

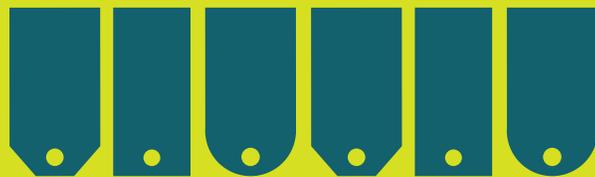


**DISCOUNTED**  
**JOBS:**

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**How Retailers Sell Workers Short**

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**2012**

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# Executive Summary

Retail is one of the fastest growing sectors in the United States and a core part of the New York City economy. This study, conducted in the fall of 2011, sought to track the wages and working conditions of frontline non-managerial workers in New York's booming retail industry. We interviewed workers employed at non-union large stores and national chains from high-end 5th Avenue fashion to off-brand clothing retailers on Fordham Road in the Bronx. Because New York is the retail capital of the United States, and the majority of respondents worked in stores with a national presence, this study paints a portrait of the practices and conditions experienced by retail workers across the country.

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

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

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

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

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

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

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

The occupation of retail sales associate is one of six job categories estimated to experience the greatest job growth nationwide through 2018.

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

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