was forced to work.

In job adverts and company brochures (2011) we found the following starting salaries:

- a) Store Assistants: Starting salary £6.50 per hour (inside M25 £7.10 per hour)
- b) Deputy Store Managers: Starting salary £21,000 per annum
- c) Store Managers: Starting salary £32,000 per annum (new policy (3): salaries are capped at 38K),
- d) Graduate Store Managers : £32,000 per annum
- e) Graduate District Managers: Starting £33,000 pa rising to £38,000 pa upon completion of training & earn up to £53,000 pa within 3 years.

We also learned that a Regional Sales Manager would earn approx. £65,000 and a Regional Manager approx. £120,000 pa (6). The high salaries relative to the rest of the food retail industry makes any shift into management with a different company problematic as it would mean a salary cut and also prospective employers, when they see current salary with Lidl, assume the managers would not be interested as they pay a lot less for the same positions according to a SM (3).

5.13.5 Concluding comments

The introduction of new HR policies and IT systems (especially the new clocking in system) has led to a greater formalisation of work and employment in UK Lidl stores. This can be seen as a move to greater professionalisation. New formal procedures are

in place now to prevent some of the past problems, reported in the 'Black Book' (2004), and to help improve Lidl's public image.

Performance and work organisation of stores is still very much dependent on the skills and abilities of store management to run stores effectively. If a store manager lacks such skills or has a problematic personal management style, we can expect a high likelihood that work organisation and employment in the stores will also be problematic or even precarious. Relationships between store management and upper level management, especially of DMs and SOMs, can be problematic too. If these managers are inexperienced (new graduates), or have authoritarian or bullying management styles, relationships with the often more experienced SMs might be negatively affected.

5.14 Lidl in the Republic of Ireland

5.14.1 Introduction

Lidl entered the Irish market in July 2000, it now has over 160 stores on the Island of Ireland and about 140 stores and three distribution centres with around 3,000 employees in the Republic of Ireland (ROI); approximately 400 employees work in Northern Ireland. Stores in the ROI open 8.00-21.00 Monday-Saturday and 10.30-19.00 on Sundays. Lidl is incredibly secretive and described by one journalist as having a ...*Dracula like aversion to the public-limelight* (Skelly and Byrne 2008).

In Ireland there are two Regional Directors and two regional centres one for Northern Ireland and one for the ROI. In the ROI there are approximately five Sales/Operation Managers who each control about 30 stores and approximately 35 District Managers who control 3-5 stores each. The District manager earns about € 60-80,000 per annum. The job of district manager is tough, this manager has to be 'hard' and put a lot of pressure on store management to make sure they meet their targets. One manager says that district managers often only last for about 3 years then they either get promoted or leave the job. The DMs are expected to make sure that stores meet their productivity targets and likewise Sales Operation Managers have responsibility for targets in their region. The company operates a system of internal auditors as well as regular inspections from district managers.

Very similar to the fast-food industry there is a lot of emphasis placed on the sales labour cost ratio and waste and shrink, this is usually referred to as WIPS: Write-Offs, Inventory, Personnel and Standards.

5.14.2 In-store management structure and skills

There is no recognized union at Lidl and no influence from the national IR system regarding management and skill development nor regards job descriptions and job allocation in stores. There is no evidence of subcontracted work or vendor replenishment from suppliers. At store level there is a Store Manager and (depending on the size of the store in terms of its sales turnover) one or two Assistant Managers. A typical store usually has between 15 and 20 part-time employees. These are made up of two or three supervisors or 'anchors' who usually have 20 hour contracts, around 8-12

part-timers on 10 hour contracts and a small number of workers on very short 2-5 hour contracts.

Store Managers and Assistant Manager

Store managers (SMs) are usually recruited externally and have a 48 hour contract and normally earn about € 55,000-60,000 gross per annum, but they are expected to be available 24/7. Respondents suggest that the managers' job is like a labourer's job in that it is physically very demanding, with managers expected to do every aspect of the jobs in the store. There is however, a considerable difference between the workload of the stores that recently opened and stores that has been established for a length of time. There is more work if the store is new, because inexperienced workers do not have the same efficiencies, which become built in over time. The Assistant managers take on most of the same roles of store manager if the SM is not there. Assistant managers usually have some educational qualifications, but many of these may be foreign workers with for example foreign degree qualifications.

One SM in our study was working 80-90 hrs a week, 6 days a week, plus on his day off he was organising the rostering of part-times staff (which takes another 3-4 hours). More recently he has been doing 60-70 hours a week because he simply cannot take the pace of work. This kind of long hours and unpaid overtime scenario was also reported in Hamann (2006). The unpaid additional hours are said to be necessary to keep the part-time wage bill to a minimum. In other words if sales turnover figures are low the manager must send part-timers home with less hours and does the remaining work himself unpaid. In larger stores where there are more assistant managers the work can be shared out more fairly. There is some evidence to suggest that different managers have a different attitude to their workers this may be due to their previous experience of working in other retail firms or their personal characteristics.

There is no overtime pay for salaried managers or assistant managers, if the store manager does not meet his sales and labour costs ratio targets then the manager will as one manager out it: *...receive a lot of hassle from his District manager*. The sales turnover of the store also determines how many salaried managers are employed in the store.

Work Organisation

The work follows the Lidl 'four pillar model': clean store, fresh produce, no gaps in shelves, minimum queues. Female members tend to get jobs on the checkouts, but they are also asked to do other jobs when there are no customers. The most demanding job is the job of 'packer'. Packers are usually males and they usually work the morning shifts starting from 6am or 7am. Packers bring the pallets on trolleys into the store from the warehouse and then unpack them. The goods are packed in boxes and held together on the pallets by plastic. They are usually one meter wide and about two meters high and extremely heavy. Workers must remove the plastic, remove the boxes, empty the boxes and put the goods on shelves or refrigerators, workers must then clean up (for example dirt falling from potatoes, or fallen produce on the floor), they must also check sell by dates and the quality of fresh produce and must dispose of any waste produce all within a strict time limit. They must then return for the next pallet as fast as possible and begin again. Strict time limits imposed to unpack pallets and there is a constant pressure to make sure the time limits are met. So for example to complete all the jobs for one pallet of fresh produce (fruit and vegetables) should

be completed in 30 minutes, for a pallet of bread 10 minutes, for chilled products 40 minutes.

Despite the fact that it is virtually impossible to complete these tasks properly in the allotted time, if the packer does not meet these time limits then the assistant manager or store manager will want to know why and will pressure the worker to work faster. Repeated failure to meet these targets or even to miss an out of date sell-by date on a product (even on only one occasion) can result in disciplinary warning from managers. One worker who did receive a disciplinary warning for missing one out of date sell-by-date on one product in a refrigerator containing hundreds of products, pointed out that when an internal audit is carried out in the store, up to eight people check for sell by dates taking approximately 15 minutes each to go through all the produce in the refrigerators (a total of 2 man hours), yet the worker only has a small fraction of this time (about 30 minutes) to do the same task.

Training

SMs usually start as an assistant manager, training takes 3 months and after 4 months they usually take up a store manager position. The training is short and procedure driven. They are moved around a lot to other stores in a 40-50 mile radius of the store where they start until they get their own store. Once established, SMs are also expected to move around to different stores at relatively short notice. One manager worked in five different stores from Dublin to Sligo and Galway in the space of 3 years, making a stable home life almost impossible. Lidl also offers the possibility for assistant managers to study for a Retail Management Degree with Diploma in Business Studies and the small privately-owned FE institution Dublin Business School. Lidl pay the programme and also pay a salary, workers undertaking this route start on 16,000 per annum. However, none of the respondents knew of anyone that had undertaken this programme.

Workforce characteristics

Hamann (2006) suggests that Lidl Ireland has a preference for single mothers and migrants workers especially 'Eastern European and Chinese workers – or what Royle (1999) defines as 'acquiescent' workers. Respondents confirmed this, suggesting that 70-80 percent of the workforce are non-Irish, many of whom did not originally plan to work long-term in Ireland, however, many have stayed due to few job opportunities elsewhere. Many of these are from Poland and other Eastern European countries, with some Chinese workers mostly found in the Dublin area. Respondents estimate that 60 percent of employees are women. Most of the ordinary Irish employees at store level are either students or housewives, again reflecting a common trend in the Irish and UK fast-food industry workforce (Royle 2010).

Health and Safety

Although there is an accident book injuries are often not reported. This is because managers are worried that this will result in an inspection from head office, and jeopardize the managers' career. Workers are also unlikely to press the issue if they hope to acquire more hours from their manager. Training is supposed to cover basic handling procedures but in many cases the pressure for work to be completed quickly means that most training is never undertaken by workers, workers are simply asked to sign a paper saying that they have received training. The physical nature of the work, unloading large numbers of pallets and stacking shelves means that accidents or injuries are not uncommon. For example 'packers' have to use knives to cut through the

plastic that holds the loaded pallets together, partly because of the time constraints imposed, but also because it is impossible to do this job with the hands alone. In one store safety knives were only provided by the store in 2010, previously workers had had to provide their own knives to cut the plastic, some of these knives were unsuitable and dangerous, in one case leading a knife blade to break injuring a workers' eye. The case was not reported largely because the manager did not want it brought to the attention of his seniors.

Although the Lidl health and safety rules say that workers should not remove large packages which are above eye level on their own, in reality packers are often rostered to work alone and due to time constraints they have to unload all items themselves. This leads to frequent problems with back injuries and other physiological problems. One ex-worker reported that after seriously cutting his hand (which required stitches) he went to hospital, but was expected to return immediately to work. It is not unusual for sick days to go unpaid as managers change the roster making the sick day a day off. In addition some workers suggest that many workers will not stay off if sick, in fear that they come under pressure to leave the job or have their normal hours cut.

Checkouts still have to meet the 35-40 items per minute target, workers suggest this is again used to keep the pressure on workers. Some workers suggest that cameras in the store, although supposedly there to watch for shoplifting and monitor other incidents involving customers, are also used to monitor their work.

By law workers are not supposed to do more than one shift after another unless they have had an 11 hour break, but one ex-worker reported having to do illegal back to back shifts. Workers are also supposed to get a 15 minute break after 4.25 hours, a 30 minute break after 6 hours and a one hour break eight hours. Workers report that in the past these breaks were often ignored or shortened by managers, although some reported that this situation had improved in the last year. However, several also complained that the nature of the rostering system made it practically impossible to get proper breaks because managers' usually rostered workers for 3-4 hours work slots per day. Even if for example they were then asked to work an extra hour they did not get the paid 15 minute break they were entitled to, but were simply told to clock out and go home.

5.14.3 Part-time and working time management

The relatively deregulated Irish industrial relations system means that its effects on Lidl regards working time and the proportion of part-time working allow Lidl to do what it wants in this area. Lidl are more or less free to set working time arrangements, there is no collective agreement and no work place representation.

We estimate that around 80 percent of workers (about 2,400) are employed on part-time contracts. Workers have to clock in and out and it is not unusual for some workers to be asked to work longer than their clocked in hours if the store is behind. This 'off-the-clock' work is also common in the international fast-food industry and in other giant grocery retailers like Wal-Mart (Lichtenstein 2009; Royle 2010). Scheduling is carried out unilaterally by the store manager or assistant manager. One store manager suggested that part-time workers labour turnover is very low, yet these workers are usually only employed for between 3 and 4 days per week. In addition part-time workers have to be available for work at any time between 6am and 11pm.

Decisions on the scheduling of hours are entirely based around sales turnover and labour cost ratios (very similar to McDonald's). The store manager has to focus on productivity which is calculated by dividing the sales turnover by hours allocated to work. If too many hours allocated to work or sales target has not been reached, managers must cut part-time hours. Most contracts are kept very short between 2-5 hours or 10 hours contracts, only a small number of workers get 20-hour contracts and supervisors get 30 hour contracts. Supervisors usually start at about €14.00 per hour while wages for ordinary workers vary between €10.70 and €13.20 per hours depending on years of experience and in some cases relations with their managers. The idea of such short contracts is to be able to send workers home if sales turnover is low. The SM and AMs then do any extra work to compensate.

Working Hours

In a typical week one worker with a 20 hour contract (a supervisor) was given the following hours in April 2011:

Table: Typical weekly hours allotted by management 20 hours contract

Date	Time of day	Hours offered
14 April	6.00-9.00am	3.0
15 April	3.30pm-10.30pm	6.5 +break 0.5
16 April	3pm-10.30pm	7.0 + break 0.5
17 April	12am-4pm	4.0
Total		21.5 hours

Table: Typical weekly hours allotted by management 10 hours contract

14 April	7.00-10.00	3.0
15 April	7.00-11.00	4.0
16 April	6.00-10.30	4.5 hours (no break)
17 April	7.00-10.00	3.0
Total hours worked		14.5 hours

Although this is said to be one of the better jobs in the store, despite frequent requests and four years employment with the company, this worker cannot get more guaranteed hours. It is very rare that part-time workers (even on 20 hour contracts) will receive more than 30 hours per week.

Implications of working hour patterns

This work pattern has two implications the first is that he cannot easily make commitments to another employer to do a second job because his hours change from week to week and he often does not know what hours he will work until a week beforehand (sometimes less). Secondly, it has implications for welfare benefits. In this case the worker cannot apply for jobseekers benefit because he is working more than 3 days per week and Jobseekers allowance does not apply because he has a job).

If the employee has children then he may be able to claim some family income supplement. If this worker has two children (his wife does not work and he earns €13.20 per hour as a supervisor (in this week €283.80 perweek gross) then the maximum rate is €602 per week. In this case he would be able to claim $€602 - €283 \times 0.60 = €191$ in FIS. They would also receive free basic medical care and would get some help with

rent, school books and shoes. A person with no children on this wage would be able to claim for €28 euros towards his/her rent (calculated as maximum 330-283 x 0.60 = €28). Overall the power to reduce or increase the hours of work gives managers considerable control over part-time workers. Up until 2010 two workers state that they did not receive copies of their working hours as the schedule is notified over the phone, one worker described the part-time work at Lidl as ...*a form of modern slavery*.

5.14.4 Industrial Relations and Interest representation

Basic Pay

Regards pay of store managers see section 2. Overall pay is slightly above the average for these types of jobs for example most workers start at 10.70p.h. as compared with 9.35p.h. at Tesco. However, workers state that Lidl expects a lot from its workforce in return, workers have to constantly active and the low staffing levels means that the work is intense. Workers state that management will not accept any criticism or any interference with their prerogative.

Industrial Conflicts

There was one store involved in a strike when 15 employees in Mullingar went on strike in 2003, their complaints having been ignored by management. Complaints included regular unpaid overtime for salaried managers, unilateral changes in scheduling, breaks refused or avoided, working hours not properly recorded, occasional pressure to work on days off, and a management which refused to accept any criticism. There have also been a few individual cases of migrant workers taking individual cases to the Labour Court with the help of the Migrant Rights Centre (MRCI).

Inadequate Grievance Procedures

Workers in this study report that complaining was pointless as neither local nor senior management were at all interested in dealing with workers grievances. Workers suggest that if they persist in complaining about working conditions they become 'marked men', likely to face disciplinary warnings for the smallest kind of infraction.

Union Membership

The company is strongly anti-union in the ROI. Mandate tried to gain recognition and negotiate with the company in 2000, but with no success. Lidl refused recognition, nevertheless a small number of workers have joined unions on an individual basis, but most keep this fact a secret from their employer. Workers in this study who did join a union said they felt desperate and did not know who else they could turn to, faced with a sense of unfairness over working hours and the unsatisfactory treatment by management. According to Mandate officials there are currently about 15 stores where some workers have joined Mandate, but some have since discontinued their membership. It is also quite common to find a small number of workers joining the union in one store often when they belong to the same nationality or ethnic group. Overall, the number of workers joining a union has been relatively small (and many have not remained as union members even when they have become members). Although many workers appear to be sympathetic to the idea of union membership, they often lost interest in any serious activism when they felt that they were not receiving enough support from the union. Accordingly a number have stopped paying their

membership fees, suggesting that it was not worth continuing, union membership fees are not high they represent an important part of the income of these low-paid workers. Workers also stated that many workers did not know they were able to join a union or did not have much knowledge of what a union could do; many others were just too frightened of management reprisals to join, as management had made it clear to them that union membership was not acceptable to the company.

Union officials on the other hand state they have dealt with a continual number of individual complaints from workers, but many of these prove impossible to resolve without a stronger membership and negotiating position, and where they could help usually revolved around points of individual labour law. This proves to be very time consuming and does not alter the basic pattern of the employment relationship, union officials were also concerned that unless more Lidl workers join the union then their involvement barely justifies the resource required to service this small membership. Finally, union officials were not confident that they would recruit enough Lidl workers to make another attempt to get union recognition.

The EU 2002 ICE Directive

There is a yet no worker or staff information and consultation under the 2002 EU Directive. The trade unions feel they do not have the resources to pursue such a workers forum/council and in any case have serious doubts about its effectiveness; they are more interested in organising Lidl, achieving union recognition and establishing a collective agreement. They do not think that the ICE will help in this regard and may actually be a hindrance and waste of resources. At the same time it seems unlikely that without union support it is unlikely that Lidl workers in Ireland will be able to trigger the directive and set up such a workers committee or forum. Furthermore, even if such a forum were established it seems unlikely that it would achieve much for workers without a strong trade union presence.

5.14.5 Concluding comments

Many workers feel frustrated that they have no say over influence over what happens in their jobs. Many part-time workers would like more hours but cannot get them as it appears to be a management strategy to keep labour costs to an absolute minimum. This means where there is extra work to do, it is the assistant managers and store managers that have to work extra hours unpaid to make sure jobs or part-time workers are persuaded to work off the clock to complete their jobs, with workers sometimes losing out on break times. Although workers are paid slightly more than at supermarket/hypermarkets Tesco and Dunnes, there are continuing concerns about health and safety, the intensity of work and the issues mentioned above.

Despite having 20 years of social partnership deals at the national level, industrial relations at the workplace level in the ROI remain voluntaristic and often adversarial. There is still no statutory recognition procedure in the ROI meaning that firms in sectors which tend to be difficult to organise. This is in part because they are difficult for unions to gain access to this is usually due to a combination of the fact that they have no right to enter workplaces as trade unions, there is a high proportion of part-time staff and anti-union climate in the firm in which workers are frightened of management reprisals. The result is that firms like Lidl can avoid union recognition altogether. The current economic crisis means that government is even less interested in

supporting workers rights in this area. Only if unions can organise a majority of workers in a company does it have any chance of gaining union recognition and a collective agreement. The result at Lidl is that it has remained non-union in the ROI, though the findings suggest that many workers would like to have union representation many are frightened of management reprisal or not sure it is worth paying the unions fees or that they simply have no knowledge of trade unions. A small number of Lidl workers have joined unions on an individual basis as a kind of 'insurance' against mistreatment by management.

In view of the fact that Spanish Lidl workers did manage to set up worker committees and gain union recognition and collective agreements (even though it took quite some time to do so) is arguably a feature of the stronger Spanish IR system, the legislation in Spain still provides Spanish trade unions with more opportunities to access workplaces than that in the ROI. Spanish law allows for a stronger form of workers committees and a stronger union presence at the sectoral level in collective bargaining rounds with employers' associations. In the ROI the ICE Directive was interpreted in its weakest form making it difficult to establish and not guaranteeing any role for trade unions. The fact that there is still no statutory recognition procedure for Irish unions means they operate in a largely voluntarist employment relations system at the workplace level. Unless firms decide to accept unions (such as Tesco), then unions find it very difficult to gain access to and organise firms like Lidl.

5.15 Lidl in Spain

5.15.1 Introduction

The company started its business in 1994 in Lleida (Cataluña). Meanwhile 12 years ago there have been only five stores in Barcelona, nowadays there are about 65 stores. In total the company has about 530 stores and 8 logistic centres all over the country. It employs more than 9.500 workers. The company has its headquarter in Barcelona, but also has a coordination centres in Madrid.

During the last years Lidl closed some of the stores because they did not make enough profit or the rent for the store had been too high. But in general, the objective is to open more stores (800 stores until 2020¹²⁵). In the context of the economic crisis the company cut down prices. Today Lidl has more customers than in former times (about 2.5 million customers weekly).

Management structure above store level

1. Above the store level the highest positions in hierarchy are the positions of the general directors.
2. The next level (horizontal) are the national sales manager, the national expansion manager etc. At this level there are five managers in total.
3. Furthermore, the company has six regional directors. The regions are Madrid, Valencia, Basque Country, Galicia, Catalonia, Andalusia and as of late Canaries.

¹²⁵ Cf. El País 2009 'Lidl abrirá más tiendas pese a la crisis y a la Ley de Comercio', http://elpais.com/diario/2009/08/03/economia/1249250407_850215.html

4. The next hierarchy level is the sales manager at the provincial level. In Madrid e.g. there are three sales directors (gerente de ventas).

5. The last hierarchy level above the store level is the district manager. She or he is responsible for four or five stores and has a supervisor function.

(For the description of tasks cf. last report)

Performance indicators for stores

There are certain sales targets for the stores which are supervised by the district managers. If a store does not achieve productivity but the region does (e.g. Galicia, Asturias, León), then it does not matter.

Besides, cashiers also have to accomplish a productivity which is measured by products cashed up per minute (30 products in 2011). The demanded productivity level increases if there are customers with many products. Besides, they also count the time a cashier needs to take the money and give drawback. The store manager can advise cashiers to work faster.

However, there is no pressure or sanctions if the productivity is not achieved by the cashiers. This is the case because workers do not sign 'productivity' in their contracts.

Furthermore, all workers have yearly an interview with the social relationship manager. In 2011 the company introduced in Asturias a form of self-evaluation, i.e. workers have to assess their work themselves and then they will be evaluated by the social relationship manager (Jefe de relaciones sociales). There is no objectivity within the evaluation process, because the social relationship manager almost never sees the worker working.

5.15.2 In-store management structure and skills

As far as we can see there is no impact of the national IR system on management and skill development in stores.

In Madrid trade unions recently achieved the integration of a new job category which is called 'shelf-stacker/cleaner'. That means that cashiers do not have to clean anymore even though they still fill up shelves.

Hierarchy within the store

At the store level the store manager marks the highest working position. Most of the store managers are woman. The store manager is in the store during the morning. One of the store managers reported that she starts working at 7am in the morning. She helps to unload the truck, replenishes shelves and helps out at the checkout. She is responsible for the orders for the next day and manages the office. She also prepares the schedules for workers.

The next hierarchy level is the deputy manager (one to four per store). The deputy managers are responsible for the store if the store manager is not there. They also make orders, help to unload the truck, prepare the bread, fill up shelves and help out at the checkout area (e.g. during lunch time). The store manager is always accompanied by at least one deputy manager. One of the interviewed deputy managers (Gijón) reported that he starts working at 8am and finishes at 4pm. Cashiers work time-displaced, i.e. one cashier starts working at 9.15am (when the stores opens) and an-

other one enters at 10am (until 4pm). Thursday is the day when bargains are on sale. This day more cashiers are working in one shift, e.g. in Gijón three in the morning shift. However, cashiers do not have to spend all the time at the checkout. If they want to fill up shelves they can call the store manager and get changed.

The number of cashiers depends on the sales figures of the store. Normally there are between eight and ten cashiers but in bigger stores as e.g. in Madrid there are also up to 38 cashiers (cf. Li04).

Within the store it seems quite easy to become promoted (from cashier to deputy manager). But many workers prefer not to be promoted because the higher workload and the responsibility become not reflected in the salary.

But it is quite difficult to become a district manager. The company normally gives these jobs to 'outsiders', e.g. people from university. In Madrid there are about 35 area managers. Besides, foreigners (e.g. Latin Americans) normally do not become promoted as store or district manager.

In 2011 CCOO in Madrid complained about the multiple tasks of cashiers. They achieved to introduce a new job category (shelf-stacker/cleaner). All stores in the Madrid region had to employ an extra worker fitting into this category.

Number of workers

The staffing of a store depends on its sales. For that reason our interviewees reported different figures. A store with high sales figures employs maybe 40 persons while a store with low sales figures has eight workers: the store manager, two deputy managers and five cashiers. One of our interviewees working in a store in Madrid reported that there are 15 workers (nine cashiers – three with 40hr, 2 with 30hr and 4 with 22hr).

Payments (differences)

Within the regional collective agreement in Madrid there are four professional groups but it becomes not clear to which group the shelf-stacker belongs for example. (<http://www.ugtchtj.com/downloads/conveniosupermercados2009textofinaldefinitivo y.pdf>; p. 3 / Clasificación del Personal)

According to our interviewees, in Barcelona a cashier (40 hours) earns about 13.955 Euros annually and a deputy manager about 17.432 Euros (including extra payments). The company is paying more than the amount stipulated within the collective agreements (about 300-400 Euro). From the workers point of view the company pays quite well. The extra payments can be understood as 'bonus' which can be taken away any time. But it did not happen to any of our interviews or somebody in their own store.

In Madrid a cashier earns about 14.000 Euro yearly (gross income, 40hr week). A deputy manager earns a bit more than a cashier but he can be promoted up to 24.000 Euro. There are about 10 persons in Madrid which earn this amount. A store manager earns about 27.500 yearly (gross income, 40hr week).

Leadership style of a store manager matters for decent work?

The implementation of the collective agreement depends on the store manager. The store manager is able to take decisions autonomously and has the possibility to interpret the collective agreement to a certain extent. The store manager also takes decision together with the district manager.

Furthermore, it depends on the store manager who becomes promoted. In general, it seems to be more difficult for CCOO delegates to become promoted. In one case in Asturias a CCOO delegate has been all the time controlled by the store manager. The worker made a report to the labour inspector but he did not see irregularity with regard to the action of the company. Therefore there is great discrimination within stores (cf. CCOO Barcelona).

Unpaid overtime

Store managers frequently work unpaid extra hours. A work day can have 10 or 15 hours depending on the workload. When there is less workload they can leave earlier, i.e. there are days when they maybe only work six hours.

It also seems a common praxis that deputy managers have to do e.g. three hours overtime to get one hour admitted (paid). Cashiers do not receive extra payments for overtime. They only get some extra time off.

Education

When the company started operating in Spain they offered no training courses to its workers.

Nowadays, the company has a training centre in Madrid. The centre is managed by two social relationship managers who train prospective workers. Besides, some stores are “training stores” (tiendas formadoras). Within these stores workers are provided with knowledge about work processes within the stores. The store manager explains everything and gives the training. They show to new workers how to refill shelves and how the checkout works.

The duration of training is three or four month. Afterwards workers have an interview with the manager for work relationships. The latter are responsible for certain regions, e.g. the region Galicia, Asturias and León.

There they facilitate to new staff all the necessary knowledge about work processes, tasks etc. within the store. The formation takes three or four month and is accompanied by interviews with a responsible for work relationships. She comes from Galicia and is responsible for Galicia, Asturias and León (cf.01).

Training is offered to new workers comprising the professional groups of ‘cashier/shelf-stacker’ and ‘deputy manager’. Furthermore, within the training centre formation concerning safety and handling of food is provided.

Besides, three years ago the company established the so called ‘training stores’. There are many people from the Balearic Islands which receive training there.

Third party employees

Lidl is employing temporary workers as substitutes. Union delegates (Barcelona) complained about this, in particular after the company cut back working hours for most of the workers. From their point of view the company could give more hours to the company staff in such occasions.

In contrast in Asturias for example, there are cashiers which substitutes workers during their holidays. These cashiers work more hours during certain times and get the extra payment. A deputy manager in Asturias reported that a cashier substituting other workers earns more than himself at the end of the month.

Furthermore, the company subcontracts companies for maintenance and repair, clean-

ing the windows and security. Three, four years ago the workers of the stores were cleaning the windows.

5.15.3 Part-time and working time management

Since the beginning of the crisis most of the workers got their working hours reduced, e.g. cashiers with a 30hr contract have been reduced to 22hr.

There are full-time (40hr) and part-time workers (22hr, 25hr, 30hr etc.) in a store. Full-time workers are the store manager and the deputy managers. Most workers of the professional group of 'cashier/shelf-stackers' have 25hr contracts because then they have no right to have a break.

Most of the workers which start to work now get fixed-term contracts. In former times all workers received an open-end contract immediately.

Union delegates (CCOO Barcelona) estimate that there are about 80 percent part-time contracts and 20 percent full-time contracts. Most of the contracts are open-end part-time contracts. The part-time workers are mostly cashiers with 22hr or 25hr contracts.

Furthermore, there are workers which have reduced working hours. In one store in Gijón three from seven cashiers worked only 14hr weekly.

Within the stores 80 percent of the workers are woman but the management is dominated by men (90 percent). District managers work from 7am to 9pm. For that reason the job is impossible for a person who has to care for a family at the same time.

Nationality, students etc.

The delegates from Barcelona told us that there was a time (since 2000) when the company employed many immigrants (it can be related to the economic boom). The majority was from Latin America but in warehouses also work a lot of Chinese people (Cf. Li05).

In Madrid also work a lot of people from Latin America, in particular from Colombia and Ecuador.

Notice of schedules

Since seven years CCOO demands a 'work calendar' for one year signed by workers (according to the Spanish law workers should be informed about their work schedule from January 1 to December 31). According to an internal agreement the company should inform workers at least three weeks in advance. But in reality it is common that the work schedules are changed every week or worker are informed from day to day about changes. In general workers rotate a lot, i.e. one day workers work in the morning and next day in the afternoon.

Influence of union on working time

Working time reduction is quite common. But in contrast to former times when workers could decide which days they want to work less or take them off, nowadays the store manager takes the decision. This is because most of the workers want to work in the morning.

Bonus system

There are no bonus payments so far. But the regional director of Madrid decided to

make a extra payment to those people who are more than 10 years working in the stores. (But there also are old collective agreements which stipulate a extra payment for workers which work more than 10, 25 or 50 years for the company.)

Breaks and holidays

The breaks workers can have depend on the collective agreement which applies for the area. According to the Workers' Statute workers which work six hours daily (30hr contract) should have a break of 15 minutes. But in reality, e.g. in Asturias workers have to work extra time when they have a break. One deputy manager reported that he is working eight hours daily without a break. The problem is that breaks are not regulated within the collective agreement which applies for the stores in Asturias and therefore, if he has a 10 minute break, he works 10 minutes longer.

Workers have two days off per week, Sundays and one day during the week.

All workers have 30 days of holidays. Preferably the days have to be used in periods with a low sales rate. In most of the stores the store managers and workers organize themselves concerning vacations. The normal way to do it is to achieve a commitment concerning the allocation of the days and then to start to rotate.

At the moment cashiers are permitted to choose 15 days within the summer term and the other 15 days are determined by the company. In Madrid it is common to give one month of holidays to foreign workers (October, January, February). January is a holiday month because the company has no sales.

5.15.4 Industrial Relations and Interest Representation

Lidl is a member of the employer organisation ACES. So far there is no valid company or sector level collective agreement. For the company the provincial collective agreements apply (Convenio Provincial de Alimentación). For that reason in Lidl 'secciones sindicales' as well as a comité intercentros do not exist. The application of the provincial collective agreements leads to 'different realities' within the provinces (cf. interview UGT Madrid). The regional director is very influential with regard to put pressure on the stores.

Trade Unions

Within Lidl the two major unions (CCOO and UGT) are important. The relationship between CCOO and UGT is tense. It seems that the company gives more information to UGT than to CCOO and workers which are supporting the UGT become promoted. UGT tries to maintain a close relationship with the management, CCOO reps are discriminated.

Regional managers get together with interlocutors from both unions every month. During these meetings they get e.g. information about dismissals, contracts etc. The works council meets about two times a year with the management.

The collective agreements which apply at the provincial level vary quite a lot, in particular with regard to salaries. For example within Galicia, there are four different collective agreements applied (La Corunna, Lugo, Orense y Pontevedra). Some of these agreements within the Spanish territory include financial support for transport, others seniority payments etc.

The last collective agreement valid for Barcelona has not been signed by CCOO but only between UGT and the company. This goes back to a discord between CCOO and UGT, promoted by the company.

Lidl does not apply the professional categories of the provincial collective agreements but its own categories which include the professional groups of store manager, deputy manager etc.. Besides, Lidl applies a multi-tasking approach, i.e. it does not assign specific tasks to the professional groups within the store.

Trade union officials from both unions and workers admitted that the salaries are good.

Elections

The size of the works councils depends on the number of the stores and the workforce within the province; it also includes regional headquarters and RDC employees.

In Asturias the first elections took place in 2002. The initiator of the first works council in Asturias has been CCOO. Currently the works council has 9 delegates (5 UGT, 4 CCOO). In 2011 important issues have been heating problems within stores and safety during the unloading of trucks.

In Madrid trade union elections took place 7 years ago the first time. Before this time it was common to dismiss workers by forcing them to sign a dissolution contract. One interviewee (store manager) in Madrid reported that they had to start with the very basics of trade unionism.

Nowadays it is still difficult for trade union reps to use their trade union hours, in particular because the workforce is the same or has diminished and the workload is higher. Furthermore, workers do not support trade unions adequately. The elected delegates visit all stores regularly and provide workers with information. They also have no problems to get access etc. In this sense it is not important if there is a delegate working directly within the store.

It seems that the relationships with the higher management level, e.g. the general director, are perceived different depending on the province and the people you talk to. A CCOO delegate and store manager of CCOO in Madrid reported that the relations with the general director can be described as well working 'he is a quite nice person'). In Madrid within the first works council CCOO had the majority (17 from 21 members). CCOO still has the majority but they lost members (now only 11 from 21).

Lidl pays a salary about twice as high as stipulated in the collective agreement in form of extra-payments.

Mobilisations, strikes etc.

There have not been major strikes or mobilisations in Lidl stores so far. Trade union delegates from Barcelona reported that they tried to organize workers when the company started opening on Sundays. But they also admitted that there have to be strong mobilisations on the sector level, otherwise workers will not support it.

5.15.5 Conclusion

Our interviews revealed that Lidl seems to behave in more social way than it is the case in other countries. All the workers we interviewed have been satisfied with the

salaries. However, it remains to be seen in which way the labour market reform will affect the behaviour of the company on the middle and long term.

To a great extent Lidl plays on the 'compañerismo' between the workers. Due to the small numbers of workers in stores, workers e.g. try to avoid sick leaves and to put pressure on the other workers.

In comparison to Carrefour and DIA, there are not many complaints about working conditions. Most of the complaints made are related to work schedules, work load and subjective decision making within stores. The number of staff has been constant over the years but the workload has increased because of the increased product range.

5.16 Lidl in Finland

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5.16.1 Introduction

Lidl's market entry to Finland

In the fall of 2002 Lidl opened its first store in Finland. Within the grocery retail sector Lidl was the first foreign multinational entrant in the Finnish market. Also, being a hard discounter, Lidl introduced a new business model to the market, characterized by a limited product selection, private label dominance, strong price competition, and no-frills self-service stores. In addition to groceries, Lidl sold a supplementary stock of non-food utility items.

Lidl established its position as a small but solid operator in the Finnish markets having five per cent market share. The entry strategy was to set up a store next to local price leader (typically hypermarkets of SOK and Kesko) and then claim the price leader status for itself. Lidl's entry to the highly concentrated grocery retail market dominated by two major retailers SOK and Kesko (joint market share about 80 per cent in 2011) was not easy. The first operating years were financially challenging and Lidl Finland made considerable financial losses due to lack of scale, local buying power and underdeveloped operations. In 2002-2007 Lidl made cumulative net losses of 64 million Euros. Fiscal year 2007-2008 was the first profitable year for Lidl Finland (cf. table below). In order to become profitable, average store's sales was increased from 2.3 to 4.6 million Euros and sales per employee increased from 166 to 246 thousand Euros. There are no significant changes in wage costs to sales or inventory to sales ratios after 2004.

Since entering the market, Lidl has established 137 stores in Finland. Most of them are stand-alone stores build on lots owned by Lidl, but some more recently opened stores are located within shopping centres. The growth rate of new stores was very intense in the beginning, ranging from 22 to 34 new stores per year (Table 1). The aim of Lidl was to increase quickly its store network in order to reach economies of scale, sourcing power of local goods and make the store network viable. In the early years, the majority of the stores were established on small and medium-sized cities in Northern and Central Finland, but quite soon Lidl expanded also to larger cities in Southern

Finland. Currently Lidl's stores cover all parts of the Finland, employing about 2 700 people and producing net sales of 723 million Euros (2010).

Table1. Key financial figures and ratios of Lidl Finland

Fiscal year end	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Sales, m€	0	0	78	236	344	421	478	556	622	619
Net profit, m€	-1.2	-5.7	-18.6	-14.4	-17.9	-9.2	-3.7	7.2	-7.4	13.5
Average employees	8	54	471	999	1 438	1 789	1 971	2 257	2 476	2 524
Number of stores	0	0	34	56	86	96	109	122	129	133
Sales per store, k€	n/a	n/a	2 300	4 219	4 000	4 384	4 384	4 560	4 822	4 653
Sales per employee, k€	0	0	166	237	239	235	242	246	251	245
Wage costs per sales, %	n/a	n/a	16.7	10.1	9.2	9.0	9.0	9.1	9.9	10.4
Inventory to sales, days	n/a	n/a	39	24	21	23	24	23	21	21

Lidl succeeded to secure good store locations in negotiations with municipal authorities. Also, the planning policy in Finland favoured Lidl's growth strategy. Lidl's concept was to build mid-sized stores (less than 2000 square meters), which were subject to less regulated planning policy than hypermarkets. Moreover, many small municipalities were happy to receive Lidl's investments. This was in contradiction with Lidl's experiences in Sweden and Norway, where Lidl had considerable problems in finding good, competitive locations for their stores.

Organisational structure above store level

Lidl has established two regional distribution centres that take care of the operative business functions of Lidl Finland. Janakkala distribution centre (established in 2002; 300 000 m²) coordinates the operations in Southern Finland for 64 stores. Laukaa distribution centre (established in 2003; 400 000 m²) takes care of the rest of the Finland for 73 stores. Distribution centres are run by a regional director. There is also a sales director, a warehouse director and few other line managers located at a regional distribution centre. There is also one shop steward and two industrial safety delegates¹²⁶ working in distribution centres. They serve under the HR manager of Lidl Finland. Administrative management of Lidl Finland is taken care by the headquarters, which is located in Vantaa.

Distribution centre's sales director is superior to district managers (DMs), whose responsibility is to supervise and manage the operations of store managers in a particular geographical area. There are altogether about 30 district managers with responsibility for 4-5 stores.

¹²⁶ Shop stewards and industrial safety delegates are being elected among company's unionized employees. The main task of the shop steward is to monitor and ensure that both employer and employees obey the provisions and terms of the collective bargaining agreement. Industrial safety delegate represents employees in industrial safety issues by monitoring that working conditions follow the provisions of industrial safety legislation.

5.16.2 In-store management structure and skills

Organisational structure within stores

There are three levels of hierarchy within stores: sales assistant, deputy store manager (DSM), and store manager (SM). In addition, some of the sales assistants are being appointed as shift (duty) managers, but this practice varies depending on the size of the store. Larger stores have a shift manager, whereas in smaller stores there is not necessarily a need to appoint one. Typically there are 1-2 DSMs in a store and the total number of employees varies from 5 to 20 employees, depending on the size and customer base of the store. For example, in a store employing 20 people, there is typically 1 store manager, 1-2 deputy managers, 4-5 shift managers, and 12-14 sales assistants.

Work organisation within stores

Store managers act as duty managers, when in duty. When a SM is not in duty, DSM takes care of the tasks of store manager. In case both store manager and deputy manager are not working (this happens typically during the evenings and weekends), shift manager takes the lead. However, the definitive responsibility for store operations is on store manager, who is directly responsible to district manager.

The tasks of deputy managers and store managers are basically the same. The norm is that SM and DSM would not work at the same time. However, this is not always possible to arrange. When working at the same time, the store manager takes care of managerial tasks (such as back-office tasks, ordering, shift scheduling) and deputy manager work as a cashier or does replenishment. In general, workers have to be multi-skilled, because all employees conduct all tasks, i.e., store and deputy managers work like normal workers when not fulfilling managerial functions. It is also the responsibility of the workers to clean the store before closing (this is typically done by sales assistants).

Sales assistants are very independent and there is relatively little control over working performance. In other words, store managers do not have to supervise and guide sales persons a lot, especially when they have experienced workers in store. The working tasks and the division of labour within stores are arranged case-by-case and largely among sales persons, without store manager's strict guidance or briefing. There are no formal rules among sales assistants about the division of labour. They collectively agree on working tasks during shifts, and try to make sure that all work equally as a cashier, which is considered as the most stressful task. Sometimes there are disputes among co-workers about the division of labour, but this seems to vary quite a lot among stores, depending on the general atmosphere in stores.

Full-time and part-time workers perform equal and similar tasks. Part-time workers are mainly students, who might work smaller number of hours, but when in duty they do similar tasks as the other employees. There are no third-party employees in Lidl Finland's stores. All the replenishment and shelving is done by Lidl's employees. Also, Lidl Finland does not use anymore rental workers in their stores.

Leadership styles

It seems that there are large differences in leadership styles and personality among store managers. Largely because of this variation, there seems to be big differences in the working climate between stores. Store manager's job is generally considered as

highly stressful, which can affect store atmosphere especially when sales is not developing as expected.

Also, the personalities and leadership styles among district managers varies a lot. This variation was especially large in the early years of Lidl Finland's operations. Back then, most of the managers were trained in Germany, and it was especially those managers whose leadership style was considered different (more authoritarian and severe) from those trained in Finland. Warnings were given easier than by other Finnish retailers. There was little trust toward employees or customers. For example, Lidl imported many practices to prevent thieving which were considered to be intrusive. It was also typical that in the beginning young and inexperienced employees were afraid of disclosing management problems, and non-unionized employees were not fully aware of their rights. These were typical problem areas between Lidl and labour union.

There was also some indication that SMs are scared of (at least to some extent) district managers. As pointed out by an interviewee: "It is typical that the behaviour of store manager changes when district manager is paying a visit to a store...Store manager is tensed and nervous."

Lidl is managed hierarchically. Many problem areas are fixed as a top-down process where top management utilizes standardisation of stores to distribute a solution to all stores simultaneously. Because the business system of Lidl is based on economic and operational efficiency, area and store managers emphasise these goals in their daily managerial work. Accordingly, there is quite a lot pressure for store-level efficiency, which makes working in stores quite stressful and demanding, not only to sales assistants but also to managers. According to one interviewee, new sales assistants who have not yet adopted the in-store routines and practices find the working conditions demanding. They also experience a feeling that all job duties have to be performed in a rush.

There is a strict personnel policy that prevents managers to hire their relatives or friends to management positions. For example, a district manager was fired because he had hired his family members as store managers. Also, managers are not allowed to become too close friends with store employees. Especially during the first years the hierarchy between store employees and district managers was very strict. It was quite usual that district managers intentionally remained distant to store employees. The whole personnel gathers together once a year (Christmas dinner party), otherwise meetings between store employees and store managers outside work context are still rare, but there is no company policy to discourage such meetings.

Most store-level HR issues, like disputes among store employees and disciplining of store employees, are resolved within stores by store manager. However, in major issues district manager is informed, and it is her responsibility to resolve the issue. In cases when a store employee makes a claim to union representative or industrial safety delegate, the issue is negotiated and resolved between union representative and headquarters (typically HR director, in some cases CEO).

Salary and overtime policies

All employees are being paid on the basis of the binding collective agreement. It determines, for example, the amount of overtime salary and additional pay according to years of service. Also, a higher education level increases salary. Double salary is paid for Sundays or national holidays. Employer is required to pay salary for a female em-

ployee during her maternity leave. Also local living costs affect salary: salaries are higher in municipalities with high housing costs. In addition to the collective agreement, all Lidl employees are being paid a “Lidl-extra” (2-3 cents per hour).

Salary system varies among employees. Sales personnel – both full-time and part-time – are being paid by working hours. The amount of hours per month is being determined in each worker’s labour contract. Store managers and deputy managers are being paid fixed monthly salary. Some SMs and DSMs consider this salary system as a disadvantage, because they have less control about their working hours and they quite often have to do overtime, for which they are not paid. On the contrary, the basic salary level of Lidl SMs and DSMs is a little bit higher than industry average.

Shift managers are being paid extra (15 per cent extra to hourly wage) for those hours they act as shift managers (typically weekends and evenings). As there are typically several shift managers in a store roster, the store manager is assumed to allocate the shift manager duties equally among workers.

It is still quite common that especially salaried staff (SMs, DSMs, DMs) is doing unpaid overtime. In the early years of Lidl Finland, also sales assistants had to do some unpaid overtime, but this was exceptional. These problems were solved quite fast by labour union’s intervention. Nowadays, sales assistants are being paid fairly for their overtime. Automated working hour follow-up system makes it very difficult for an employer to disobey the rules in this matter.

Recruiting policy

During the first years, all management personnel of Lidl Finland were trained internally and the training was organized in Germany, following the practices of the German parent company. Later only certain managers were trained in Germany, whereas most of the managers (e.g., district managers) were trained internally in Finland. Since 2009 employee training has been taken care of by external training service provider Amiedu. In cooperation with Amiedu Lidl launched its own retail-education program, which was tailored to its operational needs. However, sales assistants were, and are still being trained while in duty by other co-worker. The training of sales assistants was unsystematic in the beginning, but quite soon developed into a system where each newcomer was appointed a specific “tutor” among more experienced co-workers.

The recruited managers of Lidl had various educational backgrounds, with no particular emphasis on retail experience. In fact, it seems that earlier experience from retail sector was more of a hindrance than an advantage among recruited people. As noted by a Lidl manager: ‘We appreciated versatile background on education and experience... this allowed fresh perspective and the questioning of prevailing practices’. It was thought that employees would be more adaptable to working practices in new hard discount concept when they did not have preconception about established practices in retail sector.

However, the lack of retail-specific knowledge, especially among management, led to some problems. Lidl introduced a new corporate culture, which local actors perceived as alien to Finnish retail industry. It included minimal information sharing with key stakeholders, such as labour union, and even company’s own employees. Also strict employee control and monitor policies were characteristic to it. Especially in the beginning the labour union found it difficult to deal with this type of new operator: ‘The biggest problem was that all managers were trained in Germany. That resulted in

weird consequences for us ... The culture was a big problem ... this type of strict control of employees'. Also, some publicized statements from Lidl Finland's union representative revealed a corporate culture that lacked trust and communication. Moreover, ex-employees talked to media about oppressive working atmosphere and strict managerial control (Talouselämä 8.10.2004).

It is quite normal that store managers are recruited externally. On the other hand, many of the deputy store managers and shift managers are recruited internally. SMs and DSM typically have higher education degree (polytechnic, technical college). Shift managers are selected among the most experienced sales persons. Overall, regular workers have quite good opportunities for promotion as store managers and then further. According to our interviewee, when compared with other Finnish retailers, Lidl provides more promotion opportunities and relies more on internal recruiting for management positions.

Age of in-store employees, educational background

As pointed out by a Lidl employee, Lidl Finland seems to favour younger people when recruiting new staff, especially on store level. This is also shown in our survey results. Lidl Finland's employers' average age is 27 years compared with industry average of 36 years.

According to our survey to union members, SMs and DSMs are slightly older (31 years) than store assistants (26 years), on average. The clear majority (82 per cent) of the sales assistants (82 per cent) and also store managers (72 per cent) are women, which is in line with the national average. However, most of the distribution centre employees (especially warehouse workers) are male (59 per cent). Accordingly, more than half (58 per cent) of the store and area managers at Lidl Finland are female. This was also confirmed by an interviewee.

The most common degree of education among Lidl employees is vocational school among organized employees (47%). In addition, only 34% of Lidl employees have a vocational qualification in business and administration or similar degree, which is clearly less than industry average (44%). Also, employees of Lidl have less experience than employees of other retailers in terms of previous work background. This implies that earlier working experience in retail sector is not heavily emphasized in Lidl Finland's recruitment policy.

5.16.3 Part-time and working time management

In the early years of Lidl Finland's operations there were quite a lot of grievances about manipulation of hours worked and unpaid overtime. There were also some problems with having scheduled breaks. These problems were mostly linked to the fact that local Lidl managers didn't know well enough the local labour legislation (Interview). After some disputes with store personnel and an intervention of union representatives, these problems were solved. Nowadays the working conditions within Lidl stores are as good as in any other retail stores: the amount of industrial conflicts in Lidl is similar to industry average.

Lidl Finland uses more part-time workers (71% among organized workers) than on average in Finnish retail (43%). Lidl has structured its in-store operations differently and its store concept is unique for Finnish retail. Part-time workers are used because it provides flexibility for Lidl. We found no evidence suggesting that Lidl Finland uses

additional hours as punishment or pressuring mechanism. Labour union attempts to decrease the usage of part-time workers, and this is a common source of disputes in general in Finnish retail sector.

All work contracts should be permanent in Finland. Employer must present a valid reason why contract is fixed-term, otherwise it is permanent. When Lidl entered Finland it hired everyone with fixed-term contracts due to reason that business is emerging and new. Nowadays 87% of Lidl Finland's work contracts are permanent (Finnish retail 83%).

Working shifts (rostering) are being determined by store manager or sometimes in collaboration with deputy manager. Collective agreement determines that working shifts should be announced four weeks in advance. However, there is no legislation or established practice determining the shift allocation among workers. In principle, all workers have to be able to work all possible hours, but the practice is very flexible. For example, employees can suggest preferable shifts and it is typical that part-time workers, who in many cases are students, typically take evening and weekend shifts, whereas workers with family can take more weekday and morning shifts. However, the flexibility in working shifts is supposed to be mutual: a sales person is not assumed to refuse without a very good reason, when a store manager asks her to do extra hours (e.g., in case of co-worker's illness).

Lidl has had extremely accurate work time accounting. This practice came from Germany. Although work time accounting is and was accurate; Lidl has had issues with scheduled breaks where industrial safety delegates intervened many times. This issue was eventually fixed.

In Finland, the significance of extra hours worked above contracted hours does not play a critical role for workers living conditions, mostly because of quite extensive and equal social security system. Furthermore, the labour union is rather effective in dealing with pressuring or bullying workers. Accordingly, we did not find any evidence of denial of additional hours as a method to discipline poor performing employees.

5.16.4 Industrial Relations and interest representation

In Finland, the role and power of labour unions and government officials in safeguarding employee rights is exceptionally strong. The most central labour union in retail sector is PAM (Labour Union for Finnish Service Sector). Clear majority of unionized Lidl employees are members of PAM.

Lidl has had to follow the collective agreement since it is generally binding. Since the agreement is binding, Lidl had to follow its rules regardless whether Lidl Finland approves it or not. It covers both organized and unorganized workers. Collective agreement sets the minimum wage which is effectively also the paid wage in Finnish retail. Collective agreement also regulates daily working time, breaks, holidays and overtime salaries. Additionally it determines salary if worker is ill or if his/her child is ill. Finally, collective agreement states that work contract must be permanent unless retailer can demonstrate a reason for a fixed-term contract.

Since the binding collective agreement effectively prevents retailer to reduce labour costs by lowering wages, Lidl had no incentive for not cooperating and joining employers' association Federation of Finnish Commerce (FFC). Lidl became member of

FFC in 2002. As a member Lidl had to establish a shop steward system and recognize officially collective agreement. FFC provides support and counsel regarding collective agreement and working conditions. FFC negotiates in disputes with labour unions. Most importantly, membership in FFC is the only way Lidl can influence the negotiation of binding collective agreement. According to labour union interviewee, membership in employers' association usually reduces conflict rate and conflict-associated costs for both sides.

The first and only shop steward in Lidl was elected in 2003 in democratic elections among unionized workers. The most important task of shop steward is to make sure that collective agreement is followed. Shop steward has information acquisition rights even for confidential material in order to resolve conflicts and represent organized workers. Industrial safety delegates have also information acquisition rights due to access to all working places and work schedules. Industrial safety delegates provide support (information) for labour union in case of disputes. While shop steward focuses on individual organized worker and collective agreement, industrial safety delegates' task is to make sure that employer follows labour laws and their focus is on systematic violations, not individual cases. Industrial safety delegates make inspections to stores, review work schedules and interview workers. One of the reasons why shop steward and industrial safety delegates are effective in intervening problem areas is their right to access necessary information.

In industrial relations Lidl Finland has systematically followed the minimum requirements of Finnish labour legislation and collective agreement. For example, Lidl has only one shop steward while other retailers such as Kesko have above minimum requirement. In addition, Lidl Finland has two industrial safety delegates. Lidl's large size has created problems for shop steward and industrial safety delegates in recent years to supervise effectively. On store level, there are no union representatives, but most of the full-time employees are union members, whereas many part-timers (especially students) are not unionized.

In the very beginning Lidl tried to influence and hinder the work of union representative. This pressure was mainly indirect, manifested by cold and distant attitude. For example, Lidl management ignored many of the shop steward's propositions about development of working conditions and employee well-being. This attitude changed gradually, as Lidl managers built more close and collaborative relationship with the shop steward. Quite often the problems seem to be more linked to personal relationships than to organisational structures.

Personal contact to employees is very important for any shop steward. It is much easier for workers to convey possible employer misconduct in face-to-face discussions than via email or phone. However, since there is only one shop steward for Lidl Finland, it is hard to keep in touch with all store workers. In addition, the shop steward finds it difficult to intervene in cases of employer misconduct without workers' written statement, which workers are quite often hesitant to disclose.

5.16.5 Concluding comments

Lidl's entry was a disruptive event to the retail market, since hard discounter format had been non-existent in Finland. When Lidl first expressed its interest to enter the Finnish retail market in February 2000, it was a surprise to the Finnish retailers.

Widely shared impression amongst the local actors (retailers, trade associations and unions) was that the Finnish grocery retail market was too small and geographically remote in order to interest big multinational players. Thus, Lidl's entrance shook the retail market, which resulted in increased competition and caused rival actors to adjust their operations and pricing (Häggman 2002; Uusitalo & Rökman 2007).

Upon the market entry, the main focus of Lidl management was targeted at building and opening as many new stores as possible. There were not enough resources devoted to public affairs management, and largely because of that Lidl earned a troublemaker status in the market. For example, Lidl Finland had several problems with trade union in the beginning. Lidl introduced its foreign corporate culture and differing operational practices that were perceived to be in contrast with the local standards of practice. This perception was mainly based on Lidl management's secretive and occasionally non-existent communication policy upon the entry. Also, Lidl management's aim was to meet the minimum requirements of the labour legislation, no more or less.

Because of the lack of knowledge about the local labour legislation, Lidl was breaking the law in some cases, but corrected its practices case by case, partly because of strong trade union intervention, but also by collaborating with the trade union. In some cases, Lidl intentionally challenged the prevailing institutionalized standards and ways of doing things. Lidl was not aiming at breaking the law, but just to stretch the rules allowing enough time to come up with a solution that would be in line with its operating concept. Also, the Finnish authorities were quite understanding and flexible with Lidl's insufficient cooperation with local practices.

In Lidl Finland, the managerial control of employees is less strict than in many other countries where Lidl operates. Sales assistants are able to share the duties and responsibilities independently without a constant control of a store manager. Also, the division of labour within stores is very equal. For example, there is little, if any, hierarchical distinction between full-time and part-time workers. There are no "minijobbers" or external workers in stores.

This relatively good bargaining position of Lidl employees is mostly related to the historically powerful role of trade unions in the Finnish society. Also, government officials and trade unions have exceptionally strong legal authority to monitor and sanction employers in case of labour misdemeanour.

From the very beginning, Lidl Finland joined the employer association Federation of Finnish Commerce (FFC). This was exceptional and unique decision, since – at least to our knowledge – Lidl had not been a member in employer associations in other countries. The decision to join was made by the local managers, not by headquarters. The main reason behind Lidl's decision was the generally binding collective agreement. Therefore, it was in Lidl's best interest to become a member and try to influence the content of contracts as a member of employer association.

Other Finnish retailers supported Lidl's membership in FCC, but this was more out of selfish reasons than local hospitality. As noted by an interviewee, 'our members wanted Lidl in, because as an outsider it was considered more hazardous ... as a member Lidl would be bound to general rules'.

Lidl's public reputation has improved considerably from the early days. Even though changes did not occur over night, it is clear that Lidl has learned from the criticism and started to modify its operation policies accordingly. Nowadays Lidl is more open

in communications towards media, in fact quite similar to other Finnish retailers. Also, the management of Lidl Finland had been able to prove the parent company that they can efficiently manage the concept in the new market. This ‘earning of trust’ gave local management more freedom to adjust the concept and response to local demand. As noted by a Lidl’s manager, ‘Trust need to be earned ... when experiences and know-how increases, the need for internal control decreases’.

The research data of this study on Lidl Finland comes from the following sources:

Media archives: 277 news articles published leading Finnish trade journal in 2000-2010

Interviews (14 in total), consisting of retail managers (4), Lidl store-level employees (4), union managers (4), and trade association managers (2).

Retail employee survey (2011): members of PAM (N=5235)

Company fact sheets 2000-2010

5.17 Dia in Spain

The leading discount chain in Spain, Dia, continually innovates to stay on top. In 2008, Dia updated its image, adopting a more contemporary and customer-focused logo and started renaming its stores as Dia-Maxi and Dia-Market. In addition to the creation of a more forceful identity, Dia renovated store interiors to provide a better customer service while maintaining the store’s primary function. The transformation of Dia stores in accordance with these two formats means the disappearance of the Dia classic store. This format of vicinity will be completely substituted by Dia-Market until 2012. The advantages for the clients are proximity and in comparison to the Dia classic store a non-stop opening time. The transformation in accordance to these two formats is going on in all countries with Dia establishments (France, Portugal, Greece, Turkey, Brasil, Argentina and China). The Dia-Maxi format corresponds to the format of “attraction”¹²⁷. It offers a large number of non-food items in 1,200-sq.m stores. Dia-Market concentrates the most highly trafficked departments in 500 sq.m: self-service fruits, vegetables, meat and fish as well as a variety of snacks. Overall, the 390 Dia-Maxi and 278 Dia-Market stores that opened over the past two years have been successful on a daily basis.

Dia belongs to the Carrefour Group, but it is independent concerning its administration and organisation. Both, Carrefour and Dia, have its headquarters in Madrid. The organisational structure of Dia differentiates in comparison to the structure of Carrefour. First of all, because Dia belongs to the purchase model of “integrated supermarkets in the urban scene”, which means “frequent, local purchases and usually smaller quantities” (Lorente Campos and Ramírez Rangel 2010: 5).

With regard to labour conditions and the organisation of work there are strong differences between stores, magazines and offices. As in the project we focus on working conditions within the stores, we didn’t consider the conditions within the other divisions of the company so far. But by chance we could conduct an interview with a product manager working in the offices in Madrid. The interview gave us an insight view which did help us to accentuate the different perspectives of workers.

¹²⁷ Vgl. http://www.tormo.com/noticias/22180/Dia_transforma_sus_tiendas_en_Dia_Market_y_Dia_Maxi.htm

The description of working conditions within the stores is mainly based on a differentiation between the following two types of stores: Dia-Maxi and Dia classic stores. Most of the classic stores are already transformed in Dia-Market or in franchise stores. The latter is promoted by the company since a few years. A trade union official at CCOO (Di09) made a comment to the effect that this tendency is worrisome, because the number of workers affected by this model is increasing continuously. The collective agreement valid for these store type is the provincial one, which means a deterioration of working conditions. However, no worker can be forced to stay in a store which is going to be franchised.

Another fact is the tendency of deterioration of working conditions since a couple of years. A CCOO trade union official, responsible for Dia emphasized that it has to be differentiated between the cycle of investment and the current cycle of “negligence”. “The business is threatened by retrograde steps taken by the management” (Di09).

“(…) the return to the sensation of dirtiness, disorganisation etc.. We are really worried about this situation” (Di09).

Besides she annotated that the professionalism in retail trade has already been lost for a considerable time, because all worker’s have to exert all tasks.

Dia-Maxi and Dia-Market stores can be differentiated by its size, the location of the stores (inside or outside the city centre), the availability of parking spaces and the number of workers. Its hierarchies and working conditions are quite similar meanwhile the classic store is much smaller, employs considerably less workers and gets closed during lunch time.

In March 2011 Carrefour decided to bring Dia to the stock market. At the time of the complementation of the report was no information available about up to what extent the decision is going to affect workers. The responsible for Dia of CCOO in Madrid summarized the concerns of the trade union as follows:

The things we are worried about? For the most part we are concerned about the flaw of information. We don’t have any information about the project or in which way it will affect the workplaces and the business in general. Then, parallel we are considering that we don’t have any influence on this operation; I mean the management of Dia doesn’t have any influence within the decision process. The decisions were taken elsewhere and we can’t do anything. We can’t go in opposition; there is no possibility of enforcement, because it is a decision which is taken in another country and we don’t have any capacity to block it (Di09).

5.17.1 Work organisation

The following description of work levels is mainly based on the collective agreement of Dia (2010-2012). Following we tried to summarize the different levels of hierarchy in a preliminary chart which we will rework and complement by the time.

Levels of hierarchy

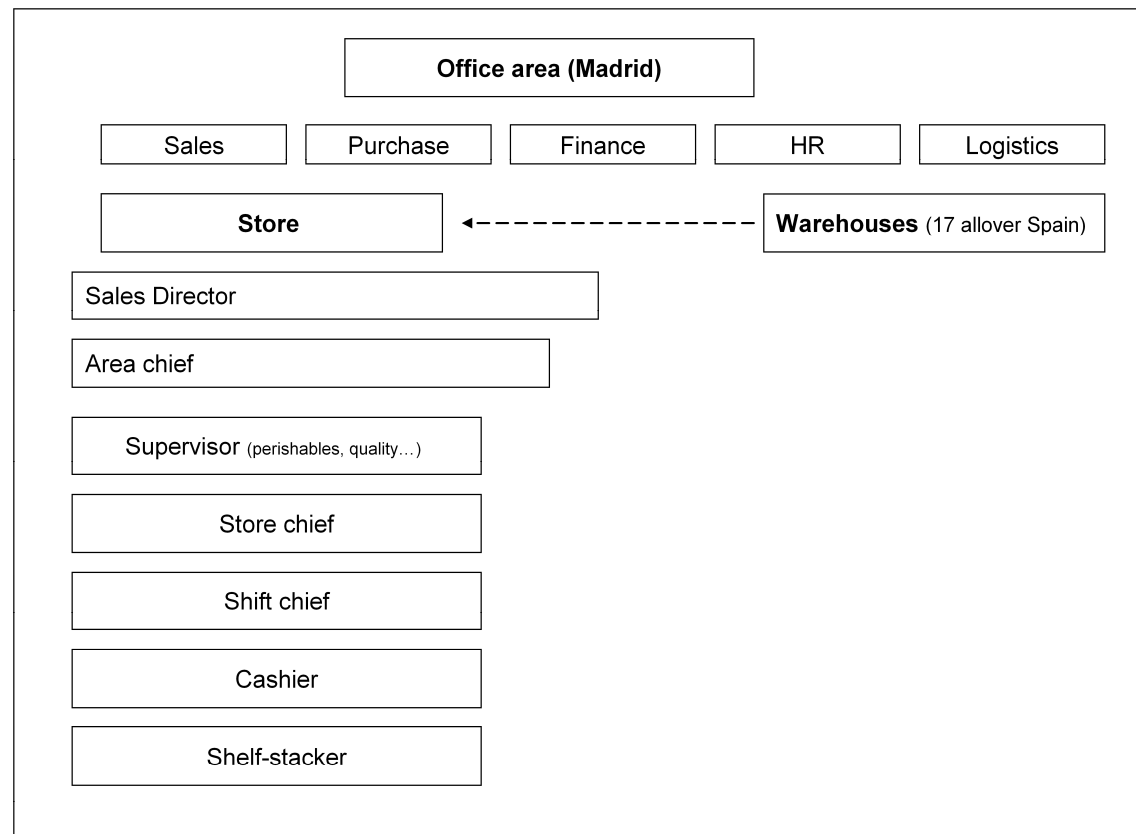
The following table gives an overview about the different hierarchy levels in Dia. They are based on the categories stipulated in the collective agreement (2010-2012). The classification of professions pursues the goal “to rationalize and modernize the professional structure of the companies” and to mark a professional itinerary which

reduces the rotation of staff (Dia 2010 – 2012). All rationalisation and mechanisation processes may in principle not jeopardise the right of formation of workers.

First Functional Section (Àrea Funcional Primera)	Second Functional Section (Àrea Funcional Segunda)
Comprises the activities which are developed at stores (point of sale), platforms and magazines.	Comprises all organizing functions and administration as well as all functions which give assistance to the first functional section.
Activities: preparation of products, control of best-before dates, sale to the public and replenishing of products, delivery service and transportation, revision of supplies, revision and reception of goods, preparation of goods for replacement and warehousing, work with pallets, preparation and revision of orders, packing, load up and unload of prepared goods	Activities: administration in general, maintenance, analysis and development of software and hardware projects and the rest of applied informatics, client support by phone, booking, suppliers, creditors, sales revenue, administration of withdrawals and disbursement, customer support, purchases, marketing and control of offers
Manager <u>Activities:</u> transmission and control of compliance of general company policies, assignment of resources (administration) etc. <u>Categories:</u> Supervisor, Store chief, Area chief, Foreman, Chief of inspection, Inspectors	Manager <u>Activities:</u> transmission and control of compliance of general company policies, assignment of resources (administration) etc. <u>Categories:</u> Department chief, Analyser, Doctor
Experts <u>Activities:</u> control and steering of work operations, making, supervision and report of the documentation of administration, schooling of staff, administration of stock variety, administration of working schedules etc. <u>Categories:</u> Person in charge of the store (encargada), Store chief, Chief of inventory	Experts <u>Activities:</u> administration and coordination of teams, development of strategies <u>Categories:</u> Unit chief, Responsible for sale/purchase, Franchise promoter, Expansion promoter, Technical Assistant (ATS- Asistencia Técnica para Supermercados), Programmer (analysar)
Specialists <u>Activities:</u> control of reception of goods, preparation and exposure of products at counters, build-up of counters, supervision of cameras, control of defective goods, orientation of clients <u>Categories:</u> Inventory staff, Second Foreman, Monitor, Technician, Fitter (stores), Fork-lift driver, Bookkeeper (goods)	Specialists <u>Activities:</u> elaboration of reports, participation in implementation and improvement of processes, supervision of attention of reclamations, maintenance and reparation of machines etc. <u>Categories:</u> Official administrator, Technician (informatics), Secretary
Professionals <u>Activities:</u> transport, preparation and assignment of goods, maintenance and revision of work instruments and environment, registration of goods, customer care, stock inventory, loading and unloading of goods, placement of goods etc. <u>Categories:</u> Cashier, Preparer, Shelf-stacker, Operator (Mozo), Bakery staff, Auxiliary (maintenance)	Professionals <u>Activities:</u> basic administrative work, supervision of equipments, cleaning of the store etc. <u>Categories:</u> Auxiliary (administration),

Source: Table is based on information of the collective agreement (Dia 2010-2012)

The classification system is based on the following factors: autonomy (Autonomía), education level (Formación), initiative (Iniciativa), leadership (Mando), responsibility (Responsabilidad) and complexity (Complejidad). Each worker is assigned to one to one of the both functional areas and within these areas to one of the four professional groups: manager (mandos), experts (técnicos y gestores de equipos), specialists (especialistas) and professionals (profesionales).



Source: Information based on conducted interviews, own illustration (*scheme has to be revised and amplified*)

The majority of interviews correspond to the first functional section of professionals (cashiers and shelf-stackers). One interviewee works within the office sector (purchase). Some of the workers couldn't classify their status precisely by reference to the collective agreement.

Contract

The most common contract is the permanent contract (40 hours weekly), although a lot of women make use of the possibility to work less time. Before the crisis, the majority of workers obtained following to the articles of apprenticeship a permanent contract. Today the company hardly contracts new staff. Article 18 of the collective agreement of Dia refers to a commitment of "permanent contracts". In consequence, both companies (Dia and Twins¹²⁸) undertake the commitment to obtain at least 85% of workers with a permanent contract in total (on the global level). Like Carrefour,

¹²⁸ Twins Alimentación, SA is a subsidiary firm of Dia, which manages its control and administration.

Dia doesn't contract more staff in peak periods or when workers are absent. The extra workload has to be managed by the permanent staff.

It is a lot of work, really. Like they want us to do our work it is impossible, because it's a lot. You have to be at the cash register, you have to clean up the store, you have to replenish stocks... you can do all these things one day, but you can't afford this work continuously. Your body doesn't endure that and also psychologically; it is impossible. You can do the work of other workers one day, but not all days (Di02).

All women we have interviewed started working as apprentices with a contract corresponding to this level. An employment contract of a trainee comprises 36 official hours weekly but in reality these workers work the same as full-time workers. This form of contract is advantageous for the company, because workers get a smaller salary and work almost the same time as any full-time worker. One interviewee with that contract type received 630 Euro per month and four payments extra per year (Di07). This contract type requires that the workers have to be younger than 21 years.

The next higher staff level is the cashier level. These steps of "promotion" are the same in each store type.

"(...), you can ascend by the time, because the supervisors started working as apprentices. You will ascend gradually. I could work as a supervisor in seven or eight years" (Di06).

The interviewed person in her function as first cashier in a Dia classic store has an undesignated employment contract of 40 hours weekly. All interviewed workers which hold the same or a higher function had a 40 hours employment contract.

Before the beginning of the crisis most of the workers received such a contract. It currently is a common practice to contract workers for some month first up to one year by a temporary contract and afterwards, if they are good working, to replace the contract by a undesignated one.

But in general the contracting practice changed a lot. "They employ the minimum, apprentices and people for some hours" (Di06). In comparison with Carrefour, Dia doesn't employ people from service provider, but only people which apply directly to the company.

Staffing

During the time of economic prosperity in Dia-Maxi stores worked approximately 20 employees. A Dia-Market store employed about 10 or 12 persons (six persons during one shift). Nowadays, almost all classic stores are going to be externalized or they will be closes in the near future. Dia-Market stores are currently administered by approx. four or five persons (Di09). In Dia-Maxi the staffing depends on the sales figures, i.e. in stores with low sales figures may only work three persons (responsible for almost 1.000 m²). As a consequence the number of clients will decrease further on, because "without staff there are no products in the store and there is no customer service" (Di09).

There is always a store chief and two shift chiefs (first cashier). Besides, there is one person who is responsible for pastry and fruits, one cashier and one apprentice. It seems to be a normal situation in all stores that there are always workers absent (illness, maternity protection) and there work has to be handled by the others. All interviewees told us that the company doesn't contract people for the absent workers.

5.17.2 Working time and organisation of work

Working time

The maximum weekly working time may not exceed 40 hours (1784 hours per year 2010). Those workers which started working with less working hours before the national collective agreement became effective in 2006, maintain their working hours. If workers work less than eight ours daily they are not entitled to have a break. That goes for most of the normal workers in Dia-Maxi (cashier, shelf-stacker etc.) who work during the morning or the afternoon shift. Each year, within the first trimester the company develops a work calendar (calendario laboral) which comprises all days off including the 14 official holidays per year and the vacation periods. The stores coordinate the working time of the workers by themselves. The schedules include the names of the workers, the time belonging to the professional group, the daily shift, the weekly working time and the days off. All those workers contracted before June 8 in 2006 have no obligation to work on Sundays or holidays. It is a voluntarily decision from their side. Those hours worked on Sunday or holidays will be paid extra (50% mark up).

Dia-Market opens daily from 9.30 am to 21.30 pm. The workers can't make an official break, because they work less than eight hours every day. But frequently they help one another and organize themselves having a little break (5 to 10 minutes).

The Dia classic stores which are still not transformed in Dia-Markets or externalized, opens from 9.30 am to 14 pm from Monday to Saturday and from 17.30 pm to 20 pm (excluding public holidays).

Organisation of work

The staffs of Dia are divided into four professional groups: management (group I), experts and executives (group II), specialists (group III) and professionals (IV). According to the group there are differences concerning the probationary period. Meanwhile this period lasts for group III and IV 60 days, it is double for group II and triple for group I.

In a Dia-Market store work about 7 to 10 people. The store chief is responsible for organizing the purchases as well as for the application of the directives of the management. In some stores she also assists the normal workers in unloading the truck (delivery of goods) (Di02). But normally it's the work of the shift chief and one more worker, because the cashier has to be at the cash desk all the time. Each worker (shelf-stacker) is responsible for a certain product line, for example fruits or frozen products. After unloading the truck, the workers have to fill the shelves up and throw away cartons. The workers of the morning shift have to unload a minimum of 600 packages each day and to fill up the shelves. They work 7 hours daily (8 am to 3 pm).

During the afternoon shift the number of workers is reduced in comparison to the morning shift, because the work is supposed to be "easier". It mainly consists in cleaning up the store and arranging products.

We believe that the company has been tried to conserve the rate of profitability at the expense of the service, i.g. the company has been reduced the investment in staff like it has always bee done (Di09).

The Dia classic store is managed by two or three workers. During the afternoon turn there is (mostly) only one person in the store, which is the first cashier. The first cashier always enters approx. 15 minutes before the store opens.

I enter and switch on the machines, then we arrange the bread and I sit myself at the cash desk (Di06).

Afterwards, the tasks she is responsible for include the control of fruits and vegetables, cleaning the fruit-stand and all other stands, cleaning the windows of the store, writing down the refund of fruits, unloading of the truck and replenishing products. The replenishment is organized by corridors so that every worker has a certain number of corridors to handle.

During the afternoon shift the workload is lesser. The cashier has to be at the cash desk (first obligation) and can't spend much time in fulfilling other tasks as for example cleaning up and arranging products. But this is also not demanded by the company.

Because they know that if you are alone you can't do much. They neither can obligate you that the store is in a perfect situation, nor that you are doing everything at the same time (Di 06).

It is difficult for the worker at the afternoon shift to "oversee" and "control" clients. He or she is obligated to ask them for leaving their bags and backpacks close to the cash desk but if they don't want there is no possibility to force them to do so. There are no security staffs.

Once a week, the supervisor of the store comes around for checking the recording of sales and the productivity of the store. This person also controls the cleanliness and the organisation of the whole store. The next person in hierarchy is the chief of the supervisor, a person who is almost unknown by the store workers.

(...) sometimes she accompanies the supervisor and is looking if it is true what the supervisor notes down or if the supervisor only want to avoid problems with the chiefs of the headquarter. I only saw her two times, not more (Di06).

The responsible person from the HR department is almost unknown by workers, because she does never visit the stores. The interviewed delegate became to know her a little bit in the context of her work for the trade union.

Directives

Inside every store the company displays the store norms and directives for workers.

There is a sheet with some coloured squares and they tell you that you have 15 minutes for scrubbing and two hours for arranging the products, but we don't look at it, because it is impossible. They tell you that you have to apply a promotion in 15 minutes, but it is impossible to change all etiquettes of the store. They don't arrogate it, they just write it for any reason (Di06).

Later on, the workers have to complete a sheet of paper where they have to indicate how many time they needed for unloading the pallets and arranging the products.

Uniform

All workers receive working clothes by the company. It includes two trousers, two polo shirts, one jacket and foot ware. One worker indicated that in her store (Dia classic) it is very cold in winter (there is no heating), wherefore she bought an extra jersey

by herself. The condition imposed by the company was that the self-bought clothes have to fit with the company colours (Di06). Workers from Dia-Market stores annotated that the company doesn't refund damaged uniforms. Besides, they only receive one pair of gloves once a month.

Holidays

All workers receive some documents in which the vacation periods are indicated. Each person is entitled to 10 days in winter and 21 days in summer (June to September), which means 31 vacation days in total. The workers of all store types commented on the same procedure for choosing vacations. The vacations of the winter season are chosen at first by those workers who are working the shortest time for the company. For the summer time it is vice versa.

Stores which are located in tourist areas have another organisation of vacations. In accordance to the organisation of work, workers can choose between 15 days without interruption from May to October or 12 days without interruption from June to September. All workers which make use of their 21 vacation days out off the established summer period as well as out of the Christmas season, the Easter week and saint's days will receive two extra vacation days (33 days annually). With the exception of the summer period (June to September) the management can prohibit the choice of vacations during periods of high demand. In general the vacation turns are determined by the management of the company. Before its publication the works council or delegates receive the corresponding information.

Normally the vacations are programmed by the management for the announced periods (June to September or May to October). In case of exceptions, which means that workers can't draw from vacations during these periods because of a management decision, the affected workers are entitled to a compensation in form of 15,43 Euro for each day out off the periods (cf. Dia 2010-2012, p.39f).

Absence because of sickness

In case of temporary disability (Incapacidad Temporal) approved by the social security or by the occupational insurance association (Mutua Patronal) the workers receive 100% of their normal salary up to 12 month (cf. Dia 2010-2012, p.64f).

5.17.3 Training and career patterns

Training

The staff working for Dia is trained in a special school which is called "tienda-escuela" (store school). The training programme is the same for all workers, irrespectively if the will work in Dia-Market or Dia-Maxi stores later on. The selection of all workers is carried out by a HR person who works at this school. Some of our interviewees left their curriculum at the store or they sent it via internet.

In Asturias the school is located in Oviedo. The course lasts one week and conveys basic knowledge for cashiers. The learning tasks in particular comprise the handling of the cash register and the learning of product codes. All the other things (replenish stocks, cleaning etc.) the workers are learning by doing. To practice there are three cash registers available. The most important thing to learn is rapidness, which means that the workers have to cash up 40 articles per minute and the time between attending two clients shouldn't be more than 20 seconds. In each store the cash registers have a

time switcher (contador de tiempo) which serves as control instrument for the cashiers.

(...) inside the store they also count the productivity with regard to a possible promotion and so on, but yes, it is not so difficult to achieve the objective. They don't give you an impossible task (Di06).

At the end of the course there is no final examination, but all workers have to complete a course called "manipulator of alimentos" (food handler) which finishes with a short exam.

They give you a small book to read and then you have to answer some questions. It's quite basic (Di02).

Career/Promotion

The promotion of workers to the first (Manager) or the second group (Experts) can be decided by the company management. The promotion of workers from the fourth to the third group depends on the vacant jobs on the superior level. Workers from the own store have priority for vacant jobs on a higher level. The requirements (knowledge) for ascending are specified at the collective agreement. Aside from that, the promotion is based on a continuously objective evaluation of workers theoretical and practical knowledge. The evaluation process described at the collective agreement doesn't correspond to reality in most cases. Almost all interviewees reported that the promotion depends a lot on whether you are able to adapt to the chief. Furthermore, trade union involvement (in one of the two major unions) is considered negatively by management and means an obstacle for promotion.

Most of the store chiefs of classical stores have been received the offer to work in a Dia-Maxi store improving their economic situation. There they didn't start working in a chief position but as cashiers with a higher level of experience (Di09).

5.17.4 Management styles and work climate

The management style corresponds to an authoritarian style, although the classic store may include participative elements too. That is (was) depending on the attitude of the store chief.

The store where I work we cash in at 8 pm and then we go home. They don't oblige you to make extra hours (Di06).

But normally an authoritarian style prevails what the following statement of Dia-Market worker confirms.

It comes the supervisor who advises the store chief and then she says to you "that works now this way". Then they put a little paper at the pinboard close to the office ... (Di02)

To the question if workers are asked which things could be improved within the store a worker answered the follows:

No. Rather they will give some documents at the end of the month and you have to sign all the further training courses which you attended. Normally they should offer further training courses to workers but they never do so. You sign that you attended a course which you never have attended. That makes no sense (Di02).

Actually, the relationship between workers and supervisors is not always peaceful as the case of one interviewee revealed in a more drastically way. Due to a misunderstanding the woman terminated the employment contract by herself and started working two days later in Alimerka (cf. Di07).

To the question which things are failing within the store or which things she would comment on, the worker of a classic store answered in the following way:

We have to stay alone at the store, they don't hire more staff, there is no heating inside the store and that's really bad, because you feel cold all the time (...). Then it is colder inside the store than outside. But in particular the staff ... they don't hire staff to cover absenteeism if somebody gets ill. Then they cancel time of recovery... it happened to me. I have passed more than one month without any time to recover. One colleague felt sick and they didn't hire another person. So, I have been there all the day. Okay, with a break from 2pm to 5 pm. But you leave the store at 14.20 pm and you have to be back at 16.45 pm for changing your clothes (Di06).

With regard to collegueship I prefer Dia (she worked before for Más y Más). [...] (...) here we are two persons and we are on good terms. She is the person most of the time you spend with; I spend more time with my colleague than with my mother (Di06).

5.17.5 Industrial relations

Contrary to Carrefour, Dia has a collective agreement valid at the company level (since 2006, before the agreement of the provincial level was applied). The number of workers in one particular store isn't sufficient to form a works council. For that reason there will be joined works council at the provincial level formed. Furthermore, Dia also has a general works council (comité intercentros).

Unions

Dia has three different trade unions: the sectoral federations of CCOO and UGT as well as FETICO. The company is affiliated at the employer organisation ACES. Article 53 of the collective agreement refers explicitly to the right of free unionisation and of non-discrimination of workers if they are affiliated to a trade union. The wording of the article is the following:

The company will respect the right of all workers to unionize. Therefore, the work of a person may not be connected to the condition that a worker is affiliated to a trade union or has to revoke the affiliation. A worker may not be dismissed because of the affiliation or any trade union activity (Dia 2010-2012, Article 53, p.54).

The works councils are created by delegates from different trade unions. In Asturias exists one council which has 13 members (7 FETICO, 3 CCOO, 3 UGT).

In Asturias we have one works council at the store level and one council at the warehouse level. Altogether there are 260 workers in Dia and 13 delegates at the council. In Madrid there are more delegates. We have the majority in Madrid, in Rioja and in some councils in Andalusia, as well as in Castilla, Burgos and Galicia... (Di04).

In Madrid the works council has 25 members (9 FETICO, 10 CCOO, 6 UGT: CCOO has a simple majority). One of our interviewees (Di06) was associated to FETICO at first, but passing the time she noted that the trade union didn't give her any support. When CCOO representatives were looking for people to run for the office as delegate, she left FETICO and joined CCOO.

The works council in Asturias meets three or four times per year. The meetings take place at the store-school in Oviedo and will be announced by the representatives of FETICO. One worker told us that it is difficult to organize meetings because the FETICO representatives are not really interested in calling up for these meetings (Di06). Besides, a person in charge of the HR department takes part and takes up the claims of the delegates.

“At the works council participate delegates from Avilés, Oviedo and Gijón. As we are from different stores, each delegate talks about the problems in her own store, which things are lacking and that they pay us extra hours if we stay longer. (...) These things we are demanding” (Di06).

Referring to Article 63.3 of the Workers' Statute, Dia appointed a general works council (comité intercentros) which pursues the objective to treat matters relevant for all stores. Its maximum number is 13 members and it reflects the proportion of trade unions according to the result of trade union election. The company bears the full cost of the of committee meetings. If workers wish, the company debits the monthly contribution to the trade union from the salary. These information of the collective agreement were confirmed by a trade union delegate. The same delegate added that the committee's work is not very effective.

Since we have the national agreement we talk a lot within the committee but we don't resolve many things. [...] I believe the agreement will expire and we will still talk about the same things. I believe it is more effective to resolve things within the stores, the ordinary work at stores, when we have the possibility to talk directly to the HR department or the responsible persons (Di03).

Collective Agreement

The first national collective agreement for Dia supermarkets (I Convenio Colectivo de Supermercados DIA, SA) was signed in June 2006 by the management of the company and the three trade unions FETICO, UGT and CCOO. It was valid until the end of December 2009. Since 2010, the second collective agreement became valid (until 2012). The collective agreement of Dia is mainly considered positive by workers and trade union delegates.

(...) we have much more things improved compared to other collective agreements, as for example the collective agreement for big department stores. [...] All the things we negotiate are negotiated in relation to Dia. We don't have to think about Alcampo, Champion or Corté Inglés. You can reach much more things when you only have to talk to the company ... (Di03).

The basic salary in Dia is classified by a modular principle (sistema de módulos). These modules cluster cities and regions due to the previous sectorial collective agreements (valid until June 8, 2006) and the socio-economical and professional characteristics of these areas. As a result, Asturias belongs to the same group like for example Madrid and Valencia. The following tables reveal the clustering of the cities and the corresponding basic salaries for each professional group.

A trade union official of CCOO did explain to us that the clustering was the only manner to reach a nationwide valid collective agreement in 2006, because there were big differences between the regional agreements.

The regions with a smaller income expected to increase it, the regions with a higher income expected to maintain it... so, there were different expectations. The trade union objective was to get out of this situation by uniting both groups. Within the last negotiations we planned to reduce the subgroups but then we were confronted with the beginning of the crisis and therefore it is still the same. But we will reduce the subgroups step by step (Di09).

Modules								
A	B	C	D	E	F	G	H	I
Castellón	Asturias	Murcia	Coruña	Guadalaj.	Albacete	Córdoba	Vizcaya	Guipúz.
Palencia	Tarragon.	Cáceres	Álava	C. Real		Navarra		
Sevilla	Madrid	Málaga	Badajoz	Zaragoza				
Cuenca	Gerona	Teruel	Zamora	Ponteved.				
Jaén	Alicante	Lérida	Burgos	Toledo				
Ávila	Valencia	Segovia	Cádiz	Baleares				
Orense	Cantabria		La Rioja	Salamanca				
Lugo			Huelva	Granada				
León				Almería				
Soria				Barcelona				
Huesca				Valladolid				

Grupo Profes.	Modules (Euro, without Cent)								
	A	B	C	D	E	F	G	H	I
Manager	13.910	14.173	14.961	15.616	16.141	17.061	17.585	18.602	18.934
Experts	13.123	13.371	14.113	14.731	15.227	16.094	16.589	17.549	17.862
Specialist	12.380	12.614	13.314	13.898	14.366	15.183	15.650	16.555	16.850
Profession.	11.679	11.900	12.561	13.112	13.552	14.324	14.764	15.617	15.896

Source: Collective Agreement Dia 2010-2012, p.44-45

The salary of all workers consists in a base salary and supplements. The base salary means the established minimum salary for each professional group. It is paid in the form of 15 payments and it has increased by 1% for each professional group within the actual collective agreement. In 2011 and 2012 the increase of the basic salary corresponds to the CPI which is estimated by the government for each year. With regard to the supplements the collective agreement applies different concepts:

- a) age addition (antigüedad): for each four years of employment (full-time contract) workers receive a extra pay of 176, 31 Euro per year
- b) work place supplement: functional supplement, performance-dependent (not compelling)
- c) night employment: working hours between 10 pm and 6 am are paid with an mark up of 25%

- d) special responsibility (first cashier): cashiers corresponding to the IV professional group (Professionals) receive an extra supplement of 3% of the base salary (annotation: workers are not entitled to this supplement during vacation periods or any other type of absence apart from their trade union hours)
- e) work in cold stores: extra supplement of 20% of the base salary (full-time contract and spending more than 25% of the working time inside the cold store)
- f) quality and quantity of work: premium payments (not compelling).

The salary of cashier with a 35 hours contract is about 710 Euros per month without the extra payments. A cashier working as a shift chief has approx. 800 Euro (cf. Di02). A store chief of Dia-Market earns about 1.300 Euro per month (cf. Di09). These statements underline a general statement from a UGT trade union official (Ca05).

The average salary of a worker of the professional group is about 800 Euros, 850 to 900 Euros gross. That's the normal income in this sector. Maybe it is a little bit higher in big department stores as in supermarkets, but in our opinion it is not sufficient (Ca05).

The extra payments are composed by one payment included in the normal salary (*it has to be reviewed*) and two "half" payments, because although the collective agreement is a national agreement in some regions the former conditions are maintained. In the case of Madrid that means 12 monthly payments and two "half" extra payments (July and December) (cf. Di09).

Besides of the normal salary, cashiers of Dia can receive a promotion in the form of extra payments, so called "tramos". Therefore they will be examined by the supervisor and the HR responsible who counts the state of the store, productivity, colleague-ship, absenteeism and the treatment of clients. The first examination of cashier takes place six month after people started working. If they pass it, they receive an augmentation of their basic salary by a fixed percentage of their basic salary. A worker at Dia-Market in the function of "first cashier" receives an increase of 30 Euros per month after the first examination. All in all there are four possible levels (up to 120 Euro per month after the fourth examination). A worker of Dia-Maxi annotated that you can also loose a promotion, which means that if you don't pass the evaluation three times the company will slash one of the reached promotions (Di02).

Furthermore, Dia pays an extra payment because of seniority. A worker with a full-time contract receives for every four years of employment with Dia a bonus of 176.31 Euros annually. Since 2006 it is limited to 24 years.

The bonus system of Dia is considered as a weak point of the collective agreement by a trade union delegate (cf. Di03).

We have the warehouses and we have the stores. Ok, the collective agreement is the same, but the bonuses are completely different. Meanwhile a cashier or a first cashier can only reach a maximum of 120 Euros, the workers of the warehouses can reach 400 to 700 Euros. For that reason everybody wants to work in a warehouse (Di03).

6 **Summary and conclusions**

Retailing is one of the biggest industries in Europe; big and usually multinational grocery retailers frequently are the biggest employers in their home countries, like Tesco in the UK or Carrefour in France. In our research project we have analysed work and employment relations at the multinational grocery retailers Tesco, Carrefour, Real and Lidl¹²⁹ at their home countries and a selected number of host countries. The first three companies have based their internationalisation on the hypermarket format, while Lidl represents a typical hard discounter.

Project has taken an institutionalist approach to explain variety between countries and companies' home and host country operations. Such an institutionalist perspective is also helpful in understanding the differences in general retail development between countries in explaining why certain formats have become to dominate in different countries: Hard discounters in Germany, hypermarkets in France and superstores in the UK, where Tesco developed its own hypermarket format only very late under the influence of international developments (cf. section 2.2).

Hard discounters and hypermarket chains have become the drivers of grocery retail internationalisation representing two different types of internationalisation strategies. Hard discounters follow a strategy of international standardisation and integration; cross-border sourcing on a European scale supports their low price policies even in countries where they have a very small market share. Hypermarket companies are competitive due to their capability in mastering these huge and highly complex stores (incl. IT systems) especially in host countries with less mature retail markets; they have to adapt their assortment to local customers and to local suppliers, sourcing the vast majority of their grocery items locally. Since discounters tend to follow a global strategy and hypermarkets a more multi-national strategy we started from the hypothesis that work and employment relations of the discount company Lidl would be relatively standardised across borders while at retailers operating hypermarkets these would be more adapted to national institutional environments.

6.1 **Management structure**

Our comparison shows grocery retailers generally try to transfer major elements of their management structures developed in their home countries abroad. This applies to both formats, hypermarkets and discounters. In the case of hypermarkets we see, however, that both, Carrefour and Real, transfer management structures which are more similar to home country manufacturing firms to their host countries. Tesco, however, sticks out, it also transfers its home country developed management structures but these are 'flavoured' with Tesco's partnership model negotiated exclusively with one trade union. This union, USDAW, has a membership rate in Tesco stores, which can hardly be found anywhere else in Britain, both in public sector organisa-

¹²⁹ We had also intended to compare the German discounter Lidl with the Spanish discounter Dia; but due to access problems in Dia's host country Turkey, we dropped Dia from the comparative analysis.

tions and private firms. It seems that liberal market economies provide MNCs with more scope to develop their own models of management structures and employment relations (see also below) than more coordinated or regulated market economies. Thus, we should expect greater variety of institutional effects when studying MNCs originating from liberal market economies.

Compared to discounters, we found as proposed in section 1.2 that management structures of hypermarkets are more likely to be locally adapted to host country institutions, i.e. to country specific industrial relation and education systems and institutions of the welfare state. In comparison, Lidl seems, as proposed, not to adapt its management structures locally, but imposes those even to countries like Finland, where we found in comparison the highest degree of host country regulation. Lidl's uniform format effect can be explained in relation to its global standardized internationalisation strategy which focuses on imposing its home country specific management structures abroad. Here, Lidl's management structure is nearly identical with Aldi and is thus being seen as a typical German hard discounter management model which is transferred abroad by both companies (see e.g. Straub 2012). Accordingly, we propose in this study, that Lidl's management structure at its foreign subsidiaries cannot be understood as a typical home country effect of a German MNC, as described by Ferner et al (2001) and Geppert et al. (2004) for manufacturing MNCs. Instead the Lidl management model must be seen as the outcome of a mixture of specific sub-sectoral institutional factors, which are quite different to those of large German manufacturing firms which are well-known for their participative management structures and strong works councils. Sub-sectoral factors which are responsible for the establishment of the distinct management structures of German hard discounters, like Lidl and Aldi, include small size of outlets, family ownership, weak regulation and a weak industrial relations system (cf. below). These management structures have been compared with those one can find in certain 'total institutions' such as the military (see e.g. Hirn et al. 2007; Straub 2012). Similar to total institutions (Goffman 1961), management in Lidl stores can easily turn into being 'abusive', both in its home and host countries, if these countries are weakly regulated and have weak legal enforcement mechanisms in place.¹³⁰ Accordingly, we also found that management style in small Lidl stores is generally much more dependent on personalities of store, district and regional managers – in comparison to hypermarkets. In the latter we found stronger union influence and regulation of sub-sector across countries, even in Poland with the weakest regulation of retailing firms. This seems to be related to bigger size and higher formalisation of management structures and control of hypermarkets. However, we did also find that format and financial crisis related economic pressures led to some attempts of hypermarkets across countries to streamline store management structures. The focus on leaner management structures seemed to be stronger in more hierarchical Carrefour and Tesco, compared to Real, where we found a flatter management hierarchy in the first place.

Another difference related to both format effect and the company's management structure seems to be the difference in focus on internal recruitment versus external recruitment of store managers and above-store managerial positions. There was traditionally a stronger focus on internal labour markets in both Lidl and the hypermarkets;

¹³⁰ However, we found that 'abusive' of managerial behaviour is more difficult in Finnish Lidl stores, where better regulation of the whole retailing sectors seem to prevent this kind of behaviour, after initial problems when Lidl entered Finland.

we found also indications of greater level of direct graduate recruitment at Lidl. In hypermarkets talent management systems often support lower level employees to move more quickly through store level positions and take up positions in the management hierarchy in- as well as outside the hypermarkets themselves.

6.2 Working time

As discussed in section 3.3, part-time work is an important issue in the retail sector. Retailers' demand for flexibility stemming from volatility of store business meets with a predominantly female supply of labour structured by welfare state institutions.

In their home countries, two of the three hypermarket companies, Real and Tesco, make extensive use of part-time work. This can be explained by the conservative welfare state institutions in Germany that support the role of women as housewives and/or as marginal participants in the labour market (supplementing the male breadwinner income) and that do not provide extensive child care provisions; and by the conservative welfare state in the UK where child care institutions are also insufficient and in addition pensioners and students frequently have to work in order to supplement their income or to finance their studies. In contrast, extensive child care provisions in France lead to a generally low share of part-timers; and so the part-time rate at Carrefour is relatively low; the collective agreement at Carrefour granting part-timers the right to work at least 30 hour per week (full-time being 35 hours) also has to be mentioned here. Lidl in Germany uses part-time work to an even higher extent than Real.

When we look at the hypermarket companies' foreign subsidiaries, their inclination to use part-time work seems not to be influenced by their home country practices but by the host country institutional environment. At Real and especially at Tesco the share of part-time work in Poland or Turkey is much lower then it is in their home countries; while at Carrefour having a relatively low share of part-time workers in its home country does not lead to lower rates of part-time work abroad.

While these hypermarkets seem to be greatly influenced by the national host country environments, this is very different for the discounter Lidl. Lidl has very high part-time rates in Germany and in all foreign markets, independent of host country institutional environments. Part-time work seems to be a core element of the discount business model; partly perhaps because flexibility in small stores is harder to achieve without part-time and the possibility to add overtime whenever needed. This also underlines Lidl's strategy of global standardisation.

6.3 Industrial relations

Developments in the three home countries

In the international comparative literature, including varieties of capitalism literature, German industrial relations are characterised by collective bargaining between strong employers associations and strong unions on an industry level and by strong workplace interest representation through works councils detached from industrial conflict; while in the UK industrial relations are more conflictive and voluntaristic, i.e. depending on the bilateral relationship between a company and union

members within that company. France here takes an intermediary position, but here a layer of representative structures facilitated or even required by law guarantees at least some representation even where trade unions are weak. Concerning the Industrial relations at the four grocery retailers in their home countries we found striking differences between a) the hypermarkets of Real and Carrefour as opposed to those of Tesco, and b) the three hypermarket companies in general and the discounter Lidl

Carrefour and Real are both covered by a collective agreement; while Real in Germany is one of the very few retailers that also follow the sector agreement by the book, e.g. in terms of wages paid to mini-jobbers, the company agreement of Carrefour hypermarkets goes beyond other agreements in the French grocery sector, e.g. in terms of payment and other benefits but especially in its regulations concerning part-time contracts. Unionised workers of both companies regularly participate in some forms of strike action. In addition structures of workers' interest representation exist at both companies: all German Real stores have an elected works council and the supra-store works council structures even go beyond what is legally required. All Carrefour hypermarkets, too, have a comité d'entreprise; most of these are dominated by the big national unions which also have delegates (*delegués syndicaux*) at most stores. The industrial relations institutions that have been found to be effective in manufacturing sectors of these countries seem to have also impacted on these two retail companies. However, the two companies are not fully representative for the hypermarket sub-segment in Germany and France: independent hypermarkets like those of L'Eclerc in France and the frequently somewhat smaller hypermarkets of the German market leader Kaufland (Schwarz Group), that have grown since the 1980s, collective agreements are either less favourable or are not fully applied and works council structures are also either dominated by non-unionised delegates or they are not always established. Thus additional factors might be taken into account, like ownership or historical legacy whether stores were set up in the 1960s and 70s when industrial relations institutions generally had been stronger.

Tesco in the UK is a less straight forward case. The partnership agreement with the retail sector union USDAW, that had been introduced after severe conflicts and Tesco's threat to de-recognise the union, has given Tesco employees some relative benefits compared to their colleagues at other large British grocery retailers, but at the same time it ties the union into collaboration with management. Within the grocery sector, Tesco's partnership model and the structure of elected store, regional and national forums are singular within the retail sector, even though some similar arrangements exist in other sectors, especially since partnerships were supported by the British government in the late 1990s. Generally the British industrial relations system is more voluntaristic (or liberal) allowing for a variety of arrangements between actors; thus it is generally more difficult to detect a uniform effect of the institutional environment.

A comparison of Lidl with our three hypermarket chains, and especially with Real operating in the same home country, reveals stark differences. The Lidl's attitude is clearly anti union. While the company follows the collective agreement and wages are somewhat above the collectively agreed level in Germany, stories about bullying and dismissals of employees engaging e.g. in the procedure of setting up works councils abound (cf. also Hamann and Giese 2004); even though there are signs of some change towards less overt anti-union behaviour. Lidl avoids any involvement in the collective bargaining process. Works councils only exist at a hand full of stores despite an extensive organising campaign of Verdi a few years ago. Within the German

retail sector, Lidl shares this anti-union stance with most of the independent supermarket owners who are members of buying groups and with Aldi Süd. But even within the German discount sector, several companies have agreed with Verdi to set up works councils on a supra-store regional level.

Obviously, German industrial relations institutions can have diverging effects: While works councils, where they exist, have relatively strong rights of information, consultation and even codetermination protecting the interests of employees (e.g. in comparison with French *comités d'entreprise*), the fact that they have to be initiated on an establishment level by employees who have to go through a hazardous preparation and election process, clearly discriminates against employees of small establishments. Here the virtuous circle of works councils protecting workers, workers' union membership and activity, and trade union support of works councils is hard to initiate (cf. also Dribbusch 2005).

Developments in the host countries

Different from other elements of work and employment relations or overall business models, industrial relations at companies' foreign subsidiaries to a large extent depend on explicit national regulations; thus the scope for a transfer of home country practices is limited. Companies might also interpret home country institutions as restraints and thus might not attempt to transfer home country practices abroad (Ferner 1997; Ferner et al. 2001; Bluhm 2001). But still, companies might transfer a managerial attitude or mindset towards trade unions and workers' representation.

At the eight foreign subsidiaries of the three hypermarket chains in our sample we found significant differences between countries as well as companies. In Turkey Real in Poland Real supports the fragmentation of trade unions in the majority of its stores with its decentralised company organisation; there is no supra-store interest representation and no collective agreement. In Turkey the company has accepted union representation and has set up a collective agreement.

At Carrefour in Poland trade union representation covers less than half of its over 80 stores. There are talks with the inter-store union, but no collective agreement has been signed yet. In Turkey Carrefour at first opposed trade union authorisation/recognition, but finally conceded and has also signed a collective agreement. Finally, in Spain Carrefour has set up works councils as, similar to its home country, it is obliged to do by law. However, the company collaborates with two yellow unions that dominate the sector and puts pressure on employees not to support the independent Spanish national unions, for example in works council elections. Carrefour in Spain is also an active member of an employers association that has negotiated collective sector agreements with the two yellow unions.

Finally, Tesco in Ireland as well as in Poland has set up a partnership agreement with unions. Different from the UK, in Ireland the partnership has not been able to absorb all open conflicts with the trade unions in Poland, where trade unions are very weak and thus seem to welcome the opportunity offered by the company to gain some influence (and members), the partnership agreement has not yet led to any kind of collective agreement. Finally in Turkey, where trade unions can attempt to establish their own power base in a company based on organising members and authorisation from government, Tesco has not yet been willing to recognise the trade union, but instead has fought fiercely against the establishment of a union in its subsidiary. However, Tesco has transferred a key element of its UK human relations model to all three sub-

sidiaries analysed: the employee forums – but, again, with different implications: while in Ireland the unions have retained a strong representation in the forums, the forums are being used as a substitute for union recognition in Turkey.

Thus all three companies have adapted industrial relations in their subsidiaries to the local institutional environment to a large extent, but the way they have done this, reflects their home country experience. We also found that Carrefour and Real have used the opportunities to escape the more restrictive elements of their host country industrial relations, especially in the highly permissive industrial relations environment of Poland but also in Spain, where Carrefour cooperates with yellow unions. In Turkey, in contrast, they have adhered to statutory union recognition. Tesco, coming from a more permissive home country industrial relations environment which has allowed it to develop its own corporate industrial relations model based on a partnership with USDAW has fought statutory union recognition in Turkey focusing on employees' forums instead. The operation of the employee forums, too, shows considerable variety between the different host countries, which reflects the influence of the different host country industrial relations environments. Generally, host country institutions are important in shaping industrial relations outcomes in the subsidiaries of hypermarkets in the food retail sector.

Different from the three hypermarket companies, Lidl seeks to avoid trade unions and employees' workplace representation by all means. But, since the company does not only internationalise into countries with relatively permissive industrial relations institutions, but also into countries like France, Spain or Finland where legal obligations concerning industrial relations cannot be avoided.

First it is important to note that throughout all countries investigated, Lidl pays slightly above the level of collective agreements and sometimes significantly above national averages. This certainly helps to reduce the motivation of their employees to join a union – despite hard working conditions.

In countries without statutory recognition of trade unions or other forms of establishment and/or company level interest representation, like Poland, the UK and Ireland, union organising campaigns have either never been attempted or, as in Poland, have after a first success have been dismantled. But in countries with statutory or similarly binding regulations, Lidl had to follow these. In Spain (and in France), the company has (following some conflict at initialisation in both countries) organised works council elections as required by law. In Finland the law stipulates the election of labour protection delegates (safety delegates); while the election of shop stewards is regulated in the collective agreement, which is binding for all companies in a sector, independent of their membership in the employers association. After a short period of problems and conflicts, Lidl followed the rules.

Remarkably, Lidl adapts its legal forms of incorporation in different countries in a way that minimises workers' interest representation: In countries where elections for company interest representation is obligatory at company level like Finland and France, Lidl has incorporated only one company and thus has to establish only one works council or one shop steward. While in its home country Germany Lidl has split its operations into a large number of small and formally independent subunits making the process of works council elections as difficult as possible.

6.4 Conclusion

Our study of work and employment relations in European multinational grocery retailers had started with a discussion about the appropriateness of established comparative capitalisms approaches. We have extended the framework by adding the institutions of the welfare state and some other dimensions (like spatial planning) in order to arrive at a framework suiting the analysis of grocery retailing. In order to analyse multinational grocery companies we combined this with the home and host country effects model developed by Ferner and others; and with assumptions about global and multinational internationalisation strategies.

Our analysis revealed important differences between grocery retailing and manufacturing. But, the differences within the grocery sector frequently even were larger than those between the sectors. Differences between hypermarkets and discount stores in the companies' home markets concern management styles and work organisation as well as industrial relations. The different internationalisation strategies have lead to considerable adaptations at foreign hypermarket operations in the fields of industrial relations and work organisation, reflected e.g. in the use of part-time work, while the hard discounter Lidl tries to transfer as many elements of its home country business model to its foreign operations – even in countries where strong national institutions force the company to adapt.

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