

Research-in-Brief

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The Benefits of Unionization for Workers in the Retail Food Industry

This Research-in-Brief summarizes the findings of an analysis of the benefits of unionization in the retail food industry conducted by the Institute for Women's Policy Research (IWPR). Using data from the Current Population Survey (CPS), a dataset collected monthly by the federal government, this project compared the wages and benefits of unionized and nonunionized workers in the retail food industry, particularly for women, single mothers, cashiers, part-time workers, and part-time women workers.¹ The project also suggests policy changes, summarized here, that would allow more women workers to experience the advantages of unionization.

Introduction

Over most of the 1990s, the United States experienced low unemployment and increased productivity. Economic theory suggests that wages should increase in these circumstances. Workers' wages were relatively stagnant over this period, however. The weakening role of labor unions may have contributed to this unexpected situation. Overall, union members' wage rates are 27 percent higher than those of workers who do not belong to unions (USDOL 2001). Workers who are members of labor unions also receive better health insurance coverage and are more likely to have a pension plan for their retirement (Mishel, Bernstein, and Schmitt 2001).

Women experience additional benefits from union membership. Women in unions face smaller gender and racial/ethnic wage gaps, receive higher wages, and have longer job tenure than women workers who are not in unions (Spalter-Roth, Hartmann, and Collins 1994). They are a growing share of the union movement as well, making up over 40 percent of union membership (Cobble 1996; USDOL 2001).

In 2000, however, only 14 percent of U.S. workers were members of labor unions. With the shift from a manufacturing-based economy to one with a growing service sector, the rate of unionization has declined in the past 50 years, from a high of 25 percent in 1953 (USDOL 1980). In many industries, economic globalization has increased competition, and some employers have responded by resisting unionizing efforts. Weak labor law has also discouraged workers from unionizing.

The retail food industry is one industry that has witnessed many of these changes. Food retailers seeking revenue growth in a crowded market have consolidated to the point that ten retail food companies now control nearly half of all food sales (Skrovan 2002). Further national and international mergers are expected among these food giants, and super-discount stores like Wal-Mart, K-Mart, and Target that previously sold only merchandise continue to expand into the grocery business. Consolidation and increased competition lead some retailers to lower their prices, creating a need for general cost-cutting. Intense pressure to be profitable in this environment

¹ This project uses Outgoing Rotation Group (ORG) data from the 1996, 1997, 1998, and 1999 March, April, May, and June surveys, match-merged with the March Demographic Supplements for the same years. Data were converted to 1999 dollars using the CPI-U. Workers in managerial and professional occupations and occupations not directly related to the retail food store operations (11.9 percent of the original dataset) were excluded from this sample.

may induce employers to lower wages, cut benefits, and discourage unionization (Boarnet and Crane 1999; Kaufman 2000).

Who works in the retail food industry?

There are nearly three million workers in the retail food industry, representing all demographic segments of society. About half of all retail food industry workers are women. IWPR analysis of the CPS shows that a substantial portion of retail food industry workers are in their prime working years: One-third are between the ages of 35 and 54 years. Teenagers (age 16-17) comprise 11 percent of the retail food industry workforce, and 3 percent are older workers (age 65 and over). Since workers without high school educations have reduced prospects for better-paying jobs, it is important to note that nearly one-third (29 percent) of retail food industry workers did not complete high school. The ethnic composition of the industry mirrors that of U.S. society: Most workers are white (85 percent), about 10 percent are Black, and 4 percent are Asian American. Ten percent are Hispanic (who may be of any race). Part-time workers comprise just over one-third (37 percent) of all retail food industry workers, and 41 percent of women working in the retail food industry work part-

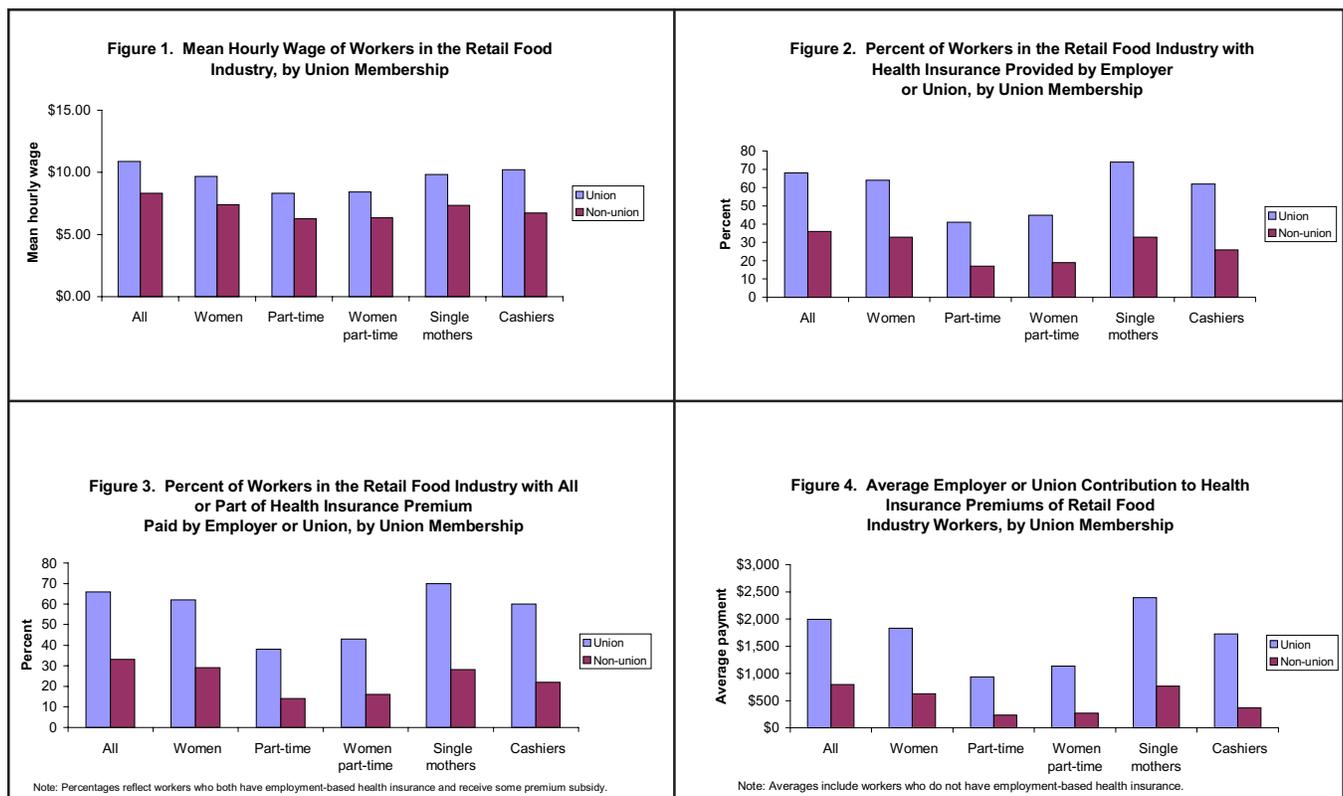
time. Seven percent of all workers in the retail food industry are single mothers.

Benefits of union membership in the retail food industry

Workers who are union members in the retail food industry earn significantly higher wages (Figure 1), are more likely to have health insurance through their job (Figure 2), receive considerably larger health insurance premium subsidies (Figures 3 and 4), and are more than twice as likely to participate in an employer- or union-sponsored pension plan (Figure 5) than those who are not unionized. This general pattern of higher wages and benefits among union workers holds across all demographic and occupational groups studied.

Wages: Unionized retail food industry workers earn a mean hourly wage of \$10.88, nearly a third more than non-union workers (\$8.32) (Figure 1).

Health insurance: Two-thirds (68 percent) of all unionized workers and a third of all nonunionized workers (36 percent) have health insurance through their employment (Figure 2). Of those with employment-based health insurance, half (51 percent)



of unionized workers and less than a third (27 percent) of nonunionized workers receive a fully paid premium. Among all workers (both those with and those without health insurance through their jobs), unionized workers receive 150 percent more in health insurance premium payments (an average of \$1,994 per person) than nonunionized workers (an average of \$799 per person; Figure 4).

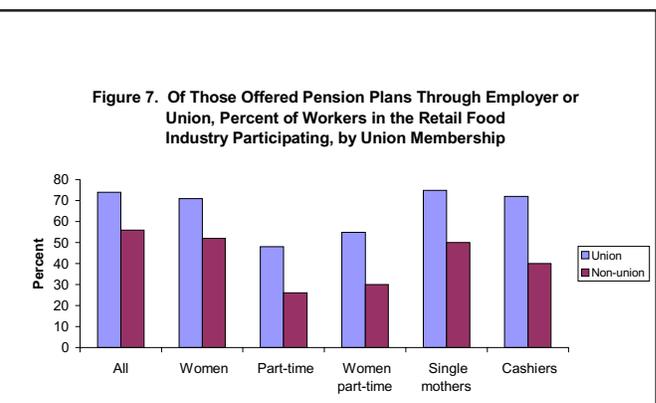
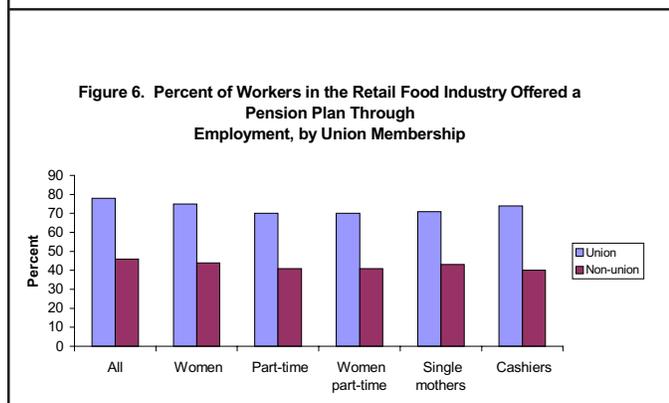
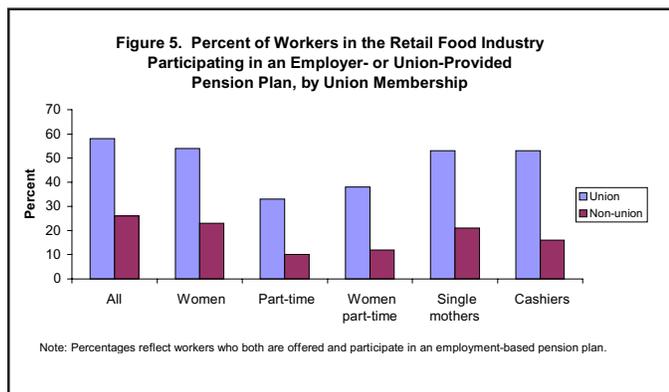
Pensions: Three-fourths of unionized workers (78 percent), and less than half of nonunionized workers (46 percent), have the option of participating in an employment-based pension plan (Figure 6). Of those who have pension plan availability, almost three-quarters of unionized workers (74 percent) and over half of nonunionized workers (56 percent) participate (Figure 7). Overall, more than half (58 percent) of unionized workers in the retail food industry participate in employer pension plans, but only 26 percent of nonunionized workers do (Figure 5).

Women: Women workers in the retail food industry who are union members earn 31 percent more per hour than nonunionized women workers (\$9.68 versus \$7.39; Figure 1). Almost two-thirds (64 percent) of unionized women workers receive health insurance coverage through their employment, while

only one third (33 percent) of nonunionized women workers do (Figure 2). Of those receiving employment-based health insurance, half of the unionized women (52 percent) and a quarter (26 percent) of nonunionized women receive full payment of their health insurance premium. The average employer or union contribution to health insurance premiums is \$1,834 for unionized women and \$627 for nonunionized women (Figure 4), 192 percent more for unionized than nonunionized women workers. Fifty-four percent of unionized women and 23 percent of nonunionized women participate in a pension plan offered through their employment.

Part-time workers: Part-time workers in unions earn 33 percent more per hour than nonunionized part-time workers (\$8.32 and \$6.27, respectively; Figure 1). Although less than half of unionized part-time workers (41 percent) have employment-based health insurance, the proportion for nonunionized part-time workers (17 percent) is much smaller (Figure 2). On average, employers or unions contribute three times more (304 percent) to health insurance premiums for unionized part-time workers (\$935 per worker) than for nonunionized part-time workers (\$231 per worker; Figure 4).

Employer- or union-provided pension plans are available to 70 percent of unionized part-time workers, but to only 41 percent of nonunionized part-time workers (Figure 6). Of those who are offered pension plans, half (48 percent) of unionized part-time workers and a quarter (26 percent) of nonunionized part-time workers participate (Figure 7). Overall, a third of unionized part-time workers (33 percent) and 10 percent of nonunionized part-time workers participate in employment-based pension plans (Figure 5).



Women part-time workers: Women working part-time in the retail food industry work reduced hours for three general reasons: because full-time work is not available; because personal, family, or health circumstances require a reduction in hours of employment; or because they are engaged in educational or training activities. The biggest single reason for working part-time among women who usually work fewer than 35 hours per week is family and personal obligations exclusive of child-care problems. Nearly as many women are on part-time shifts involuntarily, because they could not find full-time work or because their employer reduced their work-hours.

Nonsupervisory workers in unions earn 45 percent more per hour (\$10.39) than their nonunionized counterparts (\$7.17).

For unionized women who work part-time, wages are one-third (33 percent) higher on average than those of their nonunionized counterparts (\$8.40 versus \$6.32 per hour; Figure 1). Nearly half (45 percent) of women part-time workers in unions have employment-based health insurance, while less than a fifth (19 percent) of nonunionized women part-time workers enjoy this benefit (Figure 2). Two-fifths of unionized women part-time workers (43 percent) receive at least partial payment of their health insurance premiums from their employer or union, as do 16 percent of nonunionized women part-time workers (Figure 3). One-third of unionized women (38 percent), and only 12 percent of nonunionized women, who work part-time participate in an employment-based pension plan (Figure 5).

Single mothers: Seven percent of retail food workers are single mothers. Unionized single mothers benefit from higher wages, increased health insurance coverage, and greater participation in pension plans. Single mothers who belong to unions earn one-third (34 percent) more in hourly wages than nonunionized single working mothers (\$9.83, versus \$7.33; Figure 1). Three-fourths of unionized single mothers in the retail food industry have health insurance through their jobs; less than half as many, one-third, of nonunionized single mothers do (Figure 2). Single mothers who are union members are more than twice as likely to have part or all of their health insurance premiums paid for them as are nonunion single mothers. More than twice as many unionized single

mothers participate in pension plans through their jobs as nonunionized single mothers (Figure 5).

Cashiers: Cashiers constitute the single largest occupation in the retail food industry: More than a third of all workers (35 percent), and more than half of all women workers (54 percent), in the retail food industry are cashiers. For these workers, being a union member means, on average, significantly higher wages and a greater likelihood of having a pension. It also means a greater likelihood of having employment-based health insurance coverage and a higher employer or union contribution to health insurance premiums.

Unionized cashiers earn 52 percent more than nonunionized cashiers (average hourly wages are \$10.20 and \$6.72, respectively; Figure 1). A substantial majority of unionized cashiers (62 percent) receive employment-based health insurance, compared to 26 percent of nonunionized cashiers (Figure 2). Of those receiving health care benefits, employers or unions pay full premiums for over half of unionized cashiers (52 percent) and for less than a quarter of nonunionized cashiers (23 percent). Nearly three-fourths of cashiers belonging to unions (74 percent) are offered pension plans (and 72 percent participate), while only 40 percent of nonunionized cashiers are offered pension plans (and 40 percent of nonunionized cashiers participate; Figures 6 and 7). This means that over half (53 percent) of unionized cashiers, but only 16 percent of nonunionized cashiers, participate in an employer or union pension plan (Figure 5).

Nonsupervisory workers: Laws governing union activity prevent workers in many occupations from joining unions, and managers and professionals are omitted from this analysis because they are generally excluded from unionization in the retail food industry. However, individuals who perform some supervisory responsibilities but are not classified as managers or professionals are included in the findings presented above. When these workers are excluded, the benefits of union membership are even greater.

Nonsupervisory workers in unions earn 45 percent more per hour (\$10.39) than their nonunionized counterparts (\$7.17). A much greater proportion of unionized workers in non-supervisory positions (64

percent) receive health insurance coverage through their employer or union than nonunionized workers in nonsupervisory positions (28 percent). Most nonsupervisory workers with health insurance coverage also receive at least partial payment of their premiums (97 percent of unionized, and 87 percent of nonunionized), but half of the unionized workers (50 percent), as opposed to a quarter of the nonunionized workers (25 percent), receive full payment of their premiums.

Three-quarters of unionized non-supervisory workers (76 percent), but less than half of nonunionized nonsupervisory workers (44 percent), are offered pension plans by their employer or union. Of those with pension plans available, 71 percent of unionized nonsupervisory workers, and 45 percent of nonunionized non-supervisory workers, participate in the retirement program. Thus, over half (54 percent) of non-supervisory workers who are union members, but only a fifth (20 percent) of those who are not in unions, receive employment-based retirement benefits.

Regression analysis

Multivariate regression analysis was conducted to distinguish the impact of union status from other characteristics that may affect wages and access to benefits. Controlling for occupation, age, sex, education, race, firm size, and geographic region, this analysis found that unionization has a statistically significant impact in increasing hourly wages, health insurance and pension coverage, and the amount that employers contribute to workers' health insurance premium. The relationship between unionization and wages and benefits is statistically significant for women as well.²

Conclusion

Unions offer important protections to workers in today's increasingly consolidated retail food industry—higher wages, greater health insurance coverage, and better pension plan availability. Retail food industry workers

who are union members earn 31 percent more than nonunionized workers, are almost twice as likely to have health insurance from their employers or unions, and are more than twice as likely to participate in pension plans.

These benefits help provide for the economic well-being of retail food industry workers and their families at a time when the introduction of discount superstores such as K-Mart, Wal-Mart, and Target into the industry, consolidation, and lack of overall revenue growth (due to stagnant demand for groceries as eating out continues to increase) threaten additional cost-cutting. As the discount superstores grow and gain market share, wages and benefits for retail food workers are likely to fall, unless workers in this new segment of the industry can also be organized into unions.

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Policy changes to increase unionization

If unionized workers in other industries experience similar benefits to those of unionized retail food workers—and research suggests this is the case (Spalter-Roth, Hartmann, and Collins 1994; Freeman and Medoff 1984; Mishel, Bernstein, and Schmitt 2001)—then adapting labor laws and labor organizing practices to encourage unionization could offer important protection to many workers, as well as help unions maintain or increase their membership in the retail food industry.

A number of researchers have recommended ways to increase union coverage (see, e.g., Cobble 1994; Cobble 1999; Commission on the Future of Worker-Management Relations 1994; Human Rights Watch 2000; Osterman et al. 2001). These changes would allow more workers to enjoy the benefits of unionization documented in this analysis.

- Organize workers by occupation rather than by firms. This would help workers who change employers frequently but stay within the same profession or career. Within occupations, unions can help determine skill

² Complete results of the regression analysis are available in the full report.

standards and certification procedures that would let employers know which applicants have the essential job-related experiences and skills they need.

- Develop new strategies for organizing women workers. Women and men with caregiving responsibilities may find it difficult to attend meetings and participate in organizing. Single parents, whose economic survival is especially dependent on maintaining their employment, may be particularly vulnerable to overt or covert threats from employers that workers engaged in organizing activities will be dismissed – threats that are “commonplace” in the U.S. (Human Rights Watch 2000). To increase union membership and provide the benefits of unionization to more women, labor unions should encourage women to participate at all levels, assist them in becoming leaders within union organizations, and plan organizing activities around women’s needs and schedules.
- Update federal labor laws to protect workers’ rights. The following changes to U.S. labor law would enhance workers’ ability to organize: Promptly reinstating workers who rightfully claim they have been illegally discharged from their jobs in retaliation for labor organizing; permitting newly hired and contingent employees to organize alongside regular employees; allowing new forms of organizing, such as multi-employer bargaining units; permitting organizers to place union material in the workplace, in non-work areas and for workers to access on non-work time; handling dispute settlements, agreements, and union recognition elections efficiently and in a timely manner; extending coverage under the National Labor Relations Act to all agricultural and domestic workers and to local and state government workers; legalizing solidarity or secondary actions; and providing the NLRB with a budget adequate to support its staff and activities.
- Protect welfare-to-work participants and immigrant workers. Federal laws should be amended to give welfare recipients the right to organize and to prevent their benefits from

being revoked if they participate in strikes. Unionizing workers should be protected from Immigration and Naturalization Service inquiries, so that immigrant workers need not fear deportation when employers threaten to retaliate against labor activists.

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Additional Resources

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American Federation of Labor - Congress of Industrial Organizations (AFL-CIO) website: <http://www.aflcio.org>

Coalition of Labor Union Women (CLUW) website: <http://www.cluw.org>

United Food and Commercial Workers International Union (UFCW) website: <http://www.ufcw.org>

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