Why do retailers hire vulnerable workers? Case studies on employer strategies in Danish retail trade


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**Introduction and background**

The inclusion of vulnerable workers is an on-going challenge in most labor markets. Vulnerable workers often find it difficult to obtain and maintain a job due to illness, abuse, accidents or social problems. This is also the case in Denmark. However, some sectors in the Danish economy include more vulnerable workers than others. A recent analysis concludes that more than half of the vulnerable workers in Denmark that actually find a job are employed in low-wage service sectors like retail, hotels and restaurants and cleaning (see Table 1). Retail is the sector employing most vulnerable workers. 30 percent of all vulnerable workers that find a job find this in retail (Thuesen et al. 2013: 106).

*Table 1: Vulnerable workers employed in different sectors of the Danish labor market*

<table>
<thead>
<tr>
<th>Sector</th>
<th>Vulnerable workers (number)</th>
<th>Vulnerable workers (percentage of all vulnerable workers employed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>3.606</td>
<td>30</td>
</tr>
<tr>
<td>Cleaning etc.</td>
<td>1.973</td>
<td>17</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1.633</td>
<td>14</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>1.436</td>
<td>12</td>
</tr>
<tr>
<td>Transportation</td>
<td>1.096</td>
<td>9</td>
</tr>
<tr>
<td>Construction</td>
<td>1.058</td>
<td>9</td>
</tr>
<tr>
<td>Other</td>
<td>1.036</td>
<td>9</td>
</tr>
<tr>
<td><strong>In total</strong></td>
<td><strong>11.838</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Thuesen et al. 2013: 106.*

* Vulnerable workers are defined as employed workers in November 2010 that were out of job and categorized with a low level of employability at some point during October 2009-September 2010 (Thuesen et al. 2013: 101-102).

It remains, however, an open question, why employers in retail choose to hire vulnerable workers. In the public debate it has been highlighted that many of these workers receive subsidized pay, which makes them a cheap workforce for the employer. However, only about a third of the vulnerable workers in Danish retail (1322) receive subsidized pay, which means that other motives must have an impact. Drawing on theory from the Corporate Social Responsibility (CSR) approach, we want to address the diversity of motives for hiring vulnerable workers among Danish retailers. By vulnerable workers we understand workers with a physical handicap, workers with brain damage or mentally challenged workers, workers whose primary diagnosis is a mental disorder or a mental handicap and finally workers who for different reasons have been outside the labor market for a longer period or have had to change sectors due to some sort of reduced work ability.

1. Figure on vulnerable workers that receive subsidized pay was kindly delivered to us by Karsten Albæk, The Danish National Centre for Social Research (SFI), who performed a special analysis of their data on vulnerable workers.
Retail trade is the largest private sector employing more than 368,000 people in Denmark. National and international studies have shown how retail tends to employ certain groups of employees on the labor market. We find a lot of young un-skilled workers, who work part time, receive agreed minimum wages, and who are only in the shop for a shorter period of time (Alsos & Olberg 2012; Konnerup et al. 2011; Nergaard 2012; Price 2011). This means a less stable workforce. Typically, young people take on jobs in retail, while they study, and leave retail again, when they finish their studies. For young students a part-time job in retail is second to their studies, and they do not identify themselves with the sector, because they are on the move. Danish retail companies find it difficult to attract and retain employees due to low wages and high demands of working time flexibility. On October 1st 2012 the Danish Shops Act was revised and now allows all shops to extend their opening hours significantly. This possibility has increased employer demands for working time flexibility in retail and may potentially challenge the employers’ opportunities to recruit and retain employees. These general challenges regarding recruitment and retention constitute a significant context for understanding employer rationales regarding the employment of vulnerable workers.

The aim of this paper is twofold, first to identify different types of vulnerable workers in Danish retail and second to uncover the rationales among employers for hiring these different types of vulnerable workers. Our analysis is based on explorative case studies in six retail shops in Denmark conducted in 2013. Each case study included interviews with different types of managers (store managers/middle managers) and different types of employees (full-time/part-time, skilled/unskilled). In total 45 persons were interviewed. The first section will introduce the CSR theory, we will apply in the analysis. We then present the methods of the case studies and the results of the case study analysis. In the concluding section we highlight the main findings and discuss these in relation to other sectors and countries.

**CSR theory and research questions**

From the very beginning theories on Corporate Social Responsibility (CSR) have debated the components of social responsibility or responsivity of firms (Carroll 1991). Many have identified a combination of business logics and ethical logics in corporate strategies, which might reinforce or contradict one another (Bjerregaard & Lauring 2013). One of the classic models on CSR components or aspects is the pyramid of corporate social responsibility developed by Archie B. Carroll. Carroll identifies four different components of CSR and situates them in a pyramid. Although all components matter, the components at the bottom are more essential to the firm than the components at the top (see Figure 1).

*Figure 1: The Pyramid of Corporate Social Responsibility*
Carroll defines *Economic Responsibilities* as the foundation of all other responsibilities (Carroll 1991: 40f). This means that the primary responsibility of a company is to make money. However, the company must also obey the law and demonstrate *Legal Responsibilities* in order to make money, and therefore the second layer of the pyramid is closely linked to the first. On top of this every firm must try to reflect the ethics and norms in society that are not codified into law but are perceived as important by the members of the society, i.e. show *Ethical responsibilities*. This includes acting fair and doing no harm. Finally, firms might add *Philanthropic Responsibilities* to their behavior to improve the quality of life for the citizens in society. Philanthropic behavior is desired by societies and communities (for instance donations or humanitarian help) but it is not expected in an ethical or moral sense. In many ways philanthropic actions serve as icing on the cake and are more voluntary than ethical responsibilities.

Inspired by Carrolls distinction between these four components of CSR, we will seek to investigate employer rationales for hiring vulnerable workers in Danish retail. More specifically, we want to answer the following research questions:

- Which different groups of vulnerable workers can be identified in Danish retail shops?
- Do employers in Danish retail hire vulnerable workers based on economic, legal, ethical or philanthropic rationales?
- Do rationales differ across different groups of vulnerable workers?
- Which sub-rationales can be identified (for instance different forms of economic rationales)?

**Methods**

Our analysis rests on in-depth case studies of vulnerable workers in six Danish shops as part of a larger research project on cooperation between management and employees. Cases were selected to represent maximum variation among Danish shops on a number of important characteristics (size, ownership, type of goods, type of workers and geography) (see Table 2). The cases were selected in cooperation with the union and the employers’ organisation that negotiate the sector-level agreement in retail, The Union of Commercial and Clerical Employees – Retail (HK Handel) and The Danish Chamber of Commerce (Dansk Erhverv). All shops were covered by the sector-level agreement in retail, The National Collective Agreement for Shops 2012-2014. All informants were given the chance to comment on the case descriptions, and comments were integrated into the final report to find out whether our findings were in accordance with the perception of the informants.

**Table 2: Overview of the six cases**

<table>
<thead>
<tr>
<th>Case</th>
<th>Size</th>
<th>Ownership</th>
<th>Type of goods</th>
<th>Skilled workers</th>
<th>Full-time employees</th>
<th>Geography</th>
</tr>
</thead>
<tbody>
<tr>
<td>I)</td>
<td>2 managers 8 employees</td>
<td>Independent Family owned Voluntary chain</td>
<td>Speciality goods</td>
<td>13 %</td>
<td>25 %</td>
<td>Copenhagen area</td>
</tr>
<tr>
<td>II)</td>
<td>3 managers 15 employees</td>
<td>International capital chain</td>
<td>Groceries (discount)</td>
<td>0 %</td>
<td>27 %</td>
<td>Copenhagen area</td>
</tr>
<tr>
<td>III)</td>
<td>2 managers 23 employees</td>
<td>Independent Family owned</td>
<td>Speciality goods</td>
<td>43 %</td>
<td>43 %</td>
<td>Province</td>
</tr>
<tr>
<td>IV)</td>
<td>15 managers 185 employees</td>
<td>Capital chain</td>
<td>Groceries (warehouse)</td>
<td>40 %</td>
<td>40 %</td>
<td>Province</td>
</tr>
<tr>
<td>V)</td>
<td>40 managers 400 employees</td>
<td>International capital chain</td>
<td>Speciality goods (warehouse)</td>
<td>25 %</td>
<td>33%</td>
<td>Province</td>
</tr>
<tr>
<td>VI)</td>
<td>4 managers 31 employees</td>
<td>Independent Voluntary chain</td>
<td>Groceries</td>
<td>23 %</td>
<td>23 %</td>
<td>Province</td>
</tr>
</tbody>
</table>

As previous studies have identified a significant heterogeneity among managers and workers in Danish retail (Esbjerg et al. 2007), we aimed to interview a number of different managers (shop managers/middle managers) and employees (full-time/part-time, skilled/unskilled) at each shop to explore, whether or not these differences affected employer rationales towards vulnerable workers. Shop managers selected interviewees based on our criteria. We prepared separate interview guides for managers and employees on the basis of secondary studies of Danish retail and pilot interviews with a manager and an employee in a Danish supermarket. Furthermore, we interviewed three representatives from The Union of Commercial and Clerical Employees – Retail and three representatives from The Danish Chamber of Commerce to prepare the interview.
guides. Interview guides for managers were semi-structured and included questions on company background, manager profile, employee profiles, vulnerable workers employed, cooperative practices, contract hours, scheduling and distribution of working time, recruitment, retention, trainee programmes, further training and career paths. Interview guides for employees were kept very similar to be able to compare their answers with the answers from management.

All interviews were conducted in the shops. Interviewees were instructed that all interviews would be treated anonymous outside the shop, but not within the shop, as we found it impossible to guarantee internal anonymity. We interviewed 3 to 12 persons at each shop. We conducted additional interviews at company headquarters in three of the shops, as these shops were part of chains. In total we have interviewed 45 persons as part of our study.

All interviews were fully transcribed before analysis. The strategy of analysis was twofold; we first wrote a separate case description on each of the shops. This condensation of data was to ensure that each case was understood in its own rights with the special conditions in the specific shop. Second, we performed a comparative analysis across the six cases to identify differences and similarities. This part of the analysis made use of the concepts from CSR theory presented in the theory section.

Results
According to CSR theory employers can have different rationales for hiring different groups of employees. These rationales often coexist in various combinations. This implies that multiple rationales can be at stake at the same time. In our study of employer rationales behind hiring vulnerable workers we find two dominant rationales across the case studies; the economic rationale and the ethical rationale. As we will show after the presentation of the different groups of vulnerable workers, the rationales and the combination of rationales differ in relation to the different groups of vulnerable workers.

Three different groups of vulnerable workers
As stated in the introduction in addition to the dominant groups of young part-time employees we find a relatively large group of vulnerable workers in retail compared to other public and private sectors. Though the different groups of vulnerable workers share certain characteristics it is misleading to speak of vulnerable workers as one homogeneous group of employees especially in relation to employers different rationales for hiring different types of vulnerable workers. Instead we identify three different groups of vulnerable workers in our study. The differentiation of groups based on different terms of employment and length of affiliation to the shop.

Visiting vulnerable workers (subsidised)
- 'Employees' with a short term affiliation to the shop and no formal employment contract, state subsidised (physically or mentally handicapped workers in short term job training, upskilling or work ability testing with the aim of clarifying the abilities and future employment possibilities of the worker)
• **Settled vulnerable workers (subsidised)**
  Employees with a long term affiliation to the shop and a long term formal employment contract on special terms due to reduced work ability, partly state subsidised (employees in flexible jobs for employees with reduced work ability due to physical or mental handicaps or employees with light duties on special terms for early retirement pensioners due to the same reasons)

• **Settled vulnerable workers (unsubsidised)**
  Employees with a permanent employment contract on ordinary terms, unsubsidised (employees in jobs on ordinary terms in regards to formal employment, but with limited work ability due to light handicaps)

Whereas the first two groups of subsidised visiting and settled vulnerable workers can be identified in the official statistics solely with regards to their formal employment status, the third group of unsubsidised settled vulnerable workers is more difficult to identify in the official statistics because of the workers’ ordinary employment status. However during our case studies we found several examples of employees officially working on ordinary terms, where the employer at the same time in practice took certain special considerations due to reduced work ability. It is important to stress that the boundaries between the groups are no more fixed than that employees from time to time can and do move from one group to another. There are examples in the case studies of employees moving from the group of visiting vulnerable workers to the group of unsubsidized settled vulnerable workers over time. Despite these unclear boundaries it is possible to identify differences between the employers rationales in relation to the different groups as we will now show.

We found *subsidised visiting vulnerable workers* in four out of our six cases. The group was especially well represented in case IV, a large grocery warehouse with 15 managers and 185 employees. The warehouse had an elaborate cooperation with the local municipal’s jobcenter and ‘employed’ different groups of vulnerable short term workers on a continuous basis in relation to this. The rationales behind the employment of this group consisted of a combination of ethical and economic rationales. On the rationale the service manager (deputy to the store manager), who had the primary contact with this group of employees, said:

> “The advantage, I think is some diversity. Also we do have a social responsibility. And a shop should also reflect the diversity in the local community and among the customers. So sometimes you will of course see someone at the check-out with a different skin color or someone that might have challenges in different areas. I think it gives the staff a feeling of pleasure and pride. They think it’s really cool when there are some good stories in between. [...]But regardless of how you look at it - it’s hands. And in that sense it is also something that makes the jobs of the other employees easier.” (Service manager case IV)
As the quote illustrates the service manager first stresses the importance of ethical considerations both internally in the warehouse and externally in relation to the customers and the local community. She states that the warehouse and as such the management has a social responsibility to live up to. She also stresses that the other employees value the diversity that follows from this social responsibility. As the last part of the quote shows not only ethical rationales dominate. However her need to stress the fact that the employment of this group of visiting vulnerable workers means extra hands, seems like an economic justification directed at critics among the employees and middle managers who think that the social responsibilities related to the inclusion of vulnerable workers has been taken too far. A team leader in the same warehouse problematizes the economic rationale behind the employment of this exact group:

“Many of them are often absent due to sickness. They might wake up and have a sore back and then they stay home. We count them as extras, because there is still the working plan, and you never know whether they’ll come or not.” (Team leader, case IV)

From this team leaders perspective the economic rationale cannot stand alone when it comes to this group. From his practical point of view of having to man the check-out the visiting vulnerable workers are simply too unreliable. They are often considered a less stable workforce, and managers therefore have more mixed experiences with this group. The primary rationale behind the employment of this group is ethical considerations. It is interesting however that the service manager feels a need to justify the employment by referring to an economic rationale. It is also debatable whether the value of diversity should only be seen as an ethical rationale or if it is also a part of an economic rationale in the sense that it improves sales to be perceived as a socially responsible warehouse. In cases II and IV that are part of the same company headquarters actively use the hiring of vulnerable workers in branding the company, whereby the social responsibility take on a more economic rationale. In case V on the contrary headquarters stress that the shops are not supposed to brand themselves or the company on hiring vulnerable employees.

The rationales connected to the group of subsidised settled vulnerable employees are quite different. We found workers from this group in five of the six cases and most of the employees have been working in the shops for a long time, some more than 20 years. In the grocery shop in case VI they have two employees working in flexible jobs, one has been with them for the last 20 years while the other has worked in the shop for the last 10 years. In the small discount grocery shop in case II they have had one employee working in a part-time flexible job for 20 hours a week for the last 20 years. The 27-year old shop manager who has only been in the shop for about a year and is about to leave again says of the employee:

“She knows all the customers out here, it’s her store. She has been here always. There have been many young managers over the years. But she has always been here. She
can easily put up milk and bread. And juice and meat. You can actually have her do everything – very flexible!.” (Shop manager, case II)

The shop manager stresses the importance of the stability and the flexibility that this type of employee brings to a shop with a very high manager and employee turnover. At one point this employee approached her to ask if it was okay if she worked fewer hours even if the shop would not be compensated for this reduction economically. The shop manager agreed saying

“I would rather have her be more effective when she is here and happy, than have her be tired when she comes home in the afternoon.” (Shop manager, case II)

As the quotes show it is only a combination of economic and ethical rationales that explains why employers choose to hire this group of settled vulnerable workers. On the one hand they get very stable and loyal workers who are willing to stay in the same shop for a long time. This is of great importance in a sector with a very high employee turnover especially in a small shop located in a small residential community with a lot of regular customers. In this way this group of vulnerable workers provides a much needed stability for new managers to rely on. On the other hand the shop manager at the same time stresses the importance of securing a reasonable work-life balance for her employees including or maybe even especially the settled vulnerable worker. In some of the other cases these settled vulnerable employees have specific limitations as to what tasks they can perform due to mental challenges. However in spite of or even because of these limitations in some areas these employees might be very good at performing other tasks. In two of the cases this meant that settled vulnerable workers had been made responsible for specific tasks. These tasks were seen as boring and redundant by other employees, however the repetition was exactly what suited these employees perfectly. In this way it actually worked out perfectly for all involved. The managers had someone to do the tasks that others found boring but that were essential to the functioning of the shop, the vulnerable employees found stability and security in the repetitive nature of the tasks and the other employees avoided doing tasks they found boring which helped retain them in the shop. For this group of vulnerable subsidized workers economic and ethical rationales clear coexist.

As stated above in the introduction the identification of the group of unsubsidised settled vulnerable workers can be difficult. As mentioned in the introduction SFI developed a number of criteria for identifying this group statistically (2013). In our case studies we identified a group of employees who were all employed on ordinary terms and conditions, while at the same time the employers all showed specific considerations for these employees. In some cases the considerations were very limited and the employees worked on almost the same terms as the ‘ordinary’ employees, whereas in other cases the employers showed elaborated considerations regarding placement and length of working time or specific job tasks. The reasons why they have sought employment in the retail sector are many. Some have been through illness, some are still sick to some degree, while others have had to change sectors after an accident. The rationales
connected to the group of settled vulnerable workers are more clearly economical. As one owner/shop manager from a small speciality shop says about hiring employees that needs certain considerations:

“We accept differences, we accept that employees have disabilities, have different things, right? But we demand that they are on their toes when they are working. If they are unable to do that, then it is better that they say "I cannot". Then it is fine, we will find a solution. We are very honest, we are very direct, it is important that stuff.”

(Shop manager, case I)

As the quote clearly illustrates, what is important for this owner/shop manager is that all his employees perform to the standard that he sets. If they are able to do so, then he has no problem accepting different forms of vulnerability. One of the vulnerable settled employees in his shop had been in a car accident several of years ago and had had to switch from a high paying job in the IT sector. She had been working on ordinary terms for three years, however the manager had to take certain considerations when making the work plan because of her back. From the manager’s point of view these considerations were by far made up for by her special competences. In many cases, these ‘vulnerable’ workers are competence-wise a significant resource in the shops and can as such be considered as specialists, either because they have an education from a different sector, or because there are some conditions that enable them to thrive with routine tasks that other employees do not usually want. At the same time their experiences means that they are often a very stable workforce because they are not interested in a job change, which is of great value to the managers because of the high employee turnover. In this sense the economic rationale is very visible in relation to this group of settled vulnerable workers.

As we have shown above it is possible to identify at least three different groups of vulnerable workers. We have also shown that employers have different rationales behind hiring these different types of vulnerable workers. The figure below illustrates a continuum of economic and ethical rationales.

Figure 1: Continuum of employer rationales

<table>
<thead>
<tr>
<th>Ethical</th>
<th>Economic</th>
</tr>
</thead>
</table>

As the presentations of employer rationales for hiring different groups of vulnerable workers above have shown, ethical and economic rationales often coexist in different combinations. In the one end of the continuum ethical rationales dominate when it comes to hiring visiting vulnerable workers. In the middle of the continuum the mix of ethical and economic rationales is more equal when it comes to subsidized settled vulnerable workers. At last in the other end of the continuum
economic rationales dominate when it comes to unsubsidized settled vulnerable workers. However as the presentations of rationales above show there are also sub-rationales within the overall economic and ethical rationales. Whereas the economic rationale behind hiring visiting vulnerable workers at least to some extent is related to the fact that the expenses are government subsidised it takes on a different form in relation to the other two groups. Here on the one hand the economic rationale is more related to the actual carrying out of specific tasks. On the other hand it also refers to the highly valued stability the groups of settled vulnerable workers provide in a sector marked by high staff turnover. This is among other things due to the high expenses involved with induction training. It is therefore necessary to differentiate between at least two economic sub-rationales; one related to government subsidies and one related to the stability and special abilities of settled vulnerable workers.

Likewise it is necessary to differentiate between sub-rationales related to the ethical rationales behind hiring vulnerable workers. In some shops the ethical rationale is primarily individually based, related to helping the individual vulnerable employees. In other shops it is primarily related to improving the internal work environment of the shop and the entire workforce by reflecting general societal diversity. At last in some shops the ethical rationale is reflecting a perception of social responsibility towards society as a whole, one could perhaps argue that this rationale was more philanthropic than ethical.

**Conclusion and discussion**

In this paper we have identified three different groups of vulnerable workers differentiated by the length of their affiliation to the shops and their formal employment contracts. We identified a group of subsidised visiting vulnerable workers, these workers have a short term affiliation with the shop and no formal employment contract. By comparison the group of subsidised settled vulnerable workers is characterised by a long term affiliation to the shop and a long term formal employment contract on special terms. Finally we identified a group of unsubsidised settled vulnerable workers, these workers have a permanent employment contract on ordinary terms, but have limited work ability due to e.g. light handicaps.

In addition to identifying the three groups of vulnerable workers we found that employers rationales behind hiring these different groups differ significantly. Overall we found two dominant rationales across the case studies; the economic rationale and the ethical rationale. Employers combine these two rationales in different ways in relation to the three groups. Ethical rationales dominate in relation to visiting vulnerable workers, the hiring of subsidised settled vulnerable workers is related to a more equal combination of ethical and economic rationales, and finally economic rationales dominate in relation to unsubsidised settled vulnerable workers. It is important though to note that both ethical and economic rationales coexist in relation to all three groups. The specific notion of economic and ethical rationales differ significantly. We therefore identify two economic sub-rationales; one related to the direct economic incentive of government subsidies and one related to the stability and special abilities of settled vulnerable workers.
Likewise we identify three ethical sub-rationales; one individually based related to the specific visiting vulnerable workers, one related to the internal work environment of the shop and the entire workforce and one related to a perceived social responsibility towards society as a whole. When assessing these rationales it is important first of all to see them in a specific retail context. That is, when managers in retail argue for hiring settled vulnerable workers from an economic perspective, this must be seen in relation to the specific conditions that characterize the sector in relation to high staff turnover and many young part-time workers. With this in mind, for an employer hiring a stable competent employee, who has the job as her first priority, and who is willing to stay with you for several years, where you have to show some consideration, instead of a young student who will probably only stay with you until something more relevant comes along is completely economically rational.

Also the case studies showed a division between jobs that are made up of repetitive tasks with no or almost no customer contact, e.g. stocking the shelves or cleaning a bottle refund machine and jobs that requires a high level of competence because it involves e.g. counselling of customers in relation to sales. Especially the first type of 'hidden' repetitive jobs with no or almost no customer contact are well-suited for vulnerable employees with reduced work abilities due to psychological challenges. Retail is by no means the only sector characterised by a large amount of hidden back stage jobs. As we pointed out in the introduction other sectors also employ a large number of vulnerable workers. Common to sectors as cleaning and hotel and restaurants is that both have a large amount of vulnerable workers and both have a large amount of hidden jobs with no or almost no customer contact. These hidden jobs create an opportunity for people who because of different mental challenges find it difficult to handle a job that involves customer contact. At the same time both retail, cleaning and hotel and restaurants are characterised by having a large share of part-time employees. In that respect it will be easier to integrate an employee who needs to work part-time because of a physical handicap in the overall work scheduling in these sectors than in a sector characterised by full-time employment.

Concluding it seems that retail and to some extent cleaning and hotel and restaurants have a potential for integrating vulnerable workers at the same time as fulfilling economic and ethical rationales when hiring vulnerable workers. However more research on the actual integration of vulnerable workers and their specific tasks is needed in order to assess the more general potential for integrating vulnerable workers in these sectors.