

No Bargain for Low-Wage Workers

Latinos in the Retail Industry

Summary

After several years of annual declines in profits in the retail industry, both a cause and effect of the U.S. economic recession, retail companies in the United States still form a part of one of the nation's largest employment industries, representing approximately 14.6 million (12%) U.S. jobs.¹ Many retailers were predicted to benefit after 2011's holiday season; however, the lack of upward career mobility in retail means that these benefits are not necessarily shared by workers in the sector. This *Monthly Latino Employment Report* offers an overview of current Latino employment trends in the retail industry and highlights a promising job training program that improves the upward mobility of Latinos and other workers in the retail sector.

Latino Employment Statistics for December

The [latest report](#) from the Department of Labor showed that U.S. employers added 200,000 jobs in December. This pace of job growth is far below the 400,000 jobs per month that the country should be adding, which the Economic Policy Institute claims is necessary to return the unemployment rate to its prerecession level of 5% by mid-2014. Unemployment in the Hispanic community declined by 0.4% to 11%, and the national unemployment rate fell to 8.5%, the lowest since February 2009.

As the fastest-growing segment of the labor force, Hispanics are an integral piece of the retail industry's workforce and fill many occupations in the field. However, Latinos are more likely to work low-wage jobs in this industry and be relegated to the bottom rungs of career ladders with few possibilities for advancement. The high level of unemployment among Latinos calls for an immediate need to invest in these workers and ensure that they are trained and educated to fill future retail jobs. Additionally, policies that prioritize the creation of career pathways to increase career opportunities and upward mobility, particularly among workers facing language and educational barriers, are fundamental for continued prosperity and growth in the retail sector.

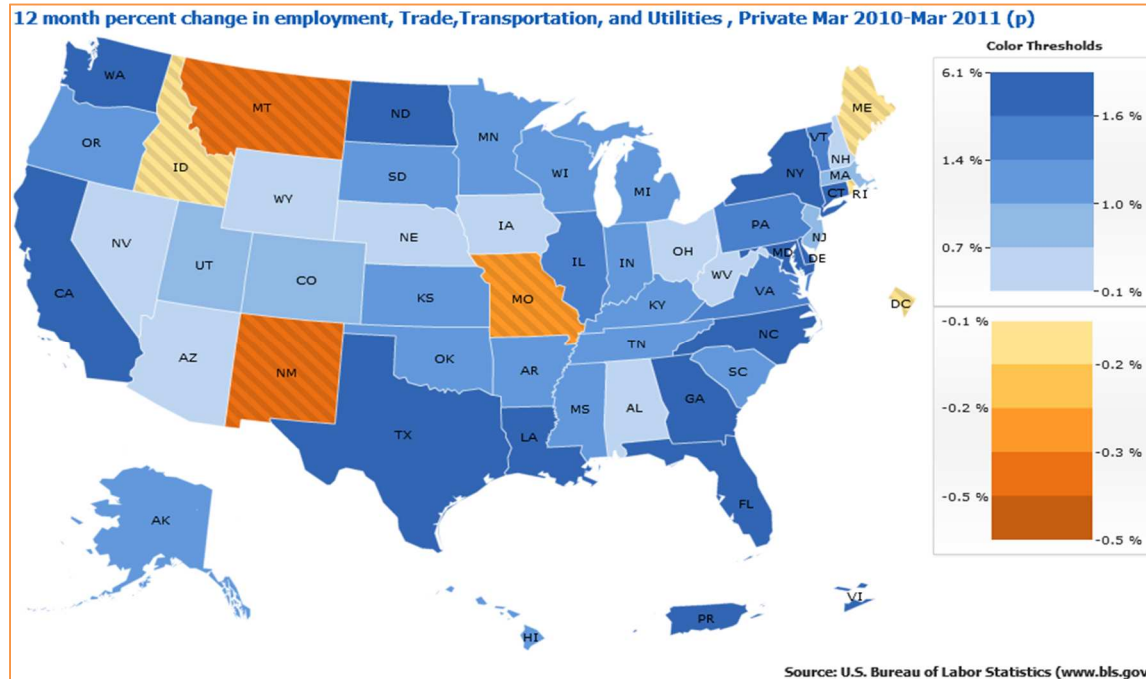
Employment Trends in Retail

Trade, transportation, and utilities—the sector that includes retail—posted positive employment growth in nearly every state between March 2010 and March 2011, as seen in [Figure 1](#). Additionally, a majority of the retail trade subsectors have seen mostly positive employment growth over the past six months. Furthermore, one subsector, [clothing and clothing accessories stores](#), posted the second largest growth in employment of 26,700 jobs in November 2011, after having added 6,700 in October and 20,200 in September. Both November and September were

* The terms "Hispanic" and "Latino" are used interchangeably by the U.S. Census Bureau and throughout this document to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race.

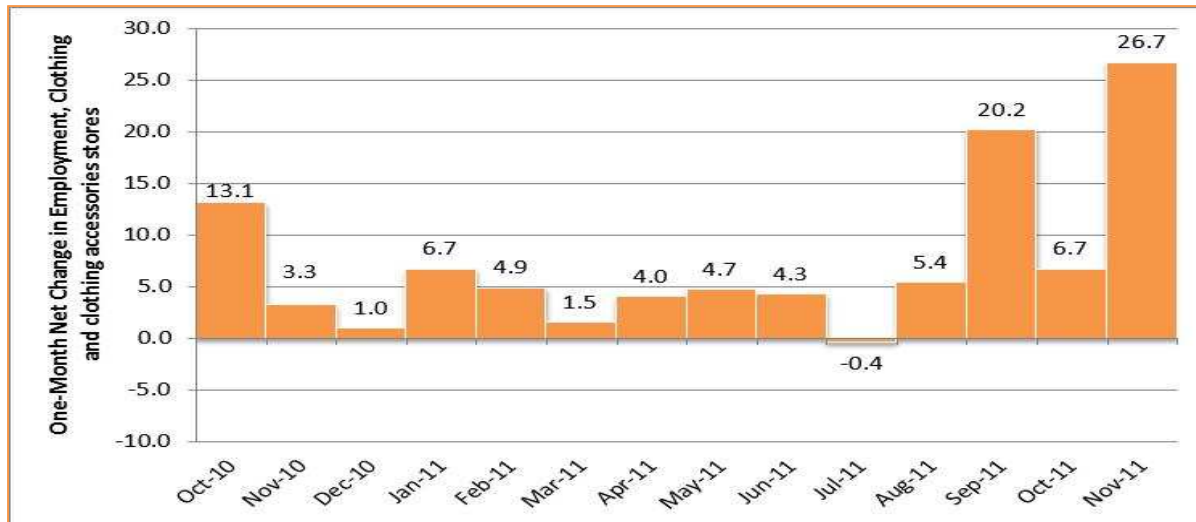
well above the industry's three-month average change of 10,800 (see [Figure 2](#)).² In comparison to the same months in 2010, these figures represent a significant boost in hiring and are a sign that retail is bouncing back.

Figure 1. Employment in Trade, Transportation, and Utilities, 12-Month Percent Change, March 2010–March 2011



Source: U.S. Bureau of Labor Statistics, "QCEW State and County Map," *Quarterly Census of Employment and Wages*, http://beta.bls.gov/maps/cew/US?start_over=true (accessed December 29, 2011). Data are for private establishments.

Figure 2. Change in Employment in Clothing and Clothing Accessories Stores, October 2010–November 2011



Source: NCLR calculation using U.S. Bureau of Labor Statistics, *Current Employment Statistics*, “Table B-1, Employees on nonfarm payrolls by industry sector and selected industry detail,” <http://www.bls.gov/webapps/legacy/cesbtab1.htm> (accessed December 28, 2011). Total employment excludes farm employment. October and November data are preliminary.

Latino Contributions to the Retail Industry

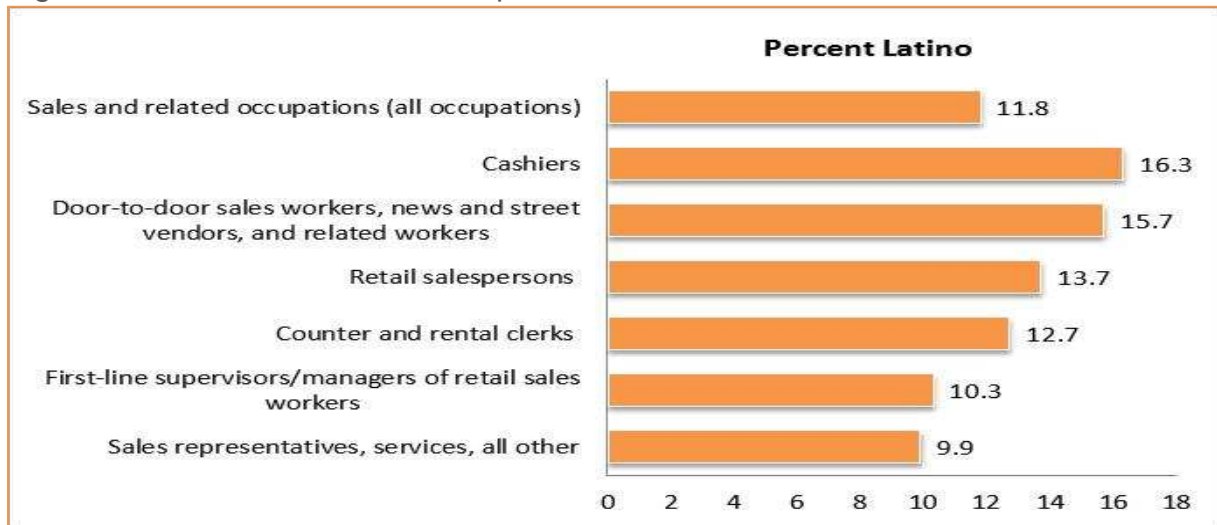
According to the Bureau of Labor Statistics, the retail industry is one of the largest employers of the Hispanic population,³ with 13.6% of retail workers being Latino, while other ethnic groups such as Blacks and Asians make up 10% and 4.6% of the industry, respectively.⁴ Although the retail employment figure is smaller than the 14.3% that Latinos represent of the total employed workforce, approximately 2,226,372 Latinos—about 10% of the total Latino labor force—worked in retail in 2010. Additionally, retail employs a disproportionately high number of female Hispanic workers: 41% of the Hispanic workforce is female, yet 47.5% of Hispanic retail employees are female.⁵

Overall, Latinos fill many of the largest occupations within the retail industry, specifically among sales and related occupations, which account for 11.8% of all jobs in retail. [Figure 3](#) demonstrates that compared to their share of this occupational category, Hispanics are overrepresented in several of the major sales and related occupations positions in the retail industry. Of these, more than 60% of retail trade jobs were in just four occupations: retail salespersons, cashiers, stock clerks and order fillers,^{*} and first-line supervisors of retail sales workers, most of which are low-wage jobs. [Table 1](#) shows that most of the Latino-dominant

* Stock clerks and order fillers are part of the “office and administrative support occupations” not “sales and related occupations.”

occupations in retail, such as being a cashier, pay wages below the mean annual wage (\$36,790) for all sales and related occupations.

Figure 3. Sales and Related Occupations, Percent Latino, 2010



Source: U.S. Bureau of Labor Statistics, *Current Population Survey*, "Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity," 2010 Annual Averages, <http://www.bls.gov/cps/cpsaat11.pdf> (accessed December 2011).

Table 1. Wages for Selected Occupations in Retail, 2010

Occupations	Mean Hourly Wage	Mean Annual Wage
All sales and related occupations	\$17.69	\$36,790
Cashiers	\$9.52	\$19,810
Door-to-door sales workers, news and street vendors, and related workers	\$13.13	27,300
Retail salespersons	\$9.94	\$25,000
Counter and rental clerks	\$12.32	\$25,620
First-line supervisors of retail sales workers	\$19.18	\$39,890

Source: U.S. Bureau of Labor Statistics, *Occupational Employment Statistics*, May 2010, http://stat.bls.gov/oes/current/oes_nat.htm#41-0000 (accessed December 29, 2011).

Low Wages, Temporary Employment, and Limited Opportunities Plague Retail Sector

The continued job growth that is expected in the retail industry should be a welcomed trend given both the high unemployment rate and the fast growth of Latinos, who make up a significant share of the sector's employees. However, several major concerns about the overall quality of jobs in retail raise questions about the ability of this sector to provide meaningful economic security for workers and their families:

- Low wages

- A forthcoming study by the Retail Action Project and City University of New York's Murphy Institute found that a majority of jobs created during the holiday season are low-wage, part-time, and seasonal. The study also identifies a dramatic gender gap in wages in the retail industry—one that most affects Black and Latina women.⁶
- The percentage of low-wage workers employed in retail (20.3%) is nearly twice the industry's share of workers in the economy as a whole (11.1%).⁷ According to the Bureau of Labor Statistics, clothing, accessory, and general merchandise stores offer many part-time jobs, but earnings are relatively low, and sales and administrative support jobs account for 84% of employment in this industry.⁸
- In an effort to shed light on the vulnerability of workers in the low-wage labor market, NCLR published a collection of stories told by Latino workers called [*We Needed the Work: Latino Worker Voices in the New Economy*](#). Together, these accounts demonstrate that low wages are common across many industries where Hispanics are concentrated.
- **Seasonal and Part-Time Employment**
 - Although high levels of hiring are standard during the holiday season to meet increased demand, many of these jobs are temporary and low-wage. The National Retail Federation estimated that retail stores would create about 500,000 temporary positions for the 2011 holiday season.⁹
 - A Commonwealth Fund study in 2001 found that in retail services, 59.9% of Latinos versus 77.1% of Whites were offered employee-sponsored insurance (ESI). In the total labor force in 2005, only 25.7% of on-call workers and 8.3% of temporary help agency workers had ESI. The overrepresentation of Hispanics in contingent and nontraditional work arrangements partially explains their low access to health plans.¹⁰
 - A report by the National Employment Law Project estimates that 55% of New York State year-round retail workers do not receive health insurance through their employer.¹¹
- **Limited Upward Career Mobility**
 - Workers who hold retail occupations tend to be the least educated in the labor force and thus depend on training for career mobility because the industry has been slow to develop career tracks and has one of the flattest job hierarchies in the economy. No matter how skilled or hardworking the employee, there are severe constraints on career pathways and upward mobility.¹²

A Policy Agenda to Improve Low-Wage Jobs in the Retail Industry

Growth in the retail sector will not help strengthen the U.S. economy nor improve economic security among the labor force as long as a high percentage of low-wage and temporary workers and limited opportunity for career advancement persist. To ensure that the apparent recovery in the retail sector benefits the workers who contribute their labor, including Hispanics, federal policy should:

- **Encourage career mobility in retail industries through career pathway programs.** Fund pathway programs through bills like the “Strengthening Employment Clusters to Organize Regional Success (SECTORS) Act of 2011” (H.R. 1240)¹³ and the “American Jobs Act of 2011” (S.1549).¹⁴ The strengthening of our economy is dependent on having a pool of qualified workers to carry forward today’s growth industries, including retail. It is critical that Congress pass bills like “SECTORS” and the “American Jobs Act” to provide funding to support promising programs and activities designed to expand and train the workforce.
- **Prevent efforts to consolidate and cut workforce development program funds.** The publicly funded adult education and workforce development system is designed to help adults who have aged out of the public school system improve their skills and transition to higher-level jobs. However, recent legislation like the “Streamlining Workforce Development Programs Act of 2011” (H.R. 3610), proposes to consolidate 33 current federal employment and training programs into four new “Workforce Investment Funds,” thereby eliminating key programs that provide skills, training, education, and paid work experience for low-income people.¹⁵ This streamlining of funds would have a devastating impact on programs like Job Corps and the Supplemental Nutrition Assistance Program Employment & Training (SNAP&ET), both of which serve vulnerable populations.
- **Reauthorize the Workforce Investment Act (WIA).** The slowly recovering economy and current levels of high unemployment emphasize the need for a 21st century workforce system with the proper funding to provide workers with the necessary training and employers with highly skilled workers. It is essential that our workforce development system has funding to support integrated training programs that provide sector- and occupation-specific training with basic education instruction, such as NCLR’s [Customer Service and Retail Initiative](#). Efforts should be made to replicate and scale up these programs with specific attention given to the needs of underprepared workers, such as those without high school diplomas or equivalency degrees.

Increasing Latino Worker Access to Customer Service and Retail Careers

Since 2006, NCLR has carried out the NCLR Customer Service and Retail Initiative in efforts to address the serious job quality issues and limited career advancement opportunities for low-wage Latino workers in the retail industry. Through NCLR’s partnership with the National Retail Federation Foundation (NRFF), NCLR Affiliates have been able to access and adapt NRFF’s standardized and certified curriculum in their training, which provides program graduates with credentials to find decent-paying jobs in the customer service and retail industry. Upon successfully completing the NRFF training, participants are eligible to test for an industry-recognized certificate and advance to higher-level trainings. Through this initiative, NCLR has trained nearly 300 participants to find meaningful jobs while providing employers with a pipeline of well-qualified, certified, and bilingual candidates.

Community Voice

Jeanette Igwe, Career Center Instructor and Recruiter, Association House of Chicago

One NCLR Affiliate, Association House of Chicago, has been making inroads for Latinos in retail since June 2010.

Since then, Association House has had 105 individuals successfully complete its training program and had about 100 placements. Participants range between the ages of 18 and 65; approximately 50% are bilingual in Spanish, and 75% are women. Jeanette Igwe, an instructor and recruiter for the Association House's Customer Service and Retail Certification



Program, says that the program is seen favorably among employers because it “gives people, especially those without much work experience or who want to change industries, the opportunity to enhance their skills and gain valuable customer service skills to land a job in retail.” Additionally, she has noticed how the program has helped her students gain a boost in confidence and motivation to keep up their job searches after completing the training. Given the competitive retail job market in Chicago, Jeanette is confident that the certification gives participants a competitive advantage when applying for jobs. The skills that participants are taught, including basic customer service, are applicable and transferable to many other industries. In the future, Jeanette hopes that Association House will be able to offer an advanced managerial certification so that the organization can help more workers progress in their careers and earn more than a minimum wage.

Established in 1899, Association House of Chicago serves a multicultural community by providing comprehensive, collaborative, and effective programs in English and Spanish. Association House promotes health and wellness and creates opportunities for educational and economic advancement. Read more about Association House at www.associationhouse.org.

For more information or to receive a copy of the *Monthly Latino Employment Report* by email each month, contact Alicia Criado, NCLR Policy Associate, at acriado@nclr.org.

Endnotes

¹ U.S. Bureau of Labor Statistics, *Current Establishment Survey*, “Table B-1 Employees on nonfarm payrolls by major industry sector and selected industry detail, seasonally adjusted,” <http://www.bls.gov/news.release/empsit.t17.htm> (accessed December 28, 2011).

² U.S. Bureau of Labor Statistics, *Current Establishment Survey*, “Table 2. Detailed industry employment ranked by change between October and November 2011, and prior 3-month average change, in thousands, seasonally adjusted,” <ftp://ftp.bls.gov/pub/suppl/empsit.tab2.txt> (accessed December 28, 2011).

³ U.S. Bureau of Labor Statistics, *Current Population Survey*, “2010 Annual Averages,” <ftp://ftp.bls.gov/pub/special.requests/lf/aat18.txt> (accessed December 28, 2011), Table 18.

⁴ Ibid.

⁵ NCLR calculation using U.S. Bureau of Labor Statistics, *Current Population Survey*, 2010 March Supplement.

⁶ Retail Action Project, "New Study Shows Gender Gap in Pay, Benefits, & Promotions for Women in Retail," December 21, 2011, <http://retailactionproject.org/2011/12/new-study-shows-gender-gap-in-pay-benefits-promotions-for-women-in-retail> (accessed December 29, 2011).

⁷ Catherine Singley, *Growth in Low-Wage Industries Continues: Latinos Are Especially Vulnerable to Exploitation* (Washington, DC: National Council of La Raza, 2011), http://www.nclr.org/index.php/publications/growth_in_low-wage_industries_continues_latinos_are_especially_vulnerable_to_exploitation (accessed December 2011).

⁸ U.S. Bureau of Labor Statistics "Career Guide to Industries, 2010-2011 Edition," <http://www.bls.gov/oco/cg/cgs022.htm> (accessed December 29, 2011).

⁹ Kathy Granis, "NRF Forecasts Holiday Sales Increase of 2.8 Percent to 456.6 Billion," *National Retail Federation*, October 6, 2011, http://www.nrf.com/modules.php?name=News&op=viewlive&sp_id=1206 (accessed December 28, 2011).

¹⁰ Catherine Singley, *Fractures in the Foundation: The Latino Worker's Experience in an Era Declining Job Quality* (Washington, DC: National Council of La Raza, 2009), http://stat.bls.gov/oes/current/oes_nat.htm#41-0000 (accessed January 4, 2011).

¹¹ Annette Bernhardt, *When Work Doesn't Pay: The Public Cost of Low-Wage Jobs in New York State*, (New York: National Employment Law Project, 2008).

¹² Annette D. Bernhardt, *The Future of Low-Wage Jobs: Case Studies in the Retail Industry* (New York: Institute on Education and the Economy, 1999).

¹³ National Skills Coalition, *SECTORS Act of 2011 Section-by-Section Analysis*, April 2011, http://www.nationalskillscoalition.org/federal-policies/sector-partnerships/sectors-documents/nsc_sectors_2011_sectionbysection_2011-04.pdf (accessed January 4, 2012).

¹⁴ National Council of La Raza, *The American Job Act of 2011: Five Wins for Latino Families*, (Washington, DC: National Council of La Raza, 2011), http://www.nclr.org/images/uploads/publications/AmericanJobsAct_NCLRFactsheet_2011.pdf (accessed January 4, 2012).

¹⁵ National Skills Coalition, *Streamlining Workforce Development Programs Act of 2011 Section-by-Section Analysis*, December, 2011, http://www.nationalskillscoalition.org/federal-policies/misc-documents/hr3610secbysec_2011_12_20.pdf (accessed January 4, 2012).