

## Labour Force Restructuring in UK Food Retailing During the Late 1980s and Early 1990s

### Introduction<sup>1</sup>

This Bulletin explores changes in the labour force of the UK food retailing industry during the late 1980s and early 1990s. It presents a brief account of how the UK food retailers, at the forefront of contemporary labour management strategies - i.e. flexibility, part-time working practices - faced a fundamental dichotomy at the beginning of the 1990s. The labour management strategies that had been utilised during the 'productivity driven' late 1980s were becoming increasingly unsuitable for the customer service driven 1990s<sup>2</sup>. This situation led to the major food retailers adopting new labour management strategies based on Human Resource Management<sup>3</sup> models which have resulted in the *diversification* of the part-time workforce.

### Setting the Scene

Food retailing is an extremely labour intensive industry, with labour costs being the second highest cost to a firm after the purchase of stock. Indeed, labour costs represent 50 per cent of gross margin, making the industry's use of labour force vital to overall operating efficiency.

### *Why did the UK food retailing industry use part-time 'flexible' employees so intensely during the late 1980s?*

The growth of the part-time workforce within food retailing in the 1980s is clearly linked with the 'golden age' of UK food retailing when the major players (Sainsbury, Tesco, Safeway and Asda) became locked onto a 'store wars' growth strategy, the main feature of which was the necessity to ground investment capital within new store development programmes.

The 1980s were also characterised by an 'upmarket' shift in competitive strategies as all the major retailers tried to emulate the, then undisputed market leader Sainsbury. 'Productivity' and 'efficiency' were the buzz words of the 1980s with all competitors trying to be the most efficient, both at store level, and throughout the supply chain.

Unsurprisingly, the use of the part-time 'flexible' labour force intensified. This situation, plus the massive introduction of information technology, resulted in significant savings in labour costs.

Sainsbury, for example, experienced a 36 per cent increase in its sales per full time employee during the 1989-1993 period (see Figure 1).

The 'productivity' led 1980s was therefore characterised by:

- the need and desire to enhance labour productivity and reduce labour costs in order to help to finance the firm's store development programmes.

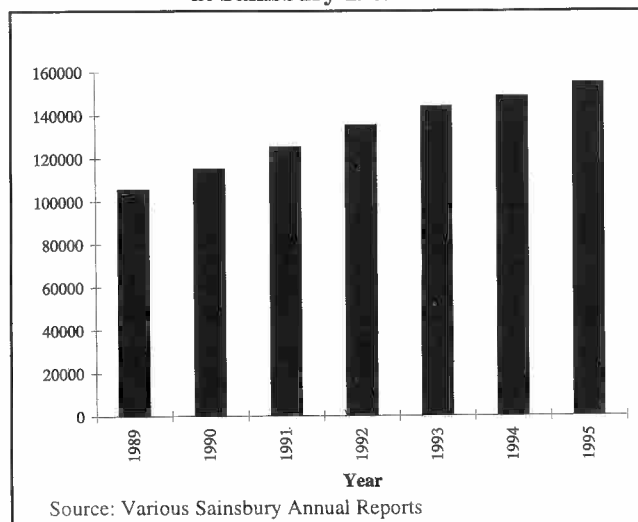
1 This Bulletin has been prepared by Dr Ruth Shackleton, Institute for Employment Research, University of Warwick, Coventry CV4 7AL. Telephone: 01203 522530. Fax: 01203 524241.  
2 Shackleton, R.E. (1997a) 'Part-time working in the "Super-Service Era"', *Journal of Retailing and Consumer Services*, in press.  
3 Human Resource Management (HRM) is an umbrella term which represents a variety of labour management techniques derived from Harvard Business school designed at promoting a working environment which welcomes change, is open, communication rich, encourages team working, customer care and quality.



- the extreme casualisation of the workforce with the introduction of increasingly flexible part-time workers.<sup>4</sup>
- the intensive introduction of Electric Point of Sale (EPOS) technology designed to enhance the productivity of the contingent workforce.

However, as the UK food retailing industry entered a period of strategic uncertainty and increased competitive tension during the early 1990s, this labour flexibilisation programme diversified, resulting in the development of an increasingly heterogeneous part-time workforce.

**Figure 1: Sales per employee (full-time equivalent) at Sainsbury 1989-1995**



As the store development growth strategy became increasingly unreliable the major players were forced to reconsider the methods they used to ensure their long-term profitability<sup>5</sup>. One of the main methods that the major food retailers used (and continue to use) to counter the emerging industry conditions was the *manipulation of the labour force*.

4 Various industry commentators have noted how during this period the contracts awarded part-time employees became increasingly shorter.

5 For discussions on other mechanisms used to counter the changing conditions see Shackleton, R.E. (1996) *Collisions of Corporate Culture: UK food retail investment in the US*, PhD thesis, Department of Geography, University of Southampton. Shackleton, R.E. (1997b) 'Exploring corporate culture and strategy: Sainsbury at home and abroad during the early to mid 1990s', *Environment and Planning A*, in press.

- Employees at all levels have been expected to fundamentally *change the focus of their work* towards the promotion of high quality customer service.
- Human Resource Management techniques were introduced which stimulated delayering and resulted in the removal of middle management positions, i.e. Sainsbury's Genesis campaign.
- New labour training strategies designed to create the impression of customer service have been introduced. The essence of these strategies has been the substitution of the 'clinical', but efficient employee, with one who *smiles* and is at the customer's service.
- New 'service' positions have been introduced with employees hired specifically for service roles, including bag packers, bag carriers and entrance greeters.

#### ***Changes in the Structure and Form of the Labour Force of UK Food Retailing During The Early 1990s***

The employment trends and resultant labour market structure of UK food retailing within the early 1990s embodied the changes evident within the labour market as a whole (Shackleton, 1997a). The early 1990s witnessed the *continuation*, and an intensification of, the labour market trends found within food retailing during the late 1980s. Specifically, *the increased flexibilisation of the industry's employment structure as the major competitors attempted to reduce labour costs by manipulating their labour forces and introducing information technology*. The outcome of these labour restructuring strategies resulted in food retailing having the greatest increase in the number of part-time workers of any industrial sector in the UK in the early 1990s.

- The percentage of part-time workers in food retailing grew by 16 per cent in the period 1984-1994. This was the highest growth of part-time workers of all industrial sectors during this period (see Table 1).
- By 1994 part-time workers represented 68 per cent of the entire food retailing workforce.

The net gain in aggregate employment growth within food retailing continues to be fuelled by the growth in *female* part-time workers<sup>6</sup>.

6 It should be noted that as of 1992 the SIC code changed and so the figures for 1994 and 1995 are slightly inflated as they incorporate extra food retailing activities not included in SIC 80. Crucially however the trends, although they may be slightly accentuated remain the same.

- By 1995, female part-time workers represented 51 per cent of all food retail employees; an increase from 41 per cent in 1985 (see Table 2).
- This growth is significantly higher than the UK retailing sector as a whole where female part-time workers increased their share of the retail sector employment from 37 per cent in 1985 to 45 per cent in 1995 (see Figures 2 and 3).
- The dramatic growth of female part-time workers has been accompanied by an equally significant fall in the number of full-time workers employed within food retailing, with female full-time employees being particularly affected.

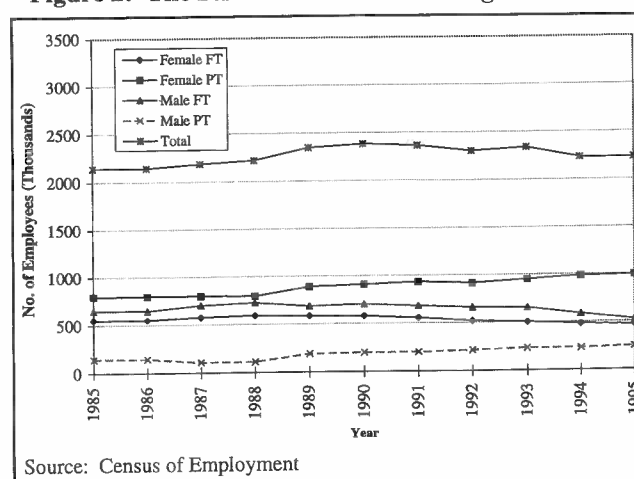
**Table 1: Change in the Percentage of Jobs That are Part-time By Industry in The UK September 1984 to June 1994**

Industry	Change per cent	% Jobs PT June 1994
All Industries	+6.2	28.4
<i>Selected Industries</i>		
Food Retail	+16.0	68.4
Retail of Confectionery Tobacco	+9.5	71.6
Dispensing Chemists	+8.5	56.9
Health Services	+8.1	46.9
Retail of Clothing, Textiles, Household goods	+8.0	46.7
Extraction of Minerals/Ores Manufacture Chemicals/Mineral Products	-0.3	4.0
Justice, Police and Fire Services	-0.5	12.1
Manufacture of Leather, Footwear Clothing and Wooden Furniture	-0.6	8.8
National Defence (exc. HM forces)	-0.6	4.9
Food, Drink, Tobacco Manufacture	-1.2	15.3

Source: Naylor, 1994<sup>7</sup>

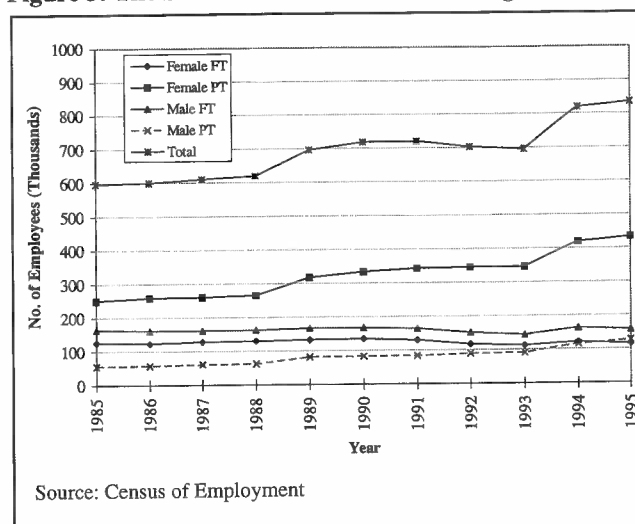
One particularly interesting phenomenon demonstrated in Figures 2 and 3 is the steady increase in the number of male part-time employees employed within retailing, and food retailing in particular.

**Figure 2: The Structure of UK Retailing 1985-1995**



Source: Census of Employment

**Figure 3: The Structure of UK Food Retailing 1985-1995**



Source: Census of Employment

**Table 2: The Structure of UK Retailing as a Whole and Food Retail in 1985 and 1995**

	Per cent			
	Food Retail 1985	All Retail 1985	Food Retail 1995	All Retail 1995
Female FT	21	26	13	21
Female PT	41	37	51	45
Male FT	28	30	18	23
Male PT	9	7	15	11

Source: *Employment Gazette* (various issues)

- From 1985-1995, male part-time employees increased their share of the food retail sector employment from 9 per cent to 15 per cent. Whilst this figure is considerably less than the equivalent number of female part-time employees it is suggested that this

<sup>7</sup> Naylor, K. (1994) 'Part-time working in Great Britain: An historical analysis', *Employment Gazette*, 473-484.

emerging trend is indicative of wider trends within the UK labour market.

For instance, 20 per cent of all part-time employees within the UK labour market were males by December 1992 compared to only 16 per cent in 1981 (Skills and Enterprise Network, 1993).<sup>8</sup>

The growth in male part-time employees within UK food retailing in the early 1990s could merely be accounted for by the prolonged recession experienced throughout this period. In particular:

- the early 1990s witnessed a significant decline in the manufacturing and primary sectors where traditional male full-time jobs are located<sup>9</sup>.
- a significant proportion of male employees would have therefore been forced to take 'stop-gap', part-time positions in order to maintain their subsistence.

However, Figure 3 illustrates that the number of male-part time workers within food retailing actually began to increase from the pre-recession period. This suggests that the underlying forces driving this phenomenon are not entirely associated with cyclical downturns and increasing unemployment rates.

- The part-time workforce within food retailing is clearly 'differentiating' from one associated principally with females to one where male-part-time working has become an increasingly important component of the labour force.

#### ***Qualitative Changes on the Shop-Floor During the Early 1990s - The 'Super-Service' Experience***

The large numerical changes within the labour force structure of UK food retailing outlined above have been accompanied by significant *qualitative* changes in the employment status of part-time workers within UK food retailing. Whilst it is clear that all firms within the industry have pursued different labour manipulation methods, depending upon their particular corporate culture and associated strategies, there has been a discernible industry-wide shift in the way the work is organised and duties are carried out.

- These changes have resulted in transformations in the *type* of work that part-time workers within food retailing undertake, plus the way that these employees *approach* their work.

Above all, these changes are related to the *intensive customer care packages* which were introduced in the period following 1993 when the UK food retailers finally accepted that industry conditions had *irreversibly* changed.

Each firm has subsequently tried to differentiate itself from others by adding a plethora of service add-ons including, Loyalty Cards, Customer Comment Forums, Bag Packing and even a 'Brolly Patrol' at Asda to keep customers dry when it is raining.

- The ever-expanding multitude of services available to the consumer have been introduced through intense advertising and by the way that employees *behave* within the store.
- Wandering round any of the major food retailers stores the consumer is supposedly bombarded by smiling employees giving out information via leaflets, offering advice on purchases and then packing and carrying your bag to the car. There are even places to leave your children and water your dog in the new all encompassing 'Super-Service' shopping experience.

The development of the Super-Service era has had a variety of impacts upon the structure and status of the employees of the food retailers. The impact has been greatest upon part-time employees as they are numerically dominant and have traditionally been used as the buffer through which to operationalise the firm's corporate strategies.

The *first* major impact produced by the Super-Service phenomenon has been a *diversification* of the form of the part-time workforce.

- Staff are now hired and trained specifically for delivering customer service. Tesco for example, recruited 4,500 customer assistants in February 1996 as Super-Servers. Identifiable by their blue waistcoats they will unload trolleys, pack bags, find forgotten items, replace damaged goods and in doing so represent a personal point of contact for customers. Asda meanwhile has 'Happy-to Help' store greeters, dressed more formally than their shop-floor counterparts, who distribute information at the entrance to stores.

8 Skills and Enterprise Network (1993) *Labour Market and Skill Trends 1994/95*, Skills and Enterprise Network, Nottingham.

9 IER (1996) *Review of the Economy and Employment*, Institute for Employment Research, University of Warwick, Coventry CV4 7AL.

- All the major UK food retailers proudly pronounce that they now have 'customer-care assistants' rather than checkout operators or sales assistants.

*Second*, there has been a radical departure in the *manner* that part-time employees are expected to undertake their work.

- The accelerated diffusion of technologies such as EPOS within stores in the 1980s meant that employers could adequately measure the productivity of stores. Employers could *monitor* the performance of employees in terms of number of items handled, time between customers etc. and so employees were 'encouraged' to process a certain number of items per minute<sup>10</sup> in order to maintain and raise productivity.

For example, Sainsbury's Director of Strategic Marketing noted that;

*'Sainsbury, knowing most people regarded grocery shopping a chore, had long concentrated upon enabling them to get in and out as quickly as possible, in the process sacrificing some element of friendliness' (Financial Times, 16 June 1995).*

This philosophy was replicated throughout the industry and resulted in many customer services being abandoned with the role of the employee being restricted to *processing* the customer. Throughout the 1980s the UK food retailers were specifically interested in processing customers rather than customer satisfaction and consequently employees were instilled with the 'proficiency and productivity' ethos.

- Part-time employees were therefore hired specifically for their proficiency at processing customers.

It is suggested that this strategy encouraged a very individualist approach to work, since employees, mindful of performance targets, were inclined to ensure that they were ahead in the productivity stakes.

The introduction of HRM management philosophies by the major food retailers have supposedly introduced open, decentralised working practices which encourage communication, commitment and employee involvement. The early 1990s were therefore supposedly characterised

by a decentralisation of power away from head office and the replacement of autocratic methods of management.

Asda has taken the HRM methodology considerably further than other firms within the sector. It has 'Colleagues' rather than 'employees', undertakes daily huddles on the shop floor where teams of Colleagues coalesce and has more formal 'Colleague Circles' where employees can 'communicate' with management.

- Team-working is being used by the food retailers to engender a 'customer service' ethos throughout the store. It is also clear that this strategy stimulates increased productivity as each team member works towards ensuring that their team's department is the most efficient within the store or even the entire chain. Incentives and prizes are offered to the best teams.
- By introducing a more collective method of working the major food retailers are clearly hoping to stimulate both increased productivity and Super-Service.

Sainsbury, for example, introduced 'Supporting Teams Achieves Results' (STAR) and 'Leadership Through Teamwork' initiatives in the early 1990s. Their *'emphasis on team-building, coaching and feedback is followed by increased staff involvement in the running of the branch through the creation of action teams. Their formation encourages staff to identify ways in which their working practices might be made more efficient and rewarding'* (Sainsbury Annual Report, 1994: 22).

### *The Changing Roles of Shop-floor Employees*

By the early 1990s shop-floor employees within UK food retailing were expected to *perform* a fundamentally different role to that required during the late 1980s.

- The role of the employee has moved away from one associated with efficiency and towards one where a more *emotional* labour performance is required. This role involves the employee utilising their personality in order to establish a high feeling of customer service.

Sainsbury's Customer Services Director succinctly described the change in attitude towards customer service during the early 1990s when he noted that,

*'Sainsbury realised that staff themselves were actually best placed to offer solutions to customers' problems. Many of our regulations and procedures (developed during the 1980s) were actually hindering staff from serving customers in the way they wanted to' (Financial Times, 16 June, 1995).*

<sup>10</sup> During 1987 one food retailer distributed a document to all employees which stated that all employees had to aim to process 22 items a minute through the checkout and for a short period lists were put up of the fastest and slowest checkout operators.

There is evidence that the major food retailers are recruiting different people to fulfil this role. Asda is the industry leader in developing this strategy. Chief Executive, Archie Norman explained that,

*'Asda start from the belief that friendly colleagues are more likely to deliver service. So we try to recruit and encourage colleagues who like working with people. We strongly believe that creating a secure and caring workplace with a family atmosphere is crucial' (Asda Annual Report, 1994:14).*

The introduction of new labour management strategies has also led to a differentiation of the relationship and control issues between managers and shop floor employees.

- In the 1980s control between managers and shop floor employees came principally from productivity rates obtained through scanning technology.
- By the 1990s this situation had changed slightly. Control on the shop floor is now increasingly discrete, via the mystery shopper checking levels of smiles, customer service levels.
- Such methods of invisible surveillance are undoubtedly adding to the stress of the job with employees levels of efficiency and customer care increasingly under scrutiny.

### **Conclusion**

This brief account of labour force restructuring within UK food retailing during the late 1980s and early 1990s has highlighted:

- the important role that the increasingly diverse, flexible part-time workforce continues to play within food retailing;
- the fact that the central role 'played' by employees within UK food retailing has shifted away from an efficient processor, to one where the employee is expected to publicly display an emotion that they may not necessarily feel.

The fundamental change in the role performed by part-time employees within food retailing has moved these employees increasingly towards that played by other employees within front-line service occupations such as flight attendants, child care workers and fast-food workers.

What is not in doubt is the fundamental role that shop-floor employees have played within the restructuring that has occurred within food retailing during the early 1990s.

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Authors: Richard Barry, Derek Bosworth and Rob Wilson, 1997

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