Supermarket Employment: Good Jobs at Good Wages?

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ABSTRACT

As the service sector has come to account for most U.S. employment, researchers are asking whether service jobs can provide the livable wages and security that manufacturing jobs have in the past, particularly for workers without post-secondary education. This paper addresses that question by presenting a case study of a unionized supermarket firm, supplemented with industry data. The findings are that the supermarket industry has changed in the past several decades: while it once provided full-time, well-paid jobs, the majority of workers now hold part-time, low-wage positions. This change is due to increased competition and de-unionization within the industry. Our case study firm has followed the industry trends in several ways: while jobs at this firm can offer long-term wage growth and job security, entry-level wages have eroded and the use of part-time workers has increased. However, the firm stands out in some positive ways: it is an industry leader with regard to technology and training. Most significantly, the firm is unique in having a structured management trainee program, for which there are no educational qualifications. This program represents an important mobility opportunity. Yet in the industry as a whole, and in this firm in particular, there is a conflict between management concerns about recruiting good labor, and employee perceptions of the quality of the jobs and career opportunities.

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INTRODUCTION

In recent decades, the problematic school-to-work transition of non-college-bound youth has been receiving much attention. Several reports pointed out that our high schools assist the college-bound in their transition, but leave the workforce-bound to sink or swim (Commission on the Skills of the American Workforce, 1990; William T. Grant Foundation on Work, Family, & Citizenship, 1988; National Commission on Excellence in Education, 1983). These reports also described the hesitance of employers to hire youth directly out of high school, with the result that many young Americans flounder for several years before, in the best case scenario, landing in a career-track job.

At the time of the publication of these reports, there was anxiety that the United States was falling behind Germany and several Asian nations economically, in part due to what were seen as superior systems of education and training in those countries. The U.S. has regained its premier economic status, yet still of concern is the presence of a new form of skills mismatch in which jobs that were once available to high school graduates are requiring higher levels of skills (Murnane & Levy, 1996). An increased demand for higher-skilled labor is also said to be partly responsible for the increasing income inequality that began in the 1980s (Bound & Johnson, 1992). The change from a manufacturing economy to a services economy is said to contribute to increasing wage inequality as well; Herzenberg et al. (1998) point out that “the gap between the best-paid and poorest-paid Americans is wider in services than in manufacturing” (p. 28).

Thus researchers are asking, as the service sector has come to account for most U.S. employment, can service jobs provide the livable wages and security that manufacturing jobs have in the past, particularly for workers without post-secondary education (Macdonald & Sirianni, 1996; Herzenberg et al., 1998; Meisenheimer, 1998; Wilson, 1996)? This is a complicated question, because there is huge variation in service jobs, from hamburger-flipping to business consulting. The question becomes even more complicated when one tries to examine how rapidly-changing technology is transforming the nature of work, and sometimes is replacing it altogether (Zuboff, 1988; McConnel, 1996; Hunter & Lafkas, 1998). Some researchers find that while employment is growing in the service industries with relatively high wages, there is still uncertainly as to whether service industries will provide well-paid jobs for mid-skilled workers, as manufacturing industries once did (U.S. Department of Commerce, 1996). These researchers conclude that the service economy is so varied that future analysis should focus on particular industries and firms.

A new body of research is beginning to examine specific industries and firms in the service sector, and the outcomes of restructuring and new technology for workers, especially those without a college degree. So far, this literature suggests that deregulation, industry consolidation, the saturation of domestic markets, and deunionization have transformed the nature of the workplace in the service sector (for a general review, see Batt, 1998). Technology is also bringing about great changes as it differentially reorganizes jobs, upskilling in some parts of organizations, automating and routinizing in others (Hughes & Bernhardt, 1999; Hunter & Lafkas, 1998).

This paper attempts to add to that body of work by presenting a case study of a supermarket firm, supplemented with industry data. In 1996, retail food stores employed almost 3.5 million people.[1] Many employees begin their supermarket careers as youth: in 1992, of all high school students who worked during their senior year, 14.5 percent worked as a grocery clerk or cashier (National Center for Education Statistics, 1998). The industry has been little studied by academics, although analyzed extensively within the trade. The academic studies that do exist focus on the service transactions between cashiers and customers (Rafaeli, 1989), the effects of employee ownership on jobs and worker power (Hochner et al., 1988), and the new competition facing the industry (Capps, 1997). One study examines a union organizing campaign at a grocery chain, but the supermarket setting is incidental to the research questions (Markowitz, 1995). Walsh's book *Supermarkets Transformed* (1993), a case study of a large chain, is probably the best-known and most comprehensive study of innovations in the industry.

METHODS AND RESEARCH QUESTIONS

We gained access to a large, unionized supermarket company, Giant Food Inc. The supermarket industry is unique in retail in having significant unionization. Giant supplied data on wages and turnover, and information on job titles and job content, and training. Several days were spent conducting fieldwork at firm headquarters, at a store, and at the company's training facility. At headquarters, we spoke with a senior vice president for firm operations, the vice president for personnel, and the director of human resource development. At a store, we interviewed a store manager and an assistant store manager. During our store visit, we conducted a brief oral survey of all the employees on the floor of the store at that particular time. (While the survey results are not representative, they do provide examples of career trajectories of many new and older employees.) At the store we also observed different workers and conducted informal interviews. We visited the training facility and interviewed the manager there.

Also interviewed was a representative from the local branch of the United Food and Commercial workers, the union that represents Giant (and other area supermarket) employees. At the union offices, we conducted a focus group of five employees. Long-time employees from different departments were chosen so that we could gain an understanding of changes in the work over time. Finally, we visited the National Grocers Association and interviewed staff there.

We initially hoped to contrast our case study of Giant with a case study of a non-union supermarket firm, but our attempts to gain access to such a firm failed. We did conduct a more limited amount of fieldwork at a unionized competitor of Giant Food. At this firm, which I will call Foodfair as they do not wish to be identified, we interviewed the company's director of human resources and a regional manager of human resources, visited a store and interviewed the store manager, and conducted a focus group of three long-tenure employees from three separate stores at the local union offices. This research will be drawn upon occasionally, but it did not reach the depth of the work done at Giant, so it does not constitute a true comparative case study.

The fieldwork was supplemented with research on the specific companies and the industry as a whole. As noted above, there is very little academic literature on supermarkets, so newspaper and trade magazine articles were used extensively. We were particularly interested in tracing the changes in the industry over the past several decades with regard to competition, technology, and restructuring. Our being given access to Giant provided a unique opportunity to examine a unionized firm's responses to increased competition and new technology, and how those responses are affecting floor-level workers. More specifically, our goal was to find out if the supermarket industry, and this firm in particular, provides stable, well-paying jobs for workers without a college education. What are the jobs like now, and how have they changed?

SUPERMARKET INDUSTRY BACKGROUND

Supermarkets as we now know them were born in the 1920s and 1930s. The transformation was from small, independently-owned and –operated full-service stores to stores that were increasingly parts of chains, where shoppers could remove their own selections from the shelves. The growth of chains created more centralized administrative control, increasingly integrating retailing with wholesaling and manufacturing, which resulted in major cost savings for the chains (Brock, 1981).

The conversion from the traditional grocery store format to the supermarket format continued in the post-war period. The store-within-a-store concept began in 1946 at A&P with their addition of in-store bake shops. The growth of suburbia enabled the increasing size of individual stores, which bolstered the one-stop shopping concept. The trend towards self-service continued; however, other changes during the postwar period, such as the numbers of working women increasing, and food preferences changing towards more fresh food, led to an increased demand for service and selection. Stores responded by, over time, increasing store hours, store size, and product selection (Walsh, 1993).

The population slow-down of the 1960s and 70s meant that increases in profits depended on attracting sales away from competitors. During the 1970s, inflation and consumers' tighter food budgets contributed to the growth in popularity of generic and private label products. The growth in store size, as well as the identification of new product markets such as different ethnic groups, resulted in some decentralization of store organization. Walsh's study of a large supermarket chain in the 1980s found a new decentralized structure, that "takes advantage not only of the large firm size to keep prices low through scale economies but also of work knowledge to help the organization respond to the various demand contingencies in each store" (Walsh, 1993, p. 117).

The 1980s were marked by mergers and foreign acquisitions of U.S. supermarket companies, as well as the emergence of new types of competition in the industry. In retail in general, firms tend to compete on the basis of high quality and service or on the basis of low prices. In the supermarket industry, firms that compete in the former way are characterized as "promotional" or "high-low"; they have high regular shelf prices with low-priced advertised specials. Firms that compete on the basis of price are known as "every day low price" or EDLP stores.[2] The 1980s saw new formats, such as hypermarkets (giant food and nonfood stores that came from Europe), and the growth of warehouse (or depot) stores that offer groceries at low prices with low levels of service. Non-union Wal-Mart began building "supercenters" that combined their regular merchandise with groceries. According to Larson (1997), grocery products now account for about 40 percent of supercenter sales, and convenience stores, such as 7-Eleven, have also increased their food sales.

To compete against the new entrants, supermarkets promote the quality and freshness of their perishables, increase sales of store brands and of bulk packaged items, and start offering more general merchandise themselves. They also engage in "zone pricing," lowering their prices in stores near new competition. There are conflicting opinions as to the ultimate effect of the new competition. The European hypermarkets failed, as customers found them too large and inconvenient. Some observers believe that "nationwide, supermarkets are holding their own against the supercenter… many lose sales when supercenters first open, but typically begin to catch up within a year" (Coleman, 1997, p. B1). Yet the established firms, such as Wal-Mart, Kmart, and Target, have become a real threat because they have cost advantages due to their experience in the use of information technology to handle inventory (Moody, 1997). One study of the impact of Wal-Mart on the sales of a traditional grocery chain found that Wal-Mart alone was responsible for a 17 percent reduction in sales for the chain (Capps, 1997).[3] And Wal-Mart is now experimenting with its own stand-alone supermarkets, a development that has supermarket chains worried (Nelson, 1998; Ortega, 1998).

There is also disagreement over what grocery shoppers want more: low prices or a convenient, high-service shopping experience. Some find that customers care more about convenience and service (Publix, Raley's top consumer survey, 1997; An Industry Readies Itself for a New Era, 1997), while others argue that the lowered disposable incomes of the last twenty years have led more consumers to shop on the basis of price, encouraging stores such as Wal-Mart (50 Historical and Hysterical Years of Supermarket Business,1995; Bleakley, 1997). A recent trade publication article asserts that the difference between EDLP and high-low supermarkets is diminishing (Zwiebach, 1997). Sixty percent of stores are currently promotional, but EDLP's are offering more promotions as vendors pass on bargains to them. It may be that the steady stream of promotions is giving customers the idea that regular grocery prices are too high (Bleakley, 1997).

Warehousing and delivery is another area the traditional supermarkets are having to re-evaluate in the face of new competition. The vast majority of chains use a combination of their own warehouses and direct vendor deliveries, while independents tend to use wholesalers and direct vendor deliveries (The Food Institute, 1996). One article reports that when Wal-Mart created its own distribution system for the groceries it sells, distributors began to help supermarkets combat newly-opening supercenters (Coleman, 1997). Some supermarkets are looking at outsourcing their warehousing in order to cut costs; wholesalers, who can get lower prices by buying for multiple chains, are hired to order and deliver merchandise (Fabricant, 1997). Of course, the jobs of the warehouse employees are threatened by this type of action. Washington, D.C.-area Safeway stores used the threat of closing their warehouse and outsourcing the work to win a five-year contract with no pay increase with the Teamsters-represented warehouse workers (Pyatt, 1996). An attempt to do the same by Giant Food led to a Teamster's strike in the winter of 1996-7 (Pressler & Swoboda, 1997).

Employment Issues

There are several important trends regarding employment: total employment in the industry has been increasing while productivity has been decreasing, leading some to see a crisis in employee recruitment; wages have fallen dramatically since their high twenty years ago; and unionization in the industry has declined.

Total employment in grocery stores has been increasing; employment grew from just over 2 million workers in 1980 to almost 2.9 million workers in 1990 to over 3 million workers presently.[4] Between 1996 and 2006 the Department of Labor projects that employment in grocery stores will increase by 11.9 percent. The number of non-managerial administrative support workers is expected to fall, but sales and service workers (cashiers and food preparers) are expected to be in greater demand.[5] As in the retail sector in general, in the food stores workforce women outnumber men: in 1996, 53% of supermarket workers were women (National Retail Institute, 1997). Males and females are in sex-typed jobs, and one study found that the female jobs paid about $2.00 less per hour than the male jobs (Walsh, 1993).[6]

Labor productivity has fallen in the industry in the past two decades.[7] This may be partly due to an increase in the share of total sales accounted for by service-intensive items, such as in the deli and bakery departments, and partly reflect problems in measuring improvements in service quality. Productivity may also have fallen because of high, and increasing, worker turnover, which lowers the experience-level of the workforce (Moody, 1997).

Recruitment and Hiring

As employment has been increasing and is expected to continue increasing, recruitment is viewed as a major problem. In one industry publication, recruitment is listed as grocery executives' top concern for 1995 (competition from other retailers and discounters ranked second): 91 percent of chain executives say they anticipate a high amount of difficulty in this area (Progressive Grocer, 1996). Another trade magazine calls supermarket workers "America's greatest endangered resource" (An Industry Readies Itself for a New Era, 1997, p.41). The National Grocers Association staff also talked about this problem, pointing out that 20 years ago, someone typically started in a supermarket while in high school and stayed with the job. Hochner et al. (1988), who collected career histories of 140 workers in their early-1980's study, confirm this.[8] However, in the 1990s, young workers tend to leave supermarket jobs to go to college. Some firms are beginning to use school-to-work programs to try to recruit workers, and industry publications are replete with advice on how to recruit and retain workers (Duff, 1989; Gattuso, 1997).

Job Quality

The difficulty in recruiting may be due in part to the low wages currently being offered. In 1996, real average hourly earnings were $8.50, and entry-level positions paid not much more than minimum wage.[9] Traditionally, supermarket jobs were relatively well-paid; wages have actually declined in the industry from their high of $12.32 per hour (in 1996 dollars) for non-managerial grocery store workers in 1978. At the time, these wages compared well to the average in the retail trade industry of $9.15 per hour, and were similar to the national average wage for non-managerial workers.[10]

Yet the 1980s were characterized by the spread of two-tier wage agreements between unions and supermarket companies. Two-tier wage structures, which originated in the retail food industry, mean that new hires are paid less than more senior workers who do essentially the same job (Harrison & Bluestone, 1988). These events were part of a general atmosphere of union give-backs around the country. As Harrison and Bluestone (1988) describe, beginning in 1978, and increasingly after the election of President Reagan, "Washington began to adopt policies that effectively forced workers to accept wage concessions, discredited the trade-union movement, and reduced the cost to business of complying with government regulations" (Harrison & Bluestone, 1988, p. 14). Corporate restructuring in this environment meant that managers could simply freeze wages, reduce pay, and/or introduce two-tier wage systems, and with "the threat of layoffs and plant closings all around them, labor unions found it difficult, if not impossible, to contest these actions" (Harrison & Bluestone, 1988, p.13).

Thus during the recession of 1981-82, unions made concessions; it is during this time that supermarket wages began their decline. Hochner et al. (1988) relate how in the early 1980s, amidst high unemployment in Philadelphia, the United Food and Commercial Workers local gave wage and benefit concessions to A&P in return for not closing all of its area stores. Incumbent workers' hourly wage went from $10 to $8, and the starting wage for new hires was lowered even further. In addition, the union agreed to limit full-time jobs to 60 percent of the total number, and lower the minimum number of hours for part-timers (Hochner et al., 1988, p. 96). These concessions to A&P meant that the union had to give a similar deal to the other area stores. "Together, these changes reinforce the tendency in service industries in general and in the grocery industry in particular toward bifurcation of the labor force into a small higher-paid, established, and protected senior component and a larger, lower-paid, newer, and insecure junior component" (Hochner et al., 1988, p. 97).

According to Moody (1997), the decline in grocery workers' earnings is due to three factors: the growing importance of labor-intensive work, the increasing employment of part-time workers, who typically receive lower hourly earnings and fewer benefits, and the decline in the share of the workforce represented by unions. As firms needed more labor to deliver services, cutting costs per individual worker became crucial. Thus by

1990, only 38 percent of the employees at an average chain supermarket store were full-time; the percentage for an average independent store was a bit higher at 43 percent (Progressive Grocer, 1991).

Total unionization across the country has declined for many reasons, such as the relative growth of the labor force in the largely ununionized South, the shift in the number of workers away from the well-unionized manufacturing to the less-organized service sector, and explicit opposition to unions by more and more corporate managers (Harrison and Bluestone, 1988). Unionization in the supermarket industry, traditionally high and still higher than in many other service industries, has also declined steadily. In 1983, 31 percent of grocery store workers were union members (this compares to percentages in the single digits for department stores and eating and drinking places). Ten years later, this figure had dropped to 25 percent (percentages for department stores and eating and drinking places also declined).[11] Chain stores are more likely to be unionized than independents (Walsh, 1993; Moody, 1997).

The main goal of the United Food and Commercial Workers, which represents most supermarket workers, is "to eliminate wages as a competitive factor" (as quoted in Ferguson, 1990). However, non-union Wal-Mart and warehouse clubs like Costco are increasingly entering the industry, openly combating the unions, and using the savings from wages to underwrite price wars with the unionized chains (Ferguson, 1990; Swoboda, 1992). Non-union Food Lion is one of the UFCW’s main targets. One union strategy is to mail fliers to residents near new stores and implore them not to shop there (Sullivan, 1996). This is a type of "corporate campaign," aimed to discredit the company with consumers.[12]

In unionized chains, mobility is governed by the contract and usually occurs through a bidding system. Contracts also tend to require that openings are posted in the stores. There was general agreement among all our respondents that new employees are less likely to view a supermarket job as a long-term career job than in the past. There was a divergence of opinion, however, as to the cause of this change.

Changes in Job Content

While other studies of changes in service sector work exist (see Batt, 1998 for a review), there are few academic analyses of changes in the content of supermarket jobs. Walsh's (1993) study of one chain, "Superstores," found that changes in the industry have generally led to a new "entrepreneurial store" in which the workers are more autonomous and skilled. This is due to both the diversification strategy – larger stores and more service departments – and technological innovations.

The diversification strategy created new jobs that required knowledge of new products, which resulted in an increase in task complexity and a greater burden on store managers. The outcome at Superstores was to give more control to the shop-floor-level workers, particularly the different department heads, who, unlike many store managers, had come up through the ranks. For example, as technology made electronic ordering possible, the responsibility for ordering was increasingly given to department heads and senior clerks. The decentralized structure also allowed department heads to hire their own people, and to have discretion and autonomy within their own areas. The department head position became a blend of a management and a labor position, which, according to Walsh, was the key to successful decentralization.

Clerks were also given more autonomy, as managers realized clerks were better at knowing their local customers' tastes, explaining the products in their departments to customers, developing local marketing plans, and deciding on ordering. Walsh (1993) says, "not only did these workers know what to prepare, how to prepare it, and how much to order, they also had to be able to handle customers" (p. 123). Most training was on-the-job, informal, and relied on worker interaction (p. 139). Store managers were aware of a negative relationship between employee turnover and profitability in the specialty departments, so they tried to retain employees with customer service skills and product knowledge.

"Superstores," however, may be atypical within the industry. Ben-Ner et al.'s (1998) analysis of survey data from Minnesota food firms found that core employees in retail food stores had jobs with low task uncertainty (low task complexity and low task variability combined) and low activity interdependence. Food stores tend to have more traditional, as opposed to innovative, human resources systems, and they seem to be turning towards employee involvement practices more slowly than are non-food firms. They also have more individual-oriented, as opposed to group-oriented, systems. These researchers conclude, in contrast with Walsh, that "changes during the 1980s and 1990s were more rapid in other parts of the economy than in the retail food industry, leaving food firms closer to the traditional hierarchical and centralized model of work organization" (Ben-Ner et al., 1998, p. 25).[13]

In promotional chains, management emphasizes workers' service skills, so that it is likely that the emotional labor required for these jobs has increased. For example, Safeway has instituted "Superior Service" rules that require workers to smile, make eye contact with customers, greet customers, and accompany customers to locate items they can't find. Cashiers are instructed to thank shoppers by name, using information from their credit, debit, or Safeway card. Safeway employs mystery shoppers who grade workers on a 19-point scorecard, and the results affect their evaluations; those who are rated poorly are sent to a training program in friendliness. The program has received attention in the press as some customers complain of being annoyed by chatty employees, and female employees complain of male customers misinterpreting their friendliness. Other employees resent being penalized for not smiling (Grimsley, 1998).

Technological Change

Technology has had significant effects on the industry in recent decades, beginning with the introduction of scanners and the Universal Product Code (UPC) in the early 1970s. The scanning of merchandise at the checkout meant that prices no longer had to be hand-labeled on every item; this was attractive to firms as a cost-cutting measure. Yet what was referred to as "no pricing" was controversial. Clerks saw this as a threat to their jobs. There was also customer resistance to price removal, because of a distrust of retailers. Unions, who weren't opposed to scanners at the check-out, only to no-pricing, partnered with consumer groups in fighting for legislation that would mandate individual item pricing, and they won in several states (Walsh, 1993).

With the implementation of UPC's and scanners, a range of new technologies became possible. Wholesalers and retailers began exchanging information through the use of computer systems for ordering; this is now referred to as Electronic Data Interchange (EDI). Efficient Consumer Response (ECR) is another term used to describe the "industry-wide, collaborative initiative to re-engineer the grocery supply chain" (Phumpiu & King, 1997). ECR refers to the chain of technology that can be used to scan incoming merchandise, practice computer-assisted ordering (CAO) at the store-level, transmit orders by electronic data interchange (EDI), and use point-of-sale (POS) data for sales forecasting. Continuous replenishment practices (CRP), in which retail sales data is automatically shared with wholesalers and other vendors, puts the retailer, wholesalers, and manufacturers into a computer-based partnership to forecast inventory requirements and create orders.

Researchers who interviewed the managers of forty grocery stores in Minnesota found that chain stores are implementing ECR practices more quickly than single stores (Phumpiu & King, 1997). They also found that stores with higher levels of ECR practices and technologies have significantly higher sales per labor hour, sales per square foot, and inventory turns than low level stores (Phumpiu & King, 1997; also see Larson, 1997). However, the store managers interviewed were "reluctant" to use computer-assisted ordering (CAO) or continuous replenishment practices (CRP). It is possible that managers do not want to give up control over their inventory, or they believe local merchandising strategies still call for the personal touch. Some analysts insist that grocery stores must directly transmit sales data to wholesalers and manufacturers in order to become more efficient (Moody, 1997). Yet the slowness to adapt a new technology may be sometimes due to suppliers' hesitation, not retailers'. For example, DEX (direct exchange) is an electronic invoice transmission system for direct store delivery that saves on clerical costs. However, retailers must convince suppliers to buy the technology. (Garry, 1992).

Other new technologies include electronic shelf labels, which enable managers to change prices to the store's point-of-sale (POS) systems and shelves concurrently, as opposed to manually changing the shelf labels. One store has documented substantial productivity and sales gains by use of this technology (Amato-McCoy, 1997a), but as of 1994, only 6 percent of stores had it (The Food Institute, 1996). Computerized planograms are being used to determine the optimum design and layout of stores, including the design of shelf space. These programs can measure sales per square foot, and the effect of shelf changes on sales (Moody, 1997). Some companies are experimenting with self-service checkout systems, in which shoppers scan and bag their own items and then used an automated system for payment. The advantages are that shoppers save time waiting in line and store labor costs are reduced as stores can cut back on cashiers (Moody, 1997). Stores are also experimenting with computer-based job applications, whereby candidates can apply over the telephone and then be scheduled for a computer-assisted interview (Purpura, 1997). Computer-based training (CBT), which requires fewer hours from both teacher and student, is becoming more common. CBT is used for register training, and also to learn store policies and OSHA procedures (Amato-McCoy, 1997; Hammel, 1997).

By 1994, almost all supermarket companies used POP UPC scanning and had technology for accepting credit card payment, and almost three-quarters had POP coupon scanning. For chains of 11 or more stores, about one-fifth used computer-assisted ordering, one-quarter used technology to calculate inventory, one-quarter used technology to monitor shopping habits, and half used technology to schedule labor (The Food Institute, 1996). Moody (1997) reports that there are economies of scale in the use of IT, both at the individual store level and at the company level, so IT advances may influence market structure by encouraging larger size companies. IT sophistication is greatest in the larger companies. According to some figures, productivity in the supermarket industry did increase from 1977 to 1981, when scanners were being widely implemented: grocery sales per labor hour increased from $59.62 to $81.40 in that period (Food Marketing Institute, 1987). But, despite major IT improvements at many stores, labor productivity has fallen by 13% between 1983 and 1993.

Recent Trends

Profit margins in the supermarket industry are tiny. Net income (profit after taxes) for grocery stores for the 1997-98 fiscal period was 1.22 percent of sales; this was up from 0.71 percent for the1988-89 fiscal year (Food Marketing Institute 1995; 1998). Currently, supermarket industry sales (excluding warehouse clubs and convenience stores) are stagnant and productivity is falling, yet profit margins are growing as supermarkets become more efficient and operating expenses decline. Analysts say that "profitability should continue to edge up for the overall industry, between further cost-cutting and consolidations that are trimming purchasing, administrative, distribution and advertising expenses and giving grocers more clout with their suppliers" (Canedy, 1997). One article attributes increased profit margins to increased efficiency brought about by new technology, and technology-related marketing strategies, such as frequent-buyer cards (Coleman, 1997a).

There has been a great deal of consolidation in the industry (Lipin 1997; 1998; Fifty Historical and Hysterical Years of Supermarket Business, 1995). Since 1977, supermarket firms with 1000 or more employees have gained in percentage of total sales from 55 percent to 65 percent (Moody, 1997). Through consolidation, companies are aiming to strengthen their buying and marketing power, to fend off competition from Wal-Mart. For example, the Acme, Lucky, and Jewel supermarket divisions of American Stores can make joint purchases of merchandise, saving the company money by buying in enormous quantities (Moody, 1997). In 1998 American Stores itself was acquired by Albertson's, a smaller but stronger EDLP firm; this pushed Albertson's into the top U.S. supermarket company spot, with $35 billion in annual sales (Coleman, 1998). The wholesale food business is also said to be consolidating, as smaller wholesalers are finding it difficult to compete (Moody 1997; Larson, 1997).

Along with increasing consolidation, the trend in the 1990s is towards increased foreign ownership of American supermarket firms. The European firms came to the U.S. because their expansion opportunities had dried up at home; they are also expanding in Eastern Europe, Asia, and Latin America. In the U.S., the major foreign firm is Ahold Zaandam (Dutch), which owns Giant of Carlisle, recently bought Giant Food, and has a stake in 906 stores. Tengelmann (German) has a majority stake in A&P. Delhaize (Belgian) controls Food Lion. When a foreign buy-out occurs, firm operation is not necessarily affected; some firms, such as Tengelmann and Delhaize, have a reputation for not interfering with operations here (Weinstein, 1996). According to our interviews at the National Grocers Association, the European firms are much more "disciplined" and advanced in technological implementation.

Because competition has become so severe in the 1990s, supermarket firms are finding other means besides low prices and good service to attract and retain customers.

One such innovation is loyalty programs, or frequent buyer programs, that reward repeat customers (Lewis, 1997; Coleman, 1997b). The stores benefit from the programs; by allowing them to keep track of particular customers' purchases, they provide "valuable insight into consumer shopping patterns and habits" (Pressler, 1998b, p.C1). Another new way to attract customers is to target an ethnicity or race; one Chicago chain targets Hispanic shoppers (Vargas, 1997). More supermarkets are selling fully-prepared, heat and eat meals, hoping to compete with restaurants' increasing take-out business (Wellman, 1997). Other firms are pushing housewares, pet products, and other merchandise (Elson, 1997; Coleman, 1997c). Supermarkets such as Food Lion are opening gas stations at their stores, a European trend. At the Food Lion pumps, small video screens promote the store's specials, and customers can get "frequent filler" cards and earn free products like bread or milk (Coleman & Sullivan, 1997). The Food Institute's Food Retailing Review of 1996 states that the majority of new superstores are including photo centers, in-store banks, wine departments, and greeting cards; and almost half will have a video rental department (also see Lewis, 1997; Business Wire, 1997; Canedy, 1997).

GIANT FOOD

Giant Food Inc. started with one family-run grocery store in Washington, D.C. in 1936; it was the first "supermarket-style" store in the area. In the 1940s, Giant started its move towards vertical integration by leasing its own slaughterhouse, and opening the Heidi Bakery; since then it has come to operate its own dairy, ice cream, ice cube, and beverage manufacturing facilities, and has many of its support operations in-house, such as maintenance and repair, refrigeration fabrication, advertising, and shopping center ownership and management.

Over the next several decades the company expanded by opening more stores in the metropolitan region. In the 1960s, the company opened a new combination supermarket-pharmacy which would come to be its prevailing format. The standard for its current stores includes around 60,000 square feet of space, gourmet departments, an in-store bakery, a cosmetics and fragrance counter, a flower shop, a salad bar, and a large selection of bulk food products. The full-service, promotional company has grown to over 150 supermarkets (with pharmacies) and three free-standing drug stores in four states and the District. The firm has over 20,000 employees, of whom the vast majority are store-level workers, called "staffers."

Employees at headquarters and long-time staffers speak fondly of former company president Izzy Cohen, son of founder N.M. Cohen, who died in 1995. Both father and son were known to be very concerned with customers and with the "family" of Giant workers, and both were hands-on and involved in every detail of the company. Similar to the Sam Walton mystique (Ortega, 1998), these personalities have definitely affected the corporate culture and corporate strategy. For example, managers at firm headquarters referred to themselves and the company repeatedly as "control freaks"; the many subsidiaries are an example. The traditional company culture has been to keep all operations within the company, rather than contract out work.

In 1996, *Forbes* (1997) ranked Giant Food third in profits per employee and tenth in sales per employee. Also in 1996, the Food Institute's Food Retailing Review ranked Giant Food in the top 20 supermarket chains (number 15) based on total sales. Sales for the 1996 fiscal year were $3.86 billion. Yet a Teamster's strike during the winter of 1996-97, which was Giant's first major strike in 20 years, hurt the company's profits.[14] After the strike was settled, Giant initiated a price war to bring customers back. These events, and generally increasing competitive pressure, led the company to announce cost-cutting changes that appeared to constitute a real shift in strategy. Chairman Pete Manos said in a *Washington Post* interview: "For years and years we operated with a chairman, Izzy Cohen, who was a great supermarket operator and a lot of things were generated from his gut feeling… Today we're in a much different competitive environment… and you can't afford to have excesses anymore. You have to make sure that you're running your business lean and mean" (Pressler, 1998, p.F1). Layoffs would not be ruled out, and the company was now willing to consider outsourcing functions it had always performed itself (Pressler, 1998a; Pyatt, 1998). By March 1998, Giant's market share was up (Pressler, 1998c) and sales for the year had increased over the previous year (Pyatt, 1998).

Expansion has also been a large part of the company's recent strategy. If the company were not expanding, profits would be stagnant because of "cost creep": over time, employees gain seniority, which increases payroll costs. According to informants at headquarters, the metropolitan Washington D.C. area has been saturated for a number of years already, with new stores in the "home" area simply cannibalizing their sales. Giant chose to expand to the north because it is more heavily unionized than the south, thus the firm would not face any more non-union competition than they are already accustomed to. The company planned to compete in the north on the basis of superior customer service. Seven new stores were opened during the 1996 fiscal year, including the company's first store in New Jersey. The long-term goal was 50 new stores, including the first stores in Pennsylvania. However, in 1997, Giant appeared to be slowing its expansion plans, as the stores in Pennsylvania were having a difficult time.

In May 1998, as we were analyzing the data we collected during our fieldwork, it was announced that Royal Ahold, the Dutch supermarket firm, had agreed to buy Giant Food. *The Washington Post* said that "An era in the retail food business in metropolitan Washington has effectively ended… it marks the end of an icon and, for some employees and consumers, a way of life" (Pyatt, 1998a, p.C3). CEO Pete Manos, who had spent 39 years at the company, also announced his retirement. He supported the sale of the company, saying that Giant must cut costs in order to remain competitive in the increasingly crowded grocery market (Stoughton, 1998). Ahold owns four other supermarket chains, for a total of 1009 stores in the U.S. and $18.7 billion in annual sales, making it the fifth-largest food retailer operating in the U.S. (Swardson, 1998).

The union representative with whom we spoke said that he expects the company to remain the same in their labor relations, as Ahold tends to keep local people in charge of their acquisitions, and the firm is known for good labor relations. He said, "Sure they try to keep stores non-union, but where they have unions, they don't seem to be a problem to work with." In any case a process of change had already been going on for a number of years, with those observing and feeling that process often posing the question, "Is Giant a family or a corporation?" While a *Washington Post* article about the sale of the company cited employees concerned that the family atmosphere would end (Berselli & Stoughton, 1998), we had heard earlier from staffers that the family feeling had already been in decline since the death of Izzy Cohen. And several long-time executives who had moved up through the ranks recently retired and were replaced by outsiders (Pyatt, 1997).

The union representative thinks Giant is definitely more a corporation now; he understands that Giant has more competitive pressure to respond to than before.

Competition

Giant is a traditional "promotional" grocery store, using promotional sales and coupons, as compared to Every Day Low Price stores (EDLPs). The latter type of stores have put increasing competitive pressure on Giant over the last several decades. Informants at firm headquarters said that the firm has met the competition through their promotions, and on the basis of quality and service. However, initially Giant responded to the competition by trying to duplicate the EDLP store design and marketing in a few stores called "Super Giants," grocery and department stores in one (forerunners of the new combination Wal-Marts), and two discount stores called "Save-Rights." This was an experiment deemed a failure. The company HR manager said that it was too difficult to change their "store culture"; they could not profit by selling merchandise at a discount and at the same time providing their traditional high levels of store conditions, quality, value, and service. An informant said, "The biggest mistake people make in trying to compete with Wal-Mart is trying to be Wal-Mart." They also made small merchandising changes that mimic the EDLPs for some popular bulk products and specials, changes that are still in effect today.

In the Baltimore-Washington area, Giant has been first in market share for about 10 years, currently about 44 percent, since the firm inched past Safeway, which currently has about a 26 percent share (Pressler, 1998b). Safeway, also unionized, and also a promotional store, remains Giant's main competitor, and the two clearly control the great majority of sales in the region. This is significant because as long as the firms' major competition was each other, labor costs were not much of an issue, as they had labor cost parity. In recent years, however, Food Lion, a non-unionized competitor, entered the region. Target and Wal-Mart, both also non-union, are additional competitors, because they carry snacks and sodas and have in-store pharmacies. By 1996, Giant's competitors had opened 21 new stores, mostly non-union, in the area (Our Competitive Challenge, 1996). The company is also concerned about challenges from high-end chains such as Whole Foods Market, and Harris Teeter, a North Carolina supermarket chain planning to open stores in the D.C. market (Pressler, 1998). An informant at company headquarters stated that because of their high payroll costs, they rely on high-volume sales to make a profit. If new competitors cause Giant's volume to decrease, "serious decisions" would have to be made. In retrospect, this comment was a harbinger of the new strategies described above.

The company can be flexible when trying to meet the competition. A store manager stated that Giant does engage in zone pricing. This was confirmed by the publisher of a Washington-area consumer newsletter, who complained that the majority market share Giant and Safeway have together enables them to charge higher prices, while they are capable of charging lower ones if necessary to compete (also see Big Changes at Supermarkets, 1986; Marion et al., 1993). Another sign of flexibility is that some of the new northern stores were switched to an EDLP format (Zwiebach, 1997). The company used the familiar reason of local competitive pressure to explain the pricing change.

Giant is also trying to compete by implementing some of the industry's innovations: home meal replacement in the form of "fresh meal centers" that offer ready-to-eat and made-to-order meals, bank branches in its stores, and a no-annual-fee Giant VISA card, which gives rebates (in the form of certificates redeemable for Giant merchandise) of three percent for purchases made at the store. Giant claims its superior customer service gives it an edge: the firm has a Customer Service Center with 16 full-time telephone operators who handle inquiries, comments, and complaints.

Employment Issues

A repeated theme throughout our interviews was: Giant cannot afford to be cavalier about recruitment and employee development. The firm has had a scholarship program with local colleges since 1954, when it first awarded five $1000 scholarship to students interested in pursuing food management. Two of the first five scholarship winners later became vice presidents at the firm. Giant also participates in a school-to-work program in several Baltimore schools, which is modeled after a McDonald's youth apprenticeship program. As in the industry in general, it is more difficult than before to find good employees who will stay with the firm. Yet these activities are intended to affect sales as well as recruitment, as Giant considers potential employees and potential customers to be in the same category. Being involved with young people can help make them aware of opportunities with Giant, and also influence their parents as consumers.

There are several outstanding themes here: 1) Giant is atypical in the industry in its centralized hiring and training practices, and sees this as its greatest strength over competitors. 2) There is no educational requirement, not even a high-school diploma, for an entry-level job with Giant. 3) All employees must start part-time and must have full availability, meaning they must be able to work whichever days and hours they are assigned. Today it is difficult, and some say impossible, to become a full-time employee at Giant.

Recruitment and Hiring

Hiring is for the most part centralized, with store managers only occasionally hiring their own service and courtesy clerks (baggers, who are for the most part teenagers). Management feels that the central system works; store managers should focus on store operations and not on hiring. The company advertises in newspapers, on the radio, and with fliers for holiday hiring and employees for new stores. All applicants are referred to four employment centers in the metropolitan area; one has been opened in the new northern area. The goal is to fill any empty position within a three-week time frame, and in most areas most positions are filled within a week.

The quality and quantity of applicants varies greatly among regions, depending on local unemployment rates, and whether a supermarket job is considered a relatively good or bad job in the area. For example, in lower-income areas, candidates tend to be less-educated, or to have a more spotty employment history. But in higher-income areas, the firm may get fewer applicants. Applicant traffic also fluctuates in response to larger trends in unemployment. The firm has large numbers of applicants – in 1995 approximately 24,000 people applied (and 8,678 were hired) – and HR staff said they believe people think Giant would be a good place to work.

All new employees must start part-time and have full availability, so a large proportion of the applicants are immediately turned away because they are looking only for full-time employment, or they only want to work a particular time of day, or particular days. There are no educational requirements, and retail experience is the most helpful item a candidate can have on the application. They seek employees with some kind of stable work experience. Applicants are interviewed at the employment centers. Potential cashiers take a test (developed by the Food Marketing Institute) that evaluates math comprehension. Other entry-level store positions do not require an exam.

Of those who are successfully interviewed, some do not want the particular position offered, or there may be no position in their desired geographic area. Before the expansion and the increase in both services (such as salad bars and seafood counters) and floor space (from 40,000 to almost 70,000 square-foot-stores), Giant was more selective; but with the need for new workers, managers have had to change their attitudes a bit towards their applicants and their workers. College and high school students are typical hires; the latter are usually hired in courtesy clerk (bagger) positions where scheduling needs are more in line with their availability (such as on the weekends). (At Foodfair, all new hires begin as baggers.) Many students are also hired during holidays and summers.

The greatest problem associated with these young hires is scheduling. Preferential scheduling based on seniority is in the union contract. Managers try to insist that new hires be available at any time, but if they want to keep their workforce, they no longer have that kind of power. They complain that many of these youth do not see the job as an obligation and responsibility. We were told that many youth, if given a schedule they do not like (such as weekend evenings), respond by quitting. They simply have less investment in the job; they aren't concerned about losing health benefits, and they have fewer financial and familial responsibilities. An assistant store manager said there have been big changes in the work ethic over time; she complained about tardiness and absenteeism.

As noted, all new employees, except management trainees (more on those below), start part-time, and they must bid for full-time work, defined as 35 hours. A new hire is guaranteed (by the union contract) a minimum of 16 hours a week, but if the employee does not have full availability, they lose their right to a minimum. Hours for new hires change depending on the time of year: summer through the winter holidays is busy; then hours shrink. Again, we were told that when employees' hours are reduced, they sometimes respond by quitting. Young workers respond with the attitude cited above; older part-timers also complain about the full availability requirement because it prevents them from getting another part-time job.

As at other supermarket chains, the proportion of part-time workers at Giant has grown enormously over the past few decades. Giant's non-managerial labor force is currently 72% part-time and 28% full-time; all managers are full-time. Proportions of full-timers and part-timers are different in the different departments, with more full-timers in grocery (62 percent) and fewer in cashiering (only 6 percent). Percentages of full-timers in other departments fall in between these two figures. Managers said that the increase in part-timers provides them with flexibility to deal with peak hours and to cover full-timers when they are away. Informants at headquarters insisted that the overall proportion of part-timers and full-timers is not something that is formally strategized or set, but is based on the day-to-day decisions of the store managers. One example given was that the need for full-time meat staff has decreased because red meat sales have been declining, and much of the meat arrives at the stores already cut and packaged. There is also no agreement with the union regarding any proportion that must be full-time; the contract only stipulates that employees must have the right to bid, and that Giant's offers be made based on seniority. Hiring was down in 1996 in part because there was an emphasis on maximizing hours of part-timers.

Job Quality

There are 55 different non-managerial store jobs, and detailed job descriptions exist for every position. The basic position is "clerk," and a new employee starts as a courtesy clerk (bagger) or as a clerk in any of the seven main departments: grocery, produce, deli, meat, seafood, bakery, and pharmacy. Wages are determined through bargaining with the union. Pay starts at not much above minimum wage: $5.50 per hour for courtesy clerks (baggers), $6.35 an hour for general merchandise and pharmacy clerks, and $6.60 for food clerks (see Figure). Wages go up incrementally according to time served.

After 12 months with Giant, full-time meat and grocery clerks receive medical, life, and disability insurance (15 months for part-timers). After 15 months, full-time meat and grocery clerks receive optical, dental, prescription drug, accident and sickness benefits (21 months for part-timers). Full-timers get free dependent coverage, while part-timers must wait 24 months and pay co-payments for dependent coverage. These benefits are fairly similar for service and non-food clerks.

In every store, there is a manager, an assistant manager, two and a half retail trainees (the entry-level management position), and a manager for each of the departments. Some larger stores have co-managers. Department managers receive wages in the $15 an hour range (see Figure). Retail trainees receive a salary based on experience and education level. Entry-level store managers earn around $50,000 and can work their way up to $100,000 with bonuses. All department managers receive bonuses twice a year, as do the assistant managers and store manager.

Giant Food Job Titles and Paths

	Entry Level	Entry Level	Higher
	Courtesy/Service Clerk $5.50-6.10 bakery clerk bulk food clerk candy clerk courtesy clerk floral clerk pizza clerk porter salad bar clerk	Pharmacy/General Merchandise $6.35 clerk →	Food Clerk $6.60 cashier deli clerk flower warehouse clerk grocery clerk produce clerk receiver service deli clerk seafood clerk meat weigher/wrapper
	↓	↓	↓
	lead salad bar +.50 lead bulk food +.25		2nd person produce +.25 2nd person deli +.25
	↓		↓
Entry-Level Mngrs.	bakery manager $15.04	merchandise mngr. $14.45	seafood mngr. $14.45
	↘	↘	↓
Higher Mngrs.			grocery, produce & deli mngrs. $16.05 meat mngrs. $16.80

Full-time and part time wages are the same; benefits are slightly different
There are also at least 10 bakery job classifications, as well as other pharmacy positions.
Retail Trainees earn salaries.
Cooks start at $7.10 and have a separate career path, as do Meat Apprentices, who start at $7.35.

As in the industry as a whole, wages at Giant have actually decreased over the last fifteen years. As described above, prior to the 1980s wages for the food industry were relatively high. One employee we interviewed said that when he was hired in the 1970s, his friends were envious, because “You started at big money.” According to wage data supplied by Giant, a full-time food clerk with six months tenure who was hired prior to 1979 was earning $10 an hour (not adjusted for inflation). The perspective of the Giant management is that the “rates were way out of proportion to what other industries were paying,” so food retail was “the place to be.” The firm benefited in that it was able to recruit higher-quality workers. But, in order to be competitive with the new non-union entrants, and to meet the extra staffing needs required with increased services, Giant negotiated a two-tier wage agreement. The same food clerk, when hired in late 1983, earned only $7.25. The company saved on wages, but they also saw a change in the quality of their applicant pool. Giant was attracting the same applicants as at fast food and retail. According to HR staff, “Giant could no longer attract the cream of the crop.”

The union representative said that the overall tone of negotiations over the years has been “cooperative and productive.” He commented that at the time of the two-tier wage agreement, such contracts were widespread, and the union agreed out of fear of future deterioration in the organized percentage of the area (90 percent at the time). From the union’s point of view, the new wage rates were still relatively good. As time passed, the difference between the first and second tiers eroded, and as a result, in the 1996 contract a new wage tier was negotiated again for new hires, again to help the company stay competitive and survive.

Still, labor relations have not been entirely friendly of late. As noted above, a Teamster's strike in the winter of 1996-7 disrupted business. Earlier, Safeway had negotiated a five-year contract with no pay increase with the Teamsters-represented warehouse workers, under the threat of closing their grocery warehouse and outsourcing the work. Giant wanted to be able to outsource the delivery of some products in its new northern stores. The strike ended when Giant pledged that its drivers could continue to control distribution in the Washington-Baltimore area, and current Teamsters were guaranteed their jobs for life. In the northern region, Giant will be able to use outside suppliers for distribution. The company also won a new two-tier wage system, and lower wages for drivers delivering goods from the Washington-area warehouses to the new stores. An agreement was also struck in the last UFCW contract whereby vendors who ship directly to Giant stores can stock their own products if Giant is competing against a non-union store. This allows the company to follow the trend of increased vendor stocking of merchandise.

The company's most recent strategy to reduce total payroll costs is offering voluntary buyouts to over 4000 of its highest-paid employees (Stoughton, 1999). The new chief executive gave the familiar reason of needing to cut costs in order to be competitive with the non-union chains. The company hopes that 2000 workers will accept the offer of a $30,000 lump sum payment (for full-timers hired before October 23, 1983). The company plans to hire new workers and promote others to fill the jobs of those who leave.

Training

Giant Food is atypical in the industry in having its own stand-alone training center, called the Giant Learning Center. The Manager of Training and Management Development has a permanent staff of 13 people that include career development specialists, a program developer, and a trainer, and writers who write Giant's training manuals. While every new hire receives a half-day orientation at the Center, the Manager of Training emphasized to us that the store is really the primary training ground for most positions. For the most part, the Center provides training for managers and manager trainees.

In-store training is guided by detailed written manuals for every position. Some positions have certification, meaning that at the end of the training, the employee takes a test to see if they've learned the information to do the job. For example, Giant has its own internal two-year meat apprentice program, which takes place in-store and is supplemented with workshops at the Learning Center. Despite the emphasis on customer service, there is no standardized training in this area. Store-level workshops are occasionally offered; one incarnation is called "That's My Giant," and its purpose is to improve motivation and morale. Store managers can also schedule seminars for their employees as needed. All positions have probationary periods, and all positions have evaluations.

As an example of entry-level training, an new bulk foods worker, after a half-day orientation at the Learning Center, would work alongside a senior bulk food clerk. He or she would shadow that person, and undergo training from the department manager, while progressing through the 43-page training manual. The store is given extra payroll to account for a trainee, who is not yet productive. An entry-level bulk food clerk is expected to complete the training in 29 hours, preferably within one week. This position is a relatively simple one to learn, and a person remaining in this position may never have any further training.

Cashier training has been transformed by computer technology. In the past, new cashiers spent twelve hours in the classroom plus eight hours practicing at the store (with the system on training mode). With the new computer program, which was designed by the company, all the training takes place at the store and takes only four hours in total, after which the cashier spends another two and one-half hours practicing and role-playing. The Manager of Training expressed great excitement about the program, and said it is very user-friendly. Overall, we were told that Giant cashiering is very specialized, and thus not very transferable to other supermarkets.

The Manager of Training contends that in terms of training, Giant is far beyond any other supermarket firm. Most have cashier training, but very few have anything for management development or any formalized training program at all. Indeed, Foodfair closed its training sites years ago and currently offers only informal on-the-job training. Giant's Training Manager said that "it's money off the bottom line, so unless you believe in the impact of training, you're not going to invest in it." The UFCW local president agreed, saying that Giant is "on the cutting edge of training and technology." Giant is leading the trend is to use more computers in training. He said that Giant puts more time and effort into things like training than any other supermarket he knows. Employees we interviewed spoke positively about the company's training, and said that this is an area where the firm has not yet been cutting corners.

Mobility

All of the employees at headquarters with whom we spoke emphasized that the firm promotes from within. It was pointed out to us that, at the time, several senior vice presidents had worked their way up through the company. The store manager we interviewed started out as a deli clerk; he did not attend college.

Career mobility is driven by both turnover and expansion. By agreement with the union, all open internal positions are posted in the staffer lounge areas of the stores, to keep people informed of promotional opportunities. The semi-annual bidding system is how staffers ask to be considered for other positions. Staffers can request full-time or upgraded part-time positions; their preferences are entered into a computer. Human resources staff take mobility requests and make offers based on seniority. Employees may accept the offers or not; the proffered position may be in a different store and the employee may not want to change stores.

The essence of the internal labor market is promotion to the career development, or retail trainee program. In the 1970s the program was established to provide a career ladder to store management positions. A few times a year, the human resources department makes projections on the number of store managers needed for the upcoming year. Because of the expansion of the last several years, people can now move up faster. Of those who start the program, 65 percent come from inside the company. Insiders are nominated by their managers, and no formal credentials are required. The percentage of outsiders has increased somewhat over the years because, we were told, “Giant needs a little new blood.” Outsiders sometimes come from fast food management jobs, and the firm also visits area colleges to try to recruit qualified minorities. Applicants don’t have to have any previous experience to be considered, but Giant prefers candidates with previous management experience. We were told that the commitment to the retail trainee program in terms of time and travel prevents many mothers from applying.

There is an extensive selection process, including interviews and a variety of tests. The latter include multiple tasks with interruptions to test for accuracy and speed (e.g. counting money with phone interruptions where one must take a message and still have counted the right amount of cash); exercises dealing with customer and staffer relations; reading and writing; following directions; and communications skills. Roughly 80 percent of candidates make it to the testing phase; about half of those pass all the tests. There are usually around 300 retail trainees at any one time. They are trained in the culture of Giant ("customer service is king") as well as the technical and management aspects of the business. The training is significant: the manual for this program is more than five hundred pages long. The Manager of Trailing said that while the technical information is quite specific, much of the management development training is transferable to managerial jobs elsewhere.

It is possible, though not very common, to advance to management without going through the retail trainee program. This is illustrated by the career of the store manager we interviewed. He moved from part-time deli clerk to second person (an intermediate position between clerk and department manager), when he was chosen to be trained for deli manager. He spent seven years as deli manager, and then advanced to store assistant manager. From that position he became co-manager, and then general store manager. He has been interviewing for the district manager position. This employee, who has only a high school degree, said that he doesn't see any limit to where he can go with the company.

Yet the situation is different today. The important question is, as all employees must start part-time, can one eventually achieve full-time status? There was some disagreement over the answer, but it is clear that becoming full-time is at the very least much more difficult than in the past. An informant at headquarters said that one can't assume one will some day make it, because at any one time there are thousands of employees who want to be full-time. Chances depend on the amount of turnover in the full-time positions. If a full-timer retires, "for the most part" that is an empty full-time position that can be filled. Yet, we were also told, if there are five full-time cashiers in one store and one is retiring, and there is new competition down the street, that full-time position may not be filled. The manager may replace that person with a part-timer and increase the average hours for the other part-time cashiers, which will probably make them happy.

The store assistant manager reported that it is only possible to become full-time through the retail trainee program. Current full-timers achieved that status long ago. She knows a cashier with 35 years tenure who bids for full-time and never gets it. Yet the store manager said that he does occasionally have some flexibility in promoting people: once the bid list has gone through, if he has a full-time night position open and nobody wants it, he can promote somebody from his store to that position. He can also cross-train some employees so that they can get hours in different departments; for example, he can give part-time hours in both deli and produce. He said if staffers can see people advancing within the store, it is great for morale. He sees it as his job to try to keep employees within the company; the longer people stay, the better they are at their work.

The union representative, while acknowledging that there are staffers who want to be full-time and don't get it, insisted that the possibility is there through the bidding system. The union has not been pleased to see the change from a full-time workforce that regarded Giant jobs as "career" jobs to a part-time workforce over the years, but the company wants operational flexibility. Still, the blame does not all go to the company; more and more workers are seeking "immediate gratification" instead of being willing to wait a number of years to be promoted. The part-timers aren't looking at supermarket jobs as potential career jobs. The union representative believes that many young workers will have a hard time finding the wages and benefits that are offered at Giant.

In our quick and unscientific survey of the floor workers of the store we visited, we found many part-time employees who wished to be full-time. A woman in her thirties working in the front-end office, who had started as a courtesy clerk and then worked as a cashier, had a thirteen-year tenure with the company, and still wasn't full-time. A man in his twenties, who had been working in the store since he was eighteen, had worked his way up from porter to produce clerk, but also didn't have a full-time job yet. He emphasized that he would stay with the company only if he could continue to move up. A forty-five year old woman told us she had been a cashier with the company for twenty-five years, and had only become full-time five years previously.

Some part-timers do get hours approaching full-time. A young woman in her early twenties, a service clerk at the salad bar, told us that she had been getting 35 hours of work a week as of late. However, she is still considered part-time and wants full-time status. An employee who took part in our focus group has been a part-time cashier for twenty-eight years. She said she always gets 35 hours of work a week, but because of her part-time status she receives a few hours less holiday pay and no vacation pay. And, some employees do not want to move up; we spoke with one clerk who said he had been promoted to department manager, but had moved back down to clerk because the work was hard, and he just wants to work his "eight hours a day and go home."

Turnover

According to company data, in one three-month period about 10 percent of those in the lowest entry-level positions, who had been hired within the previous year, left. Human resources staff guessed that positions such as courtesy clerks (baggers) have turnover rates of more than 100 percent. Another way to look at turnover is the following figure: of entry-level clerks, who constitute about two-thirds of store-level employees, 24 percent have been with the company less than one year. This may partly reflect increased hiring due to the company's expansion. Turnover among full-time staffers, and at the management level, is low. Turnover at the retail trainee level is 25-30 percent. The retail food industry has demanding hours, so retail trainees must be very committed, and we were told that those who come from within the company do better than those hired from outside.

In the mid-1980s, after the union contracts were re-negotiated, people left Giant because they could go elsewhere and make more money. Both headquarters and store-level informants said that currently, people do quit because they cannot get enough hours to support their needs. Others leave because they do not like their schedule. An exit poll given to “quits” whom managers said they would like to re-hire indicated that 80 percent would consider re-employment under different circumstances, i.e., more or better hours. One informant at headquarters feels that other retailers make weaker scheduling demands on employees than Giant, leaving Giant, perhaps, with “lesser” employees, meaning employees to which managers can’t give as many responsibilities.

Employee Morale

Long-time staffers we interviewed believe the employment situation at Giant has deteriorated, starting with the two-tier wage agreement in 1983, and continuing on with the death of Izzy Cohen. While morale at Giant seems better than at the other firm we studied, and while Giant employees said that Giant is still service-oriented and interested in developing its workers, it is less employee-friendly than in the past. The staffers have the impression that in dealing with the new non-union competition, the firm has taken the strategy of emphasizing the bottom line: cutting corners and seeing how many hours they can cut from payroll without affecting the customer perception of high-quality service. These employees directed their anger towards those they see as new corporate money-grubbers, not their store managers or the old-time company management. Yet employees also agreed that shoppers today are buying more on price than on service, which in some ways legitimates the basis for Giant’s strategy.

Old-timers also cite a change in the work atmosphere due to the circumstances the new hires face – low wages, bad hours, and less opportunity. Most of our informants attributed the lack of motivation on the part of new hires to what the job offers rather than to a different work ethic. The newcomers and more senior staffers do not mix much; the former do not stay around very long. The old-timers agreed that the company had been good to them, and they will retire well; but none of them would start a career with the firm today.

Technological Change

At the store level, the influence of computers has been dramatic. Checkout scanning and electronic ordering have abolished some of the more tedious tasks. Overall, our employee respondents spoke positively and enthusiastically about technological advances in the stores, saying that technology saves time on monotonous tasks. No one spoke of technology as eliminating jobs or hours.

Checkout Scan System

In 1975, Giant Food Inc. became the first chain to implement scanning for all of its stores, while guaranteeing its union that no clerk would lose a job or be downgraded (Walsh, 1993). Still, according to our union contact, the union was "on the other side" of this issue, meaning they wanted to continue with price-marking. As Giant was the first chain in the world to be entirely equipped in this manner, at the time of the installation the company made its costs and savings data public. The chain estimated that a $160,000-a-week supermarket (about the size of its average store at the time) would save $6,634 per month in reduced cashier labor hours and other efficiencies. The cost of equipping a store with scanners was about $200,000, so savings were not expected to be realized for about three years.

We found disagreement over whether the scanners have made the cashiers' job easier or more difficult. Both the store manager and the training manager believe that cashiers' jobs have become more difficult over the years. For example, cashiers must enter a certain code into their computers for each different type of produce, and the number of these codes has increased as the different kinds of produce have. Yet they don't necessarily have to memorize each item and its code; the cashier can look up the codes on a chart. Another way the job has become more complicated is the addition of new ways that customers can pay, such as electronic payment (debit cards). In Maryland, cashiers' terminals have a separate unit for electronic benefits transfer, payment by food stamps electronically. Bulk foods and salad bar items are also more complicated to check out. The training manager put it this way: The computer has made the training easier, it's just that the business is more complicated. The union representative stated that Giant has argued that technology makes some jobs such as cashier easier, hence wage rates should be lower because the jobs are not as skilled as they used to be.

Electronic Ordering

At the store level, electronic ordering is the norm; the process of receiving deliveries at the warehouses and at the stores is also computerized. Employee respondents seemed delighted at the ability to know when and what is being off-loaded from a truck. A scanner system is used to check invoices and even to automatically pay the vendors. Human resources staff insisted that these technological advances had not affected employment levels. Yet as a whole, the innovations have freed up employees' time so that they might be able to work on other tasks, which, in effect, reduces labor even if job cuts are not made. This system also greatly reduces paperwork.

We observed how ordering is now done by laptop computer (electronic order book, or EOB) at the store. Previously, employees wrote orders by hand in large paperback books, while walking the aisles of the store. Then a special cashier would key the orders into a computer. By having clerks write the orders directly into the laptops, this last step in the process has been eliminated. The laptops have also saved time in that the clerk does not have to find each item in the paperback book, he or she just has to read the number from the shelf and key it into the laptop.[15]

Training on the new EOB system is done in-store. The grocery manager at the store we visited said that when the system was initially installed, a team of trainers came to the store for two long mornings of training. Now, when new people are hired, either the grocery manager or the night captain trains them. This store has used the EOB system for three years, but it was one of the first stores to implement the new technology. Every department now orders in this way. This change has affected skill requirements, in that employees must be comfortable with computers; but the human resources people said that there has not been a problem with computer skill requirements, as computers are not new to most young people today. The store manager believes that the system actually requires fewer skills, because staffers no longer have to be accurate in reading or writing, only in punching in the correct numbers. He thinks the system is working out really well; employees are happy with the system.

As is the case for supermarkets generally, Giant hasn’t moved to a full EDI system as Wal-Mart did years ago. We were told that their suppliers are not set up for EDI; only chips and newspapers have EDI, and none of Giant’s other 40-odd vendors have it. Thus Giant is not yet electronically sharing POS data with manufacturers or distributors.

Other Technological Innovations

Giant has a computer application on-line ("SuperSched") that predicts the number of workers and hours needed to staff each store most efficiently, based on store traffic and labor availability. The system can benefit the company's bottom line by helping to determine the minimum necessary store staffing while keeping service and overall operations running smoothly. Seniority, availability, and the 16-hour minimum are the labor components entered into the equation. The system also helps managers identify the need for new workers in their stores. At the time of our fieldwork Supersched had been implemented only for the cashiers and front end clerks. The store manager said that the system is sophisticated; for example letting him know the store needs staffers scheduled from 8:15 a.m. to 4:15 p.m. instead of from 8 a.m. to 4 p.m.

The firm can also now track a cashier's productivity based on the number of sales and the speed of transactions. Yet there is no way to check accuracy of key entering without setting up some kind of surveillance, which is occasionally done. "Mystery Shoppers," evaluators who pose as customers, as used as another form of employee monitoring.

Giant also has a computerized "space management" system that shows the exact size of every item and how it fits on the shelves. There are maps for every foot of every aisle, showing which products go where. If one product is discontinued, or if they have to make room for a new product, the shelf space is first reconfigured on the computer. So when the new item actually appears, managers will be ready for it, knowing how many rows of which aisle it gets. The eye-level aisle space is the prime space, and the decision regarding which space a particular product gets is made between Giant management and the manufacturer.

"Technology is for the Customers"

In accordance with the firm's emphasis on customer service, human resources personnel stated that the ultimate usefulness of technology is in how it improves the stores from the point of view of the customers. For example, Supersched may help the store managers, but according to informants at headquarters the real intent is to schedule the front-end staff in such a way as to provide the best customer service possible. The new electronic ordering helps the staffers in their work, but its real advantage is in making sure the customer confronts fully stocked shelves all the time.

Some are afraid that this perspective will be taken too far. As part of the company's recent drive to enact cost-cutting measures, new chief operating officer Broomfield has directed his staff to look into self-scanning, a new technology customers can use to check out their own purchases (Pressler, 1998). In the same way that banks now encourage customers to serve themselves at automatic teller machines, supermarkets would steer customers towards checking themselves out of the store. While customers might benefit by not having to wait in line (as bank customers benefit), the real goal is for the firm is to save on labor costs. Thus some say that the future of the supermarket is cashier-less.

DISCUSSION

The supermarket industry has changed in the past several decades: while it once provided full-time, well-paid jobs, the majority of workers now hold part-time, low-wage positions. This change is due to increased competition and de-unionization within the industry. Thus, although as a service industry supermarkets do not face the undercutting from abroad that American manufacturing industries are experiencing, the saturation of markets at home has a similar effect. Unionized chains must compete increasingly against new, non-union chains, as well as new formats such as Wal-Mart's combination merchandise-grocery supercenters. In response, restructuring in the industry has meant winning wage concessions from unions, and increasing the less-well-compensated part-time workforce to achieve greater staffing flexibility. Restructuring also has entailed extensive firm consolidation, which helps firms achieve greater economies of scale and provides capital for investment in expensive technology, enabling them to better compete.

The story of Giant Food parallels the industry trends in several ways. Giant also negotiated a two-tier wage agreement in the early 1980s, beginning the decline in wages. More recently, even though Giant has over two-fifths of the market share of its area, and has labor cost parity with its main competitor chain, the firm has squeezed concessions from the UFCW and from the Teamsters. The firm has also increased its proportion of part-timers to almost three-quarters of its non-managerial labor force, and is now offering buy-outs to long-time, full-time employees. Employees, and some in management, say that a career at Giant at full-time status is now next to impossible to achieve. The recent sale of the company, and comments made by the new management, indicate that in the future the firm will be looking even more towards cost-saving strategies.

Overall, then, while jobs at Giant Food can offer long-term wage growth and job security, entry-level wages have eroded and the use of part-time workers has increased. All employees must start part-time, at wages not much above minimum and with no benefits for over a year, and wait for a full-time position to open up, which is ever more unlikely. Thus, although company management complains that it is difficult to find qualified and motivated workers who are interested in a career with the company, workers perceive that there are obstacles to a rewarding career track.

However, Giant also stands out in some positive ways. All informants agreed that Giant is an industry leader in technology and training. Workers and union representatives were impressed with Giant's activities in both areas. Technology has saved some labor power but has not substituted for entire positions. It is also increasingly being used to improve and simplify training. Giant certainly contrasts with the firm Walsh studied, "Superstores," in which training was entirely informal. Giant's detailed job classification and training manuals mean that workers do get formal instruction for their positions; it also means that the firm retains centralized control over the store-level work. Finally, and perhaps most importantly, Giant is unique in having a structured management trainee program, for which there are no educational qualifications. This program represents a continued mobility opportunity for Giant staffers.

Similar to other retail industries, such as fast food in particular, the supermarket industry hires youth, pays entry-level workers around minimum wage, and does not require much in the way of skills. In contrast to fast food, however, many supermarket companies are interested in retaining these young people and providing them with further training so that they will become knowledgeable, long-term employees. Yet at the same time these firms are trying to cut costs by controlling wages and achieving greater labor flexibility. It is likely that the industry's efforts to attract young talent through school-to-work programs will not succeed if workers perceive that opportunities for career and wage mobility, or even for full-time jobs, are remote.

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[1] Time series data from the National Current Employment Statistics (NCES), Bureau of Labor Statistics (U.S. Department of Labor). This figure includes full-time, part-time, and temporary employees. The NCES, conducted by the State employment security agencies in collaboration with the Bureau of Labor Statistics, collects information on payroll employment, hours, and earnings from about 390,000 nonfarm business establishments.

[2] EDLP stores include: Albertson's, Edwards Super Food Stores, Food Lion, Fred Meyer, Hannaford Brothers, Lucky Stores, Smith's Food and Drug Centers, Winn-Dixie Stores, Super G (northern division of Giant of Landover). Promotional, or high-low stores include: Safeway, Kroger, and Giant Food. See Elliot Zwiebach, "Tending Toward the Middle," Supermarket News, Vol. 47, No. 28, page 1.

[3] To be able to better compete against Wal-Mart, Capps advises the supermarket chains to take a "tougher stance" in union negotiations.

[4] Time series data from the National Current Employment Statistics (NCES), Bureau of Labor Statistics (U.S. Department of Labor).

[5] From the Office of Employment Projections' National Industry-Occupation Matrix (U.S. Department of Labor); also see Moody (1997).

[6] Meatcutters tend to be men while meat wrappers, deli clerks, and cashiers tend to be women (Walsh, 1993; Hochner et. al, 1988). The cashiers have been described as a "female world of dead-end jobs characterized by part-time hours, competition for favored schedules and fragmented work time with no opportunity for peer interactions" (Hochner et. al, 1988, p. 119).

[7] Industry labor productivity index for grocery stores, from the Industry Productivity Data Tables, Bureau of Labor Statistics, U.S. Department of Labor.

[8] They found that two-thirds of the workers had begun their supermarket career when they were 14 to 20 years old; the remainder were mostly women who had begun working after their children were grown. The workers thought of the job as good, steady, and secure, and some workers had spent years in the same job in the same store. Workers also tended to recruit their relatives and friends; sixty percent of their respondents got their job through relatives, friends, or neighbors (Hochner et al., 1988).

[9] Time series data from the National Current Employment Statistics (NCES), Bureau of Labor Statistics (U.S. Department of Labor). This figure includes full-time, part-time, and temporary employees. The entry-level wage figure is from pay scales provided to us by the UFCW.

[10] Time series data from the National Current Employment Statistics (NCES), Bureau of Labor Statistics (U.S. Department of Labor). This figure includes full-time, part-time, and temporary employees. The NCES, conducted by the State employment security agencies in collaboration with the Bureau of Labor Statistics, collects information on payroll employment, hours, and earnings from about 390,000 nonfarm business establishments.

[11] Unionization data is from the Current Population Survey (CPS) Outgoing Rotation Group (ORG) Earnings Files, 1996. Sample includes wage and salary workers ages 16 and over.

[12] Recently, Food Lion announced it would leave the Texas, Oklahoma, and Louisiana markets as a result of union activity and negative publicity in those areas. However, the chain plans to expand in the Southeastern Mid-Atlantic markets (Food Lion and Safeway to Expand Rapidly, 1997; McBain, 1997).

[13] However, the authors combine data from food stores, eating and drinking places, and wholesale food firms in some of their results. I refer to their results on food stores, separated from the other two categories of firms. But, in speaking to supermarkets only, some of their results should be used with caution.

[14] See Pressler & Swoboda, 1997, for a summary of the strike.

[15] The process is as follows: Just after the nightly delivery, all the newly-delivered product is dumped on the floors in front of the appropriate shelves. The clerks go out on the floor, look at the product on the shelf, and see if more product is stocked "overhead" (on top of the shelves). They punch in the product's number from the shelf, and the computer shows how much of the product was sold every day of the previous week. They then add other variables to the equation, such as the weather and what products are on sale. If the store is out of one particular product, that might affect the sales of another product. The order is then sent to firm headquarters in the morning, which transmits it to the warehouse, which ships the order to the store.

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