in Argentina, Armenia, Azerbaijan, Belarus, Belgium, Brazil, Chile, China, Columbia, Denmark, Finland, France, Georgia, Germany, Guatemala, Hungary, India, Italy, Kazakhstan, Kirgizstan, Mexico, Netherlands, Paraguay, Poland, Russia, South Africa, South Korea, Spain, Sweden, Tajikistan, Turkmenistan, Ukraine , United Kingdom, United States, Uzbekistan
www.wageindicator.org

Foreign Direct Investment in Retail in 12 EU countries and its Social Effects -- WIBAR-2 Report No. 2

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1 Introduction

In the globalizing world economy, activities of multinational enterprises (MNEs) are growingly covering various countries. In the European Union the impact of foreign direct investment (FDI) on wages and working conditions is supposed to be substantial, but especially on working conditions evidence in this field is lacking nearly totally. The available empirical studies mainly focus on comparing wages earned in subsidiaries of MNEs respectively in domestic firms in a number of countries. Whether multinational establishments in developed home and host countries offer better or worse working conditions compared to domestic firms, is an issue that has not yet been explored in a systematic way.[1] MNEs basically show two approaches to their activities in host countries, adaptive or innovative/transferring, the latter indicating the managerial aim to transfer human resources and other management practices from home to host country.[2] Various and contradictory forces may be at stake here. On the one hand, with the spread of firms operating at an international level the location (establishment) level tends to increase in importance; this can give rise to considerable variation in wages, working conditions and employment practices within MNEs.[3] On the other hand, encouraged by EU-wide production and marketing strategies and by improved information and communication technologies major MNEs seem to have put in place management systems and structures to diffuse "best practices across locations in different EU member states, with important spill-overs for industrial relations: such benchmarking may well diminish variation in human resource (HR) practices and working conditions.[4] National institutions constrain the transfer of HR practices within MNEs, but they are porous, presenting partial and temporal barriers.[5]

Actually cross-country comparative data gathered by the *WageIndicator* web-survey allows to clarify the impact of FDI on wages and working conditions across a number of EU member

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1 Cf. Karolina Ekholm (2004) Multinational enterprises and their effect on labour markets, in Bo Södersten (ed.) *Globalization and the Welfare State*. Basingstoke: Palgrave MacMillan, 83; OECD ? ILO Conference on Corporate Social Responsibilty (2008) *Report. The Impact of Foreign Direct Investment on Wages and Working Conditions.* Paris, 23-24 June.

2 Tony Edwards (2000) Multinationals, international integration and employment practice in domestic plants, *Industrial Relations Journal,* 31(2): 115-129; Bela Galgoczi (2003) The impact of multinational enterprises on the corporate culture and on industrial relations in Hungary, *South-East Europe Review*, 1-2: 27-44.

3 Wilfried Ruigrok, Rob van Tulder (1995) *The logic of international restructuring*. London/New York: Routledge and Kegan Paul; Marta Kahancová (2007a) *Making the Most of Diversity. Social Interaction and Variation in Employment Practices in a Multinational Company*. Diss. University of Amsterdam; Marta Kahancová (2007b) One Company, Four Factories: Coordinating Employment Flexibility Practices with Local Trade Unions, *European Journal of Industrial Relations*, 13(1): 67-88.

4 Graeme Martin, Phil Beaumont (1998) Diffusing "Best practice" in Multinational Firms: Prospects, Practice and Contestation, *International Journal of Human Resource Management,* 9(4): 671-695; Keith Sisson, James Arrowsmith, Paul Marginson (2003) All benchmarkers now? Benchmarking and the Éuropeanisation'of industrial relations, *Industrial Relations Journal*, 34(1): 15-31.

5 Tony Edwards, Trevor Colling, Anthony Ferner (2007) Conceptual approaches to the transfer of employment practices in multinational companies: an integrated approach, *Human Resource Management Journal*, 17(3): 201-217.

states and to discuss these issues in the European trade union movement. With these two goals in mind, UvA-AIAS developed the current *WageIndicator Support for Trade Union BARgaining – 2* (WIBAR-2) project, which was supported by the European Commission in its Industrial Relations and Social Dialogue Program (nr VS/2007/0534) and is running from December 2007 – November 2008. University of Amsterdam / Amsterdam Institute for Advanced Labour Studies (UvA-AIAS) sought and found on this behalf the partnership of ETUC, European Metalworkers' Federation (EMF), Ruskin College (Oxford, UK), and WSI im Hans-Böckler-Stiftung (Düsseldorf, Germany). WIBAR-2 builds on the experiences of the first WIBAR project, developed jointly with ETUC and ETUI-REHS, which ran from September 2006 until August 2007, was also supported by the Industrial Relations and Social Dialogue Program (nr VS/2006/0178) and resulted in a book.[6] This book compares *WageIndicator* data on working time, low pay, training, older workers, collective bargaining coverage and work-related stress across countries and (13) industries. As we will explain in the next section, new *WageIndicator* data enable to compare wages and working conditions (in a broad sense) between subsidiaries of MNEs and domestic firms, thus allowing insight in the social effects of notably inward FDI.

As indicated above, the outcomes of the WIBAR-2 project will be of interest for the research community, various groups of policy-makers and the general public. They will also be relevant for the European trade union movement. The ETUC 2006 annual report of collective bargaining in Europe points out that the advancement of European economic integration "as well as changed practices by employers and, in particular, multinationals, have led to a situation in which bargaining processes in individual European countries become more and more linked to and influenced by collective bargaining in the rest of the continent", and emphasizes the need for adequate information: "More and more trade unions require such information to develop their bargaining strategies and to coordinate their practices elsewhere. It allows trade unionists to cope more effectively with issues like competitive wage dumping, sectoral bargaining, collective bargaining in multinationals, etcetera."[7] In its document "The coordination of collective bargaining in 2007", the ETUC states that the European economic model is turning collective bargaining into a matter of common concern for trade unions throughout Europe.[8] Both inside and outside the euro area, the ETUC argues, wages and working conditions are under risk from the European economic model; in addition, the framework of reference for big companies is increasingly shifting from the

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6 Maarten van Klaveren, Kea Tijdens (eds) (2008) *Bargaining issues in Europe: comparing countries and industries.* Brussels: ETUI-REHS / University of Amsterdam- AIAS / WageIndicator.

7 Maarten Keune (2006) *The Coordination of Collective Bargaining in Europe. Annual Report 2006.* Brussels: ETUC, 2.

8 ETUC (2006) *The coordination of collective bargaining in 2007,* Resolution adopted by the ETUC Executive Committee in their meeting held in Brussels on 07-08 December 2006.

national sectoral level towards the European level or even the global market on which these companies are competing, thereby putting pressure on nationally determined working conditions. The ETUC document concludes that, given the nature and extent of these challenges, the ETUC needs to reinforce the coordination of collective bargaining in Europe, and announces a number of actions to strengthen such coordination.

The current global financial and economic crisis emphasizes that internationalization cannot be separated neither from the growing dominance of shareholder value approaches of corporate governance and massive capital movements fuelled by the 'financialisation' and 'securitisation' of the economy, nor from pure greed and macho behaviour, without the corresponding development of forms of regulation at an appropriate (global, European) level.[9] Already in the years preceding the crisis the internationalization of trade and production, including benchmarking international management practice, has given rise to escalating levels of market uncertainty and to the permanent reorientation and reorganisation of companies in accordance with short-term goals. Under such conditions, it is even more important for trade unionists throughout Europe to get actual insights in the social effects of FDI, comparing these across countries and industries, as well as to intensify the debate on this issue.

The WIBAR-2 project includes 12 countries: Belgium, Denmark, Finland, France, Germany, Hungary, Italy, the Netherlands, Poland, Spain, Sweden, and the UK. These 12 countries accounted for 91% of the total FDI inflow in the European Union in 2007, 85% in 2006 and even 96% of the EU total in 2005. In these years the shares of the 12 in the world's FDI inflow were respectively 40%, 34% and 50%. Calculated over 2005-2007, inward FDI flows were largest in the UK (29.5% of the EU total), followed by France (17.2%), the Netherlands (8.3%), Germany (7.9%), Belgium (7.5%), and Spain (5.6%). In these years, the Central and Eastern European countries (CMEs) jointly attracted 9.1% of the EU FDI inflow. In this group Poland was on top with 2.5% of the EU inflow.[10]

The continuous *WageIndicator* web-survey is building an ever-growing dataset with information on wages, benefits, and other labour conditions, such as working times, contracts, jobs and job levels, training, and collective bargaining coverage. Currently in the

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[9] Cf. Andrew Watt (2008) The economic and financial crisis in Europe: addressing the causes and the repercussions, *European Economic and Employment Policy Brief* (ETUI-REHS), No. 3 – 2008, 6-10.

[10] The FDI outflow from the 12 countries was also considerable, jointly taking 89% of the total outflow from the EU countries in 2007, 92% in 2006 and 93% in 2005. Again calculated over these three years, FDI outflows were largest from France (19.3% of the EU total), the UK (18.1%), Germany (13.8%), Spain (10.9%), the Netherlands (9.0%) and Italy (7.3%). All calculations based on UNCTAD (2008) *World Investment Report 2008* (http://www.unctad.org/en/docs/wir2008_en.pdf), Table B.1.

12 countries involved over 150,000 wage-earners yearly complete the *WageIndicator* questionnaire. Our reporting of the social effects of FDI primarily goes back on the question in this web-survey, posed in all countries at stake, whether the worker's firm has more than one location, and if so, if this is located in the country at stake or abroad. In our analyses we have linked the answers on this question given during the year 2007 and the first half of 2008 with those of the same individuals concerning wages and working conditions in MNEs and domestic firms. We have done so in preparatory reports for five industries: metal and electronics manufacturing; finance and call centres; transport and telecom; information technology, and the retail industry. In October and November 2008, the partners in WIBAR-2 organized three conferences, in which an audience of trade union officials and researchers discussed these reports. These conferences covered respectively metal and electronics manufacturing (in Brussels); transport and telecom (in Oxford), and retail (in Duisburg). The report that you are currently reading covers the retail industry. Its analyses of the effects of FDI are altogether based on the answers of 10,844 respondents working in this industry, 19.5% of all respondents from the five industries under scrutiny.

The use of a second database connected with the *WageIndicator* dataset gives this report added value. As part of the WIBAR-2 project, Van Klaveren and Tijdens have developed a Multinational Enterprise (further MNE)-database for the 12 EU member states and the five industries in question. This database, to be explained more elaborately in sub-section 2.1, is underlying the *WageIndicator* web-survey for its survey question "What is the name of the company where you work?". In due course, the answers on this question linked with the MNE database will enable analyses of the country-specific impact of inward but also outward FDI on wages and working conditions, as well as comparing wages and working conditions across countries within one company as well as between companies. Already now, the MNE database allows offering the reader a state of affairs of FDI in the respective industries in the 12 countries per March 2008. We present the results of this first exploration of the MNE database in the next two sections. Afterwards, in the sections 4 to 12, we will treat the social effects of inward FDI in retail.

2 Foreign direct investment in retail: a state of affairs

2.1 Introduction

As stated, the MNE database is underlying the *WageIndicator* web-survey for its survey question "What is the name of the company where you work?". In this survey, respondents first tick the industry where they work, and then a list of company names in this particular

industry pops up. At the bottom of the list an option 'Other' allows respondents to key in the company name if that name is not listed. An option 'Don't want to say' facilitates respondents not to identify the name of the company where they are working.

For the database sound knowledge of industries and enterprises was combined with information gathered through the Internet. Industry knowledge partly relied on industry studies carried out since 2000 by AIAS and STZ consultancy & research. This knowledge was brought up-to-date through search efforts in company annual reports, with UN publications[11] as a starting point, and additionally via Google and Wikipedia. For the retail industry a recent comparative study on low-wage work in five EU member states and the USA, in which both institutes participated, added quite some knowledge, also concerning ownership relations.[12] Names and ownership relations have been updated until March 25, 2008. This means that the situation concerning ownership relations as of that date will be the starting point for all analyses in the course of the WIBAR-2 project.

The WIBAR-2 MNE database contains 412 MNE names with in total 1,045 subsidiaries and 4,204 establishments in the 12 countries involved. For the purpose of this research, a MNE is defined as a company with one or more subsidiaries, whereby at least one subsidiary has establishments in two or more countries. An establishment is defined at the level of the country. Within one country, establishments are not distinguished individually; even if subsidiaries own many establishments in that country, like stores in retail chains, these establishments are counted as one. For the sake of comparison in a later stage, for a number of countries the database also contains names of large domestic companies in the five industries.

2.2 The retail industry in the database

This paper presents brief results of a first exploration of the MNE database. Its focus is on the retail industry, detailed in Table 1 hereafter, and split up in 12 sub-sectors according to NACE coding as well as a special category of investors (hedge funds, private equity funds).

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11 Notably UNCTAD (2008) *World Investment Report 2008*.

12 A.o. Maarten van Klaveren (2008) The Retail Industry: The Contrast of Supermarkets and Consumer Electronics, in Wiemer Salverda, Maarten van Klaveren, Marc van der Meer (eds) *Low-Wage Work in the Netherlands.* New York: Russell Sage Foundation, 148-176; Maarten van Klaveren (2009) *Low Wages in the Retail Industry in the Netherlands.* Amsterdam: UvA-AIAS Working Paper; Geoff Mason, Matthew Osborne (2008) Business Strategies, Work Organization, and Low Pay in United Kingdom Retailing, in Caroline Lloyd, Geoff Mason, Ken Mayhew (eds) *Low-Wage Work in the United Kingdom.* New York: Russell Sage Foundation,131-167; Dorothea Voss-Dahm (2008) Low-Paid but Committed to the Industry: Salespeople in the Retail Sector, in Gerhard Bosch, Claudia Weinkopf (eds) *Low-Wage Work in Germany*. New York: Russell Sage Foundation, 253-287; Lars Esbjerg, Klaus G. Grunert, Nuka Buck, Anne-Mette Sonne Andersen (2008) Working in Danish Retailing, in Niels Westergaard-Nielsen (ed.) *Low-Wage Work in Denmark.* New York: Russell Sage Foundation, 140-185. In early 2009, the Russell Sage Foundation will publish a comparative overview of the analyses of low-wage work across Denmark, France, Germany, the Netherlands, the UK and the USA, including a chapter on the retail industry by Françoise Carré, Chris Tilly, Maarten van Klaveren and Dorothea Voss-Dahm (draft: *Retail Jobs in Comparative Perspective*, July 31, 2008).

In the last two columns we have given the numbers of the respective companies and subsidiaries.

Table 1 MNEs in the retail industry by sub-sector, according to NACE-coding, breakdown by numbers of companies and subsidiaries

NACE		No.companies	No. subsidiaries
5210	department stores and supermarkets	34	135
5220	specialized stores: food, beverages, tobacco	3	4
5230	pharmaceutical goods, cosmetics	4	7
5241	clothing	18	21
5243	footwear and leather goods	1	2
5244	furniture, lighting and household	3	13
5245	electrical household appliances, RTV	15	41
5246	hardware, paints and glass	2	5
5247	books, newspapers and stationery	0	0
5248	specialized stores: other retail sale	7	12
5249	flowers, plants, etc., games and toys	2	2
5270	repair of personal and household goods	0	0
67121	hedge funds, private equity funds	3	15
Total		**92**	**257**

Our database is for the retail industry somewhat more complex than for the other industries. First, besides 'regular' MNEs the database contains a category rather specific for retailing: co-operative and voluntary chains that have developed into international chains, like the Spar retail chain.[13] We labeled these chains 'VCs'. We counted 86 regular MNEs and 6 VCs. Moreover, in the category of 86 MNEs we included 3 (groups of) hedge funds and private equity funds, mainly operating in the retail industry, with 15 subsidiaries. Most of our analyses will be limited to all MNEs including the VCs, thus totaling 92. Second, for reasons of comparison we have included in our database 110 domestic retail companies. Our further analysis will mostly be based on the 92 MNEs, including the 6 VCs. Thus, for retail our database in total contains 202 company names.

Franchising practices constitute another element specific for retailing. We have left out subsidiaries and establishments that were purely franchised, but included them per country also if only a minority of establishments was directly owned by the "mother company" and a majority was franchised.

The average number of subsidiaries per company can be used as a measure for the *diversification* of MNE interests. In total, the retail MNEs own 2.8 subsidiaries. The sub-sectors furniture, lighting and household retail (code 5244, average 4.3 subsidiaries) and department stores and supermarkets (code 5210, average 4.0) are most widely diversified, though they are surpassed by the hedge and private equity funds (average 5.0). Another important sub-sector, clothing retail, is located at the other side of the diversification

[13] Keri Davies, Steve Burt (2007) Consumer co-operatives and retail internationalization: problems and prospects, *International Journal of Retail and Distribution Management*, 35(2): 156-177.

spectrum with an average of only 1.2 subsidiaries per company. Here, branding plays a major role, which is contradictory to diversification. Electrical household appliances and RTV (consumer electronics) retail comes in between with an average of 2.7.

3 Internationalization in retail

According to our database, in the 12 countries at stake the 92 retail MNEs have in total 226 MNE subsidiaries and 31 VC subsidiaries. The 226 MNE subsidiaries have 586 establishments, and the 31 VC subsidiaries own 53 establishments. The 110 domestic companies that we have traced own 121 subsidiaries and, logically following our approach, also 121 establishments (See Table 2b, p. 15).

Our figures on MNEs imply that their subsidiaries have on average 2.5 establishments. This means that each subsidiary on average is involved in between two and three countries out of 12. This is the lowest figure of the five industries under scrutiny, suggesting that the retail industry is less internationalized than the other four. This outcome seems to correctly reflect the state of affairs in retail internationalization. Most authors on the subject agree that global retailing, though retailer-coordinated value chains are expanding and concentration is on the increase, still remains in an early stage of development, definitely if compared to the internationalization of production.[14]

According to one source, in 2005 the world's *100 largest* retail firms accounted for 26.7% of global retail sales; this share had risen from 21.8% in 2000. In 2004 16.7% of the sales of these largest 100 retailers were foreign sales (2000: 13.4%); in that year these largest 100 firms operated shops on average in 10.0 countries (2000: 7.2 countries). Yet, the 100 largest retailers are the largest in sales, *not* per se the most international in terms of number of countries in which they are active. In 2004 still even 29 of these large retailers were only located in one country, and were thus no MNEs in our definition; another 21 of them covered two to four countries.[15] Another source adds that in the same year 104 of the *top 250* retailers (41%) did not have any international operations. Many of these firms were US-based; in total 36% of the top 250 was US-based, jointly representing 44.3% of world's sales

[14] F.e. Andrew Seth, Geoffrey Randall (2005) *Supermarket Wars. Global strategies for food retailers*. Basingstoke: Palgrave Macmillan, 87.

[15] John Dawson (2006) *Retailer internationalisation: What is being internationalised?* Paper Globalizing Retail: Transnational Retail, Supply Chains and the Global Economy, University of Surrey School of Management, 17-18 July; John A. Dawson (2007) Scoping and conceptualising retailer internationalisation, *Journal of Economic Geography*, 7: 373-397.

volume. Another 9.6% was UK-based (sales share: 8.6%), 7.2% Germany-based (with 11.4% of world sales), and 4.8% France-based (with 9.9% of world sales).[16]

Recent research results basically confirm the argument of Rugman and Girod based on evidence from 2000 that the international expansion of the largest retail MNEs is predominantly regional, operating mainly within one of the three regions of the 'triad' EU, North America and Japan.[17] The most globally active retailers seem to be based in relatively small markets with limited expansion opportunities, with the exception of some very large food retailers. LVMH, the French-based luxury goods group (Luis Vuitton, Christian Dior, Gucci, Dom Pérignon, etcetera) and the Spanish clothing retailer Inditex, owning brands like Zara and Bershka, are repeatedly mentioned as world's most international retail companies, both with stores in 56 countries worldwide; as for sales, LVMH is ranked in about 40th place in lists of top 100 retailers, but Inditex does not show up in these lists at all. As regards the international spread of stores, these two firms are followed by French food retailer Carrefour, world's no. 2 in retail sales (Wal-Mart is no. 1[18]), with stores in 35 countries, and by Swedish furniture retailer IKEA, located in 33 countries. Carrefour's foreign sales accounted for 52% of its total sales, while IKEA's foreign sales share was 92%, and the corresponding shares of LVMH and Inditex 85% and 82% respectively (all 2005 figures; concerning LVMH and Inditex: authors' estimates).[19] Yet, these figures for retailing should be projected against the backdrop of the number of host economies in which (affiliates of) the world's largest MNEs are active. In 2006 15 MNEs each covered at least 62 host countries, with Deutsche Post AG on top with 111 host countries. Oil, electro-technical, food and pharmaceutical firms made up for the other 14 giants.[20]

In Table 21 (Annex) we present an overview of the 50 largest and most internationalized retail MNEs active in "our" 12 countries that are included in our database. In order to be ranked, they should have deployed substantial activities in at least three of 12 countries by

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16 European Monitoring Centre on Change (EMCC) (2007) *Trends and drivers of change in the European commerce sector: Mapping report.* Dublin: European Foundation for the Improvement of Living and Working Conditions, 16-17, derived from Deloitte Stores, *2006 Global powers of retailing,* January 2006.

17 Alan Rugman, Stéphane Girod (2003) Retail Multinationals and Globalization: The Evidence is Regional, *European Management Journal*, 21(1): 24-37. The authors suggest that their argument goes back to more general publications of mainly Rugman (Alan Rugman (2000) *The End of Globalization*. London: Random House; Alan Rugman, Richard Hodgetts (2001) The End of Global Strategy, *European Management Journal*, 19(4): 333-343). However, already in 1995 Ruigrok and Van Tulder (*op. cit.)* produced a convincing analysis of the 'triadisation' of FDI and international trade.

18 For 2006, UNCTAD (2008) *World Investment Report 2008*, using the UNCTAD/Erasmus University Rotterdam database on largest MNEs (TNCs), ranked Wal-Mart first in retail sales (total sales $ 344.992 mln, of which 26% earned abroad), followed by Carrefour (total sales $ 97.731 mln, 52% abroad) and the German Metro Group (total sales $ 75.125 mln, 56% outside Germany). According to this source, in 2006 Wal-Mart employed 28% outside the US, Carrefour 69% outside France, and Metro 55% outside Germany.

19 Rugman & Girod, *op. cit.,* 35-36; Dawson, 2006, *op. cit*.; EMCC, *op. cit.,* 26; Neil M. Coe, Neil Wrigley (2007) Host economy impacts of transnational retail: the research agenda, *Journal of Economic Geography*, 7: 341-371, Table 1; websites LVMH and Inditex.

20 UNCTAD (2008), 28, using the UNCTAD/Erasmus University Rotterdam database.

March 2008.[21] As the row 'No comp/home c.' shows, 42 of 50 firms are based in the 12 countries, of which 15 in Germany, 11 in France, and six in the UK. Activities of eight firms are controlled from outside these 12: six from the USA, one from Japan and one by a Luxemburg-based private equity fund. Jointly these 50 MNEs (54% of the 92 MNEs in Table 1) owned 189 subsidiaries (74% of the total in Table 1) and 457 establishments (72% of the MNE total, see Table 2a). (In the table, the first row -- No. establishm./1-- on the number of establishments gives a simple footing of the 'x's indicating presence as such per country; the second row -- No. establishm./2—shows the real number, as many large firms have per country 'parallel' subsidiaries with establishments). Thus, these 50 firms on average own 3.8 subsidiaries, against 1.6 for their smaller MNE competitors. If we may rely on these figures, the conclusion is justified that diversification is more dominant among the large MNEs than internationalization as such.

Of these top 50 MNEs included in our database, 20 were active in 10 or more countries: 11 in all 12 countries, four in 11 countries, and five in 10 countries. The overview shows that out of 17 selected companies in the department stores and supermarkets sub-sector (code 5210) only one firm (Lidl) has invested in all 12 countries. Even Carrefour's 15 subsidiaries jointly have establishments in just seven countries.[22] The 17 most internationalized food-based MNEs on this list have on average establishments in 5.8 countries. Our data confirms that internationalization in food retailing is much more complicated and less 'complete' than internationalization in notably clothing retail (code 5241). According to our database, six of the 12 selected clothing-selling MNEs have stores in all 12 countries. Indeed, Inditex is among these six. On average these 12 clothing sellers own establishments in 9.6 countries. In the pharmaceutical goods and cosmetics sub-sector (5230), LVMH stands out as the one firm with stores in all 12 countries. The same holds for IKEA in the furniture etc. sub-sector (5244). In consumer electronics (5245) both the Euronics International buying group and the Japanese Matsushita electronics conglomerate (Panasonic, Technics) have stores in the 12 countries.[23]

Table 22 (Annex) shows an overview of the world's top 50 retail firms according to sales over 2007 that we composed from various sources. We also included a ranking of these 50 according to employment. This overview includes 23 US-based firms as well as 23 firms based in the EU: nine German, six French, five UK firms and one firm each based in

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[21] We ranked the largest firms according to sales with investments in at least three countries of the 12 concerned till we reached 50 firms, the threshold being sales in 2007 of Euro 1.45 billion.

[22] Carrefour has a number of subsidiaries active in France, its home country, only (like Champion, Cora, Ed), and subsidiaries dedicated to just one host country (like Maxidia in Spain). This example shows that there does not need to be a causal relationship between the number of subsidiaries and the number of establishments.

[23] Note that the largest and most aggressively expanding consumer electronics chain, MediaMarkt, is grouped with its parent company Metro Gruppe under code 5210.

Belgium, the Netherlands and Sweden. The US-based firms jointly represent 52.2% of the sales volume and even 58.7% of employment of these top 50 firms.[24] However, only two of the "smallest" American MNEs in the top 50 turn out to have activities in at least three of 12 countries: Gap and internet-based Amazon.com. Comparison with Table 21 learns that other US-based firms with interests in three or more countries are MNEs below the top 50, operating in rather specialized markets: Levi Strauss, Liz Claiborne, Foot Locker, Pearle, and Toys R Us. This is a confirmation of the current development of retail internationalization that we depicted earlier. 20 of the 23 top 50 retail MNEs based in EU countries turn out to be active in at least three of "our" countries, the exceptions being the UK food retailers J. Sainsbury's and Wm Morrison's and German-based Arcandor, a firm that recently largely switched to internet activities.[25]

As already noted in our book on the first WIBAR project, internationalization is not a rectilineair process.[26] This definitely holds for FDI in retail. In the last fifteen years, international divestments and market exits of large retailers have attracted quite some research attention. Actually such exits are regarded as intrinsic elements in the process of retail internationalization. A spectacular example of curtailing worldwide expansion was that of the Marks & Spencer's clothing-based chain, in 1998-2001 withdrawing from at least 25 countries in order to focus again on the UK home market.[27] In food retail, since the mid-1990s Carrefour –like other large retailers[28] following a strategy of market consolidation and concentrating on building market share-- withdraw from the UK, Austria, the USA, Mexico, Hongkong, South Korea, the Czech Republic, Slovakia, Norway, Japan, and Chile.[29] Even more dramatic was the withdrawal of Ahold from at least 12 countries, forced by banks and shareholders after in early 2003 it turned out that the expansion of the Dutch food retailer had partly been built on fraud and sales boosting practices.[30] Actually, as the Annex shows, Ahold is only active in three out of "our" 12 countries. Such moves can have substantial effects on the retail landscape in host countries. Even a country like Poland, that from 1991 on attracted quite some retail FDI and had in 2005 only one domestic firm (Ruch) left among the top 10 retailers by sales,[31] witnessed the exit of at least 11 retail MNEs between 1994 and 2006.[32]

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24 It would be risky to base further analyses on these and related figures, as it is often unclear from the available sources whether employment is counted in FTEs or head-counts. This division is highly relevant for retail.
25 Annual Report Arcandor 2007.
26 Van Klaveren & Tijdens, *op. cit.,* 7.
27 Nicholas Alexander, Barry Quinn (2002) International retail divestment, *International Journal of Retail & Distribution Management*, 30(2): 112-125, on M & S: 119-122.
28 Dawson, 2007, *op. cit.*
29 Steve Burt, John Dawson, Leigh Sparks (2006) *International Retail Divestment: reviews, case studies and (e)merging agenda. Paper.* Stirling: Institute for Retail Studies, University of Stirling, corrected with outcomes from our MNE database.
30 Van Klaveren, 2009, *op. cit* ., 10; Burt *et al, op. cit.*
31 Dawson, 2007, *op. cit.,* 381 (Table 9).
32 Derived from Burt *et al, op. cit.*

Two accounts of retail divestment, those of Wal-Mart's 2006 withdrawal from Germany and of the failures of both Carrefour and Wal-Mart in Japan, are particularly telling as they illuminate main forces at stake in developed host economies.[33] First, one of Wal-Mart's key resources in the USA was to dominate supplier networks and to reap economies of scale in purchasing. Yet, in both Germany and Japan the US giant underestimated the complexities of the national distribution and logistics systems, was not able to bypass the vested wholesalers, and consequently did not realize substantial economies of scale. Essentially, this held for Carrefour in Japan too. Second, in heavily competitive markets both firms did not succeed to reshape local consumers' values in order to fit in their formats, or to adapt to the local culture. They did not come to grips with the complex attitudes of German and Japanese consumers towards price. In Germany Wal-Marts US low-cost strategy (EDLP = EveryDay Low Prices) was not attractive enough for consumers with habits of engaging in price averaging and buying in various stores, combining weekly shopping at the hard discounters as price leaders (Aldi, Lidl) with daily shopping for small food items in the neighbourhood groceries. The Americans underestimated the impact of social norms on their autonomy of action. This became also visible in Wal-Mart's clashes with the German regulatory environment. The country's limited opening hours and its land use regulations, rather unfavourable to the development of very large establishments, hampered reaping economies of scales on the sales side.[34] Last but not least, Wal-Marts approach to the German industrial relations meant a rejection of its consultative nature and a violation of basic social norms. The company refused to adopt German collective agreements as well as to recognize and deal with Works Councils. It came to Wal-Mart management as a surprise that the ver.di union retaliated by walkouts from 30 stores, and even more that the general public broadly supported this union action.[35]

3.1 Internationalization by host country

As indicated, the largest 50 retail MNEs own 189 subsidiaries (74%) with 457 establishments (72%). Tables 1 and 2a (next page) show that in our MNE database the department stores and supermarkets sub-sector (code 5210) counts for 37% of all retail MNEs (companies), 52% of all MNE subsidiaries but only 27% of all retail establishments (171 of 639). Comparison with information used for the Annex gives some more clues about concentration

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[33] Susan Christopherson (2007) Barriers to 'US style' lean retailing: the case of Wal-Mart's failure in Germany, *Journal of Economic Geography*, 7: 451-469; Yuko Aoyama (2007) Oligopoly and the structural paradox of retail TNCs: an assessment of Carrefour and Wal-Mart in Japan, *Journal of Economic Geography*, 7: 471-490.

[34] Also: Andreas Knorr, Andreas Arndt (2003) Why did Wal-Mart fail in Germany?, in Andreas Knorr, Alfons Lemper, Axel Sell, Karl Wohlmuth (eds) *Materalien des Wissenschaftsschwerpunktes 'Globalisierung der Welwitschaft'*. Bremen: IWIM.

[35] Christopherson, *op. cit.,* 461; Knorr & Arndt, *op. cit.*

within the MNE ranks. The largest, most internationalized half of the 34 department store and supermarket MNEs owns 104 of 135 subsidiaries (77%) in the sub-sector and 119 of 171 establishments (70%: the relatively smaller number of establishments can be explained by the considerable number of subsidiaries of large MNEs that is only active in the home country, see footnote 18). The other 17 MNEs own 31 subsidiaries and 52 establishments.

Clothing retail (code 5241) is the second largest sub-sector, with 20% of MNEs and 8% of subsidiaries but with 24% of all establishments (152 from 639). The largest, most internationalized 12 of these 18 clothing MNEs jointly own 15 subsidiaries (6%) and 115 establishments (18%). The smaller six clothing MNEs just have six subsidiaries, but jointly still own 37 establishments.

Consumer electronics (code 5245) takes the third position, with 16% of all MNEs, 16% of subsidiaries and 18% of all establishments. The largest, most internationalized six MNEs in this sub-sector are in the top 50 list; they jointly own 28 subsidiaries (11%) and 71 establishments (11%). The remaining nine firms own 13 subsidiaries and 46 establishments.

Table 2a suggests that internationalization remains quite limited in four sub-sectors: hardware, paints and glass; books, newspapers, stationery; repair, and flowers etc. It has to be added that notably in repair hedge and private equity funds play a role, but their establishments are grouped in column ‘67121’.

Table 2a ***Number of MNE (including VC) establishments in 12 countries in retail by MNE host country, breakdown by sub-sector, according to NACE code (Table 1)***

	5210	5220	5230	5241	5243	5244	5245	5246	5247	5248	5249	5270	67121	Total
BE	16	2	2	17	1	6	11	2	0	9	3	0	3	72
DE	26	3	3	17	2	2	11	0	0	3	2	0	7	76
DK	7	0	1	10	1	1	6	0	0	3	1	0	2	33
ES	13	1	2	15	0	2	8	0	0	3	1	0	3	48
FI	2	0	2	7	0	1	6	0	0	3	1	0	0	22
FR	24	2	4	17	1	4	16	2	0	5	1	0	0	76
HU	14	0	4	9	1	1	7	0	0	3	0	0	1	40
IT	12	0	4	10	0	1	9	0	0	4	0	0	1	41
NL	17	2	10	17	5	7	19	3	1	9	7	0	3	100
PL	20	1	4	12	1	1	6	1	0	2	0	0	0	48
SW	8	0	2	9	0	1	8	0	0	3	1	0	0	32
UK	12	2	5	12	1	2	10	1	1	3	1	0	1	51
tot.	**171**	**13**	**43**	**152**	**14**	**29**	**117**	**9**	**2**	**50**	**18**	**0**	**21**	**639**

Looking at the division over 12 countries, Table 2a shows that we found most establishments in the Netherlands (100 of 639, 15.5%), followed by Germany and France (both 76, or 12%) and Belgium (72 or 11%). The lowest numbers of establishments are found in Sweden (32) and Finland (22). Food retailing is well represented in Germany, France and Poland, clothing in Belgium, Germany, France and the Netherlands, and consumer electronics in France and the Netherlands. These figures as well as those of Table 3 may have some positive bias towards the Netherlands, as we are best informed about retailing in this country, while there

may be a negative bias towards the number of establishments of large retail firms in notably the UK.

Table 2b presents the number of establishments (for 'regular' MNEs, VCs and domestic companies) by host country.

Table 2b Number of MNE, VC and domestic establishments in 12 countries in retail by MNE host country

	No. MNE establishments	No. VC establishments	No. domestic company establishments	Total
BE	70	2	7	79
DE	66	10	3	79
DK	24	9	9	42
ES	46	2	1	49
FI	20	2	16	38
FR	71	5	14	90
HU	37	3	3	43
IT	39	2	8	49
NL	93	7	48	148
PL	48	0	9	57
SW	24	8	3	35
UK	48	3	0	51
Total	**586**	**53**	**121**	**760**

We included domestic companies in the Netherlands because the low-wage research project (footnote 9) made this information available, and we gave special attention to Finland, Denmark and Italy because we were aware that especially the food retail markets of these countries are rather fragmented, with a considerable share of small domestic firms.[36]

3.2 Internationalization by MNE home country

Table 3 (next page) shows that a substantial share of all retail MNE establishments (118 or 18.5%) is owned by retail MNEs with Germany as their home country, followed by those from France (113 or 17.5%) and the Netherlands (103, 16%). Logically, the largest number of establishments of the respective home companies per country is located in their own country: 33 in Germany, 30 in France, 47 in the Netherlands, etcetera.

According to our database 108 (17%) from all retail MNE establishments in the 12 countries are owned by MNEs from outside the European Union, mainly from the USA (53) and Japan (31), but also from Canada, Hongkong (China), Norway, and Switzerland. Across the five industries under scrutiny this 'outside the EU' share is substantially lower than that found for

[36] EMCC, *op.cit.;* for Finland: Outi Uusitalo, Maija Rökman (2007) The impact of competitive entry on pricing in the Finnish retail grocery market, *International Journal of Retail & Distribution Management*, 35(2): 120-135; for Denmark: Esbjerg *et al, op.cit*.; for Italy: Pascal Kuipers (2005) Italy: retail modernization with help from abroad, *Elsevier Food International*, 8(3): 31-5.

metal and electronics manufacturing (46%), but it is about at par with transport and telecom (16%) and finance and call centres (17 %).

Table 3 Number of MNE establishments in 12 countries in retail, breakdown vertical by MNE home country and horizontal by host country

	BE	DK	FI	FR	DE	HU	IT	NL	PL	ES	SW	UK	Total
Austria	0	0	0	0	0	0	1	0	1	0	0	0	2
Belgium	14	1	1	3	1	4	0	2	0	0	1	0	27
Canada	0	0	0	1	0	0	0	0	0	0	0	0	1
Denmark	0	6	0	0	2	1	0	0	0	0	6	0	15
France	11	2	3	30	8	7	10	5	13	15	3	6	113
Germany	7	6	2	10	33	8	7	15	13	7	4	6	118
Hong Kong (China)	1	0	0	0	0	1	0	3	1	0	0	2	8
Hungary	0	0	0	0	0	1	1	0	0	0	0	0	2
Italy	1	1	1	2	1	1	2	2	1	1	1	1	15
Japan	2	1	3	2	3	2	3	3	2	3	2	3	29
Luxembourg	2	1	0	0	1	1	1	3	0	3	0	1	13
Netherlands	18	2	1	10	11	3	1	47	3	2	2	3	103
Norway	0	1	0	0	0	0	0	0	0	0	1	0	2
Portugal	0	0	0	0	0	0	0	0	1	0	0	0	1
Spain	4	2	2	3	2	2	5	3	3	5	2	3	36
Sweden	3	2	1	3	3	1	1	2	2	3	2	3	26
Switzerland	2	1	1	1	3	1	0	1	0	1	1	1	13
United Kingdom	3	2	3	7	2	4	5	9	5	3	3	15	61
United States	4	5	4	4	6	3	4	5	3	5	4	7	55
Total	**72**	**33**	**22**	**76**	**76**	**40**	**41**	**100**	**48**	**48**	**32**	**51**	**639**
of which top 50	45	31	20	48	52	35	33	53	39	35	27	39	457
share top 50 firms	63%	94%	91%	63%	68%	88%	80%	53%	81%	73%	84%	76%	72%

The table reveals various patterns of internationalization of retailing by MNE home country. As suggested by retail internationalization literature, geographic vicinity plays a major role: expansion to neighbouring countries is dominant. For example, Germany-based retail MNEs have expanded in particular to France, the Netherlands, and Poland. French MNEs mainly internationalized towards Belgium, Italy, Spain and, again, Poland. Dutch retail MNEs particularly invested in Belgium, and to a lesser extent in Germany and France. UK-based retail MNEs notably internationalized towards France and the Netherlands. US-based retailers have spread their interests across Europe rather evenly, be it with some concentration on the UK.

It is interesting to note the share of the top 50 firms in the number of establishments per country (last row). This share is lowest in the Netherlands (53%), followed by Belgium, France and Germany. The share is highest in the three Scandinavian countries, with scores in the 84-94% range, and in Hungary (88%), Poland (81%) and Italy (80%). It seems that the largest, most internationalized firms have gained quite strong positions in retail FDI in these six national markets, which have been described as relatively difficult to penetrate.

4 The social effects of foreign direct investment in retail

For the analyses in this part of the report, we use the *WageIndicator* data collected in 2007 and the first half of 2008. Initially, we aimed for analyses of the social effects of FDI in 12 EU member states, but the numbers of *WageIndicator* observations in Denmark, Italy and France were too few. For France, this is not surprising because the questionnaire started just in 2008. For Italy and Denmark, *WageIndicator* unfortunately lacks media partners with a strong position in the national Internet market. Consequently, the analyses will be performed for nine countries only. During the year 2007 and the first half of 2008, 10,844 workers in retailing in nine countries completed the questionnaire. Table 4 shows a breakdown by country. The reader should be aware that the numbers of respondents in Hungary, Sweden and Poland remain small.

Table 4 Number of observations in retail by country

Belgium	Finland	Germany	Hungary	Netherl.	Poland	Spain	Sweden	UK
832	438	2,307	27	4,917	307	804	49	1,163

In the next chapters (5 to 7) we deal with the characteristics of the firms in retail: their establishment size, locations, and ownership. In chapters 8 to 12 we go into the effects of FDI on wages, working conditions, working hours, training and industrial relations, through dividing the outcomes between MNEs and non-MNEs.

5 Establishment size

How large are the company establishments in retail? Of course, these are mostly stores, and thus they are mostly much smaller than the establishments in the other industries. Table 5 shows that the retail establishments where the respondents are employed, vary from a median size (headcount, see last row) of 43 (UK) to 9 (Spain).

Table 5 Distribution over four establishment size categories and median establishment size in retail by country

Establishment size	BE	FI	DE	HU	NL	PL	ES	SW	UK
Less than 20	55	55	45	30	47	48	66	37	39
20 - 100	25	31	26	33	30	24	20	24	23
100 - 500	12	10	13	26	15	22	9	16	21
500 – and more	9	4	16	11	7	7	4	22	17
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Median head count	18	18	30	35	26	28	9	36	43

Note: Establishment size is measured on a 10-point scale, ranging from a 1-person firm to a firm with more than 5,000 employees at the locality of the respondent. In order to approach reality, for this table the midpoints of the values have been taken.

Leaving Sweden aside, the share of those working in companies with 500 or more employees is largest in the UK (17%), Germany (16%) and Hungary (11%). In Finland and

Spain only 4% of all establishments belong to this size category. In Belgium, Finland and Spain majorities of the employees, respectively twice 55% and 66%, are working in establishments with less than 20 employees. For Germany, the Netherlands and the UK the median values are higher than those derived from the respective national statistics,[37] an indication that among the *WageIndicator* respondents those working in larger establishments are somewhat overrepresented.

6 Locations of the firm

The *WageIndicator* web-survey includes a question whether the worker's firm has more than one location, and if so, if this is located in the country at stake or abroad. For the purpose of this report, we define a Multinational Enterprise (MNE) as a company that has one or more locations abroad. Unfortunately, in Hungary this question was not operational in the web-survey in 2008 until week 21. Therefore, table 6 covers eight countries only.

Table 6 Distribution over location categories in retail by country

	BE	FI	DE	NL	PL	ES	SW	UK
No	33	33	27	22	28	23	6	16
Yes, in 1 city / municipality	5	7	7	5	10	10		9
Yes, in 1 region	6	3	9	7	3	9		9
Yes, in 2 or more regions	9	16	10	10	10	13	6	6
Yes, throughout the country	14	19	16	33	17	17	22	26
Yes, throughout the country and abroad	31	19	30	23	28	27	55	33
Yes, but only abroad	2	2	1	1	4	0	10	2
Total	100	100	100	100	100	100	100	100
MNE median establishment size	47	46	89	43	60	44	75	159
No MNE median establishment size	5	15	18	23	18	5	35	32
Med. MNE size: med. No MNE size	9.4	3.1	4.9	1.9	3.3	8.8	2.1	5.0

The share of workers that is employed in MNEs seems particularly high in Swedish retail (77%: the answers on *Yes, throughout the country and abroad* combined with those on *Yes, but only abroad),* but mind again the small sample for Sweden. The shares in Belgium, Germany, Poland and the UK are in the 31-35% range, for Spain and the Netherlands in the 24-27% range, and Finland closes the ranks, as expected (21%). The unweighted average of seven shares (except Sweden) is 29%: by far the lowest share in the five industries under scrutiny. In each of these seven countries the retail share is also the lowest.

If we compare the median sizes of their workforces (headcount), the MNE establishments prove to be larger than those of the non-MNE firms in all countries, with Belgium (9.4 times as large), Spain (8.8 times) and the UK (5.0) as most extreme cases. The size difference is

[37] Van Klaveren, 2009, *op.cit.,* Appendix; Carré *et al, op.cit.,* forthcoming.

comparatively small in the Netherlands. The MNE establishments in the UK are by far largest, which seems in line with the available evidence on the size of large UK stores in notably food and consumer electronics retail.[38]

7 Firm ownership

Besides in location of the firm, we are also interested in firm ownership. Unfortunately, only four countries have put a question in the *WageIndicator* web-survey on ownership of the firm of the worker. Three categories have been distinguished: firms that are fully domestic-owned, firms that are partly domestic and partly foreign-owned, and firms that are fully foreign-owned. In order to create an indicator for ownership, we grouped the latter two categories into one category 'foreign owned', and compared their employment share with that of the fully domestic-owned.

Table 7 Percentage of workers in foreign-owned firms and in MNEs in retail by country

	BE	NL	ES	SW
Total workers in foreign-owned company	49%	18%	25%	64%
Working in MNE, in foreign-owned company	82%	53%	67%	71%

Table 7 presents the results. The first row concentrates on those indicating to work in a foreign-owned retail company. It shows that particularly in Belgium and Sweden, a rather high share of the respondents –49% and 64% respectively-- is employed in such companies. The other industries show the same pattern. For Belgium this corresponds with the very high 'transnationality index' (made up of FDI inward stocks, value added and employment in foreign affiliates) that UNCTAD attaches to this country, for 2005 the highest in the EU.[39] Belgium has also the no. 1 ranking in the KOF Index of Globalisation for 2007 and 2008, composed from indices of economic, social and political globalisation, with in 2008 Sweden in 3rd position, the UK in 4th, the Netherlands in 6th and Spain ranking 12th.[40] As Table 7 shows, by contrast retail employees in the Netherlands and in Spain are much more often employed in nationally owned companies.

The second row concentrates on those working in retail MNEs. It indicates that in all four countries majorities of MNE staff are working in foreign-owned MNEs: in Belgium even 82% (implying that only 18% works in Belgium-based retail MNEs), in the other countries from 53% (the Netherlands) to 71% (Sweden).

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38 Van Klaveren, 2009, *op.cit.,* Appendix.

39 UNCTAD (2008) *World Investment Report 2008*, 9.

40 Axel Dreher, Noel Gaston, Pim Martens (2008) *Measuring Globalisation. Gauging its Consequences.* New York: Springer, 52. For 2008: KOF Swiss Economic Institute (2008) *press release January 8, 2008* (http://globalisation.kof.ethz.ch).

Unfortunately, we did not find comparable sources for these four countries. UK figures for 2003 indicate that by then MNEs provided 45% of retail employment: UK-based MNEs accounted for 33.4% and foreign MNEs for 11.4% -- thus, according to this source the share of the latter, to be compared to the second row of Table 7, was 25%.[41]

8 Wages

8.1. Comparison of wage levels

A major issue in much research and debate on foreign direct investment and MNEs, and in our research as well, is that concerning the levels of wages paid in establishments of MNE versus those in domestic-owned firms. Table 8a presents the outcomes of the *WageIndicator* web-survey in this respect for all workers, for the MNEs as defined earlier (a company that has one or more locations abroad) versus domestic firms, and for seven countries.

It reveals that in four countries the median gross hourly wage level in MNEs is substantially higher than that in non-MNE firms, varying from 11.2% of the average MNE-wage in Spain till 23.7% in Poland. Yet, in three countries the differences are much smaller (5.6% in Belgium, 3.5% in the Netherlands) till non-existing, while in Finland *non*-MNE retail firms pay slightly (0.3%) more than MNEs.

Retail is definitely a low-wage industry. Except for Finland and partly for Poland, the median retail wages in both MNEs and non-MNEs are lower than those in the other four industries under study. If we equal the unweighted average of the five industries per country to 100, then median hourly retail wages in MNEs range from 72 (the Netherlands, Spain) to 92 (Finland) and 95 (Poland); the comparable figures for non-MNEs vary from 64 (Spain), 67 (Germany), 69 (the Netherlands and the UK) to again 92 in Finland.

Table 8a ***Median gross hourly wages of workers in MNE and non-MNE firms, in retail by country (in Euros, current exchange rates av. 2007-1st half 2008), all***

	BE	FI	DE	NL	PL	ES	UK
MNE	12.81	13.20	12.32	10.40	4.85	6.07	12.66
No MNE	12.09	13.23	10.00	10.03	3.70	5.39	10.75
Total	12.60	13.22	10.78	10.16	3.90	5.55	11.53
Difference ((MNE-non-MNE):MNE)	5.6%	-0.3%	18.8%	3.5%	23.7%	11.2%	15.1%

[41] Dolores Anon Higon, Nicholas V. Vasilakos (2006) The Role of MNEs and FDI spillovers in the UK Retail sector (presentation), in Odul Bozkurt et al (2006) *Knowledge, Skills and Productivity in UK Retailing*. Aston Business School workshop.

In Table 8b we present the same information but only for those working 20 hours or less per week. These workers with small part-time jobs represent 7% of our sample workforce in Poland, 14% in Spain, 16% in both Germany and Belgium, 20% in the UK, 25% in Finland, to 37% in the Netherlands (see Table 17).

Table 8b ***Median gross hourly wages of workers in MNE and non-MNE firms, in retail by country (in Euros, current exchange rates av. 2007-1st half 2008), working week 20 hours or less***

	BE	FI	DE	NL	PL	ES	UK
MNE	-	14.32	11.88	6.85	-	7.10	11.02
No MNE	11.03	13.85	10.00	6.32	-	6.06	9.26
Total	11.34	13.90	10.39	6.44	3.48	6.44	9.75
Difference ((MNE-non-MNE):MNE)	-	3.3%	15.8%	7.7%	-	14.6%	16.0%

The wage levels of the part-timers are lower than the overall wages in Belgium (10%), Germany (4%), Poland (8%), the UK (16%) and especially in the Netherlands (37%). To this effect in the Netherlands the low youth scales with their long tail play a major role.[42] To a lesser extent this holds for the UK too.[43] Earlier statistical testing learned that in the Netherlands the youngsters working in these scales are well represented among the *WageIndicator* respondents; this may be the case for the UK as well. Employers massively deploying young workers and paying youth wages use one of various "exit options". These options are gap or weaknesses in institutions bolstering job quality or result from deliberate "top down" changes in regulation. Retail employers have frequently taken the lead in demanding, creating, or exploiting such exit options.[44] In Germany an exit option is "mini-jobs", short hour part-time jobs of mainly women for which the legal regulations provide a subsidy as they pay no income tax or social security contributions. These regulations are often circumvented and the mini-jobs are often paid below the collectively agreed wage scales.[45] Most likely our figures for Germany do not show the full effects of these practices, as mini-jobbers seem to be rather underrepresented among the respondents.

Surprisingly enough in Finland and Spain the wages of those with small hours prove to higher than the overall wages, respectively 5% and even 16%. The general picture that MNEs pay higher wages than domestic retail firms does not change for those with small part-time jobs; here this also holds for Finland.

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42 The Dutch statutory minimum youth wage starts at age 15 with 30% of the adult statutory minimum wage, to which workers aged 23 and older are entitled. Moreover, retail employers in the Netherlands have negotiated that premia for work after 8pm are only available to those working more than 12 hours per week, thus excluding most part-timers i.e. younger workers. Cf. Van Klaveren, 2009, *op.cit.*

43 The UK national minimum wage starts with 61.6% of the adult wage with ages 16 and 17, till 100% is reached at age 22. Cf. Damian Grimshaw (2008) *The UK System of Minimum Wage Regulation*. Manchester: EWERC, Manchester Business School.

44 Carré *et al, op.cit.,* forthcoming.

45 Voss-Dahm, *op.cit.,* 256-7.

Table 8c the same wage information for the largest hours' category, those usually working more than 20 till 40 hours per week, representing 44% (Poland) to 68% (Finland) of the retail workforce (Table 17). Except for Belgium and Poland, these median hourly wages are slightly lower than the overall median. In six of seven countries, MNEs pay higher wages for this category as well, though except for Belgium the differences are smaller than overall and though for the Netherlands the wage levels of MNEs and domestic firms are quite close. Through these figures the Finnish overall difference in favour of wages of domestic firms is explained: in Finland the median of this category is nearly 5% above the median in the MNEs.

Table 8c ***Median gross hourly wages of workers in MNE and non-MNE firms, in retail by country (in Euros, current exchange rates av. 2007-1st half 2008), working week >20-40 hours***

	BE	FI	DE	NL	PL	ES	UK
MNE	12.88	12.05	11.70	9.89	4.48	5.94	11.80
No MNE	12.13	12.61	9.58	9.77	3.91	5.33	10.40
Total	12.62	12.50	10.16	9.80	4.17	5.51	10.76
Difference ((MNE-non-MNE):MNE)	5.8%	-4.6%	18.1%	1.2%	12.7%	10.3%	11.9%

Our calculations (not shown) for those usually working over 40 hours / week reveal that the differences between hourly wages in MNEs and in non-MNEs tend to grow considerably with a length of the working week of over 40 hours, reaching for those with a working week over 48 hours a 28% gap in Germany and the Netherlands and even 39% in Spain. In these three countries hourly wages increase with more hours, also in domestic firms but much more so in MNEs. In the UK hourly wage growth with more hours is somewhat higher in domestic firms. Poland shows a quite different trend; here hourly wages fall with more hours, with the same magnitude in MNEs and non-MNEs, for those working over 48 hours even below the median level of the workers with short hours.

Yet, it can be questioned to what extent size of operations matters, and whether other factors may be relevant as well. In order to find some clues, we compare median wages between MNEs and non-MNEs within three firm size categories: table 8d (next page). From the table it emerges that in six out of seven countries there is a wage premium in retail MNEs in firms with less than 100 employees. The premium varies widely: from 0.5% in the Netherlands to 21% in Poland. Finland is the exception, with median wages nearly 8% higher with domestic retailers. The larger size categories show a mixed picture. In the category with 100-500 employees MNEs show a rather modest wage advantage (7 - 12%) in Finland, Germany, the Netherlands and Poland, while in Spain this advantage is much larger (36%). This outcome cannot be separated from the very low median wage –just over Euro 5 hourly— earned in

Spanish medium-sized domestic firms. In this size category Belgian and British domestic firms show higher wages than the MNEs.

Table 8d ***Median gross hourly wages of workers in MNE and non-MNE firms, in retail by country and firm size (in Euros, current exchange rates av. 2007-1st half 2008)***

		BE	FI	DE	NL	PL	ES	UK
MNE	< 100 empl	12.75	12.15	11.16	9.82	4.04	5.66	12.34
MNE	100-500 empl	12.46	14.95	12.60	12.41	4.69	7.85	12.64
MNE	> 500 empl	13.52	16.74	15.88	12.92	-	7.10	15.17
MNE	Total	12.81	13.20	12.32	10.40	4.85	6.07	12.66
No MNE	< 100 empl	12.09	13.07	9.53	9.77	3.28	5.38	9.99
No MNE	100-500 empl	12.48	13.91	11.12	10.95	4.31	5.03	13.15
No MNE	> 500 empl	-	-	12.68	13.20	5.61	-	15.12
No MNE	Total	12.09	13.23	10.00	10.03	3.70	5.39	10.75
Total	< 100 empl	12.16	13.04	9.93	9.81	3.48	5.43	11.70
Total	100-500 empl	12.47	14.12	11.57	11.44	4.52	5.88	13.03
Total	> 500 empl	-	-	13.89	13.03	-	-	15.13
Total	Total	12.60	13.22	10.78	10.16	3.90	5.55	11.53
Difference ((MNE-non-MNE):MNE)	< 100 empl	5.2%	-7.6%	14.6%	0.5%	20.8%	4.9%	15.4%
Difference ((MNE-non-MNE):MNE)	100-500 empl	-0.2%	7.0%	11.7%	11.8%	8.1%	35.9%	-4.0%
Difference ((MNE-non-MNE):MNE)	> 500 empl	-	-	20.2%	-2.2%	-	-	0.3%
Difference ((MNE-non-MNE):MNE)	Total	5.6%	-0.3%	18.8%	3.5%	23.7%	11.2%	15.1%

Only cells with more than 8 observations are included

As retailing includes only few establishments over 500 employees, results for firms in this category are only available for three countries. Again, they show a mixed pattern: a substantial wage premium in German MNEs, a small one for UK MNEs, and a negative one for the Dutch. Our evidence clarifies that size is not always the dominant factor. In the retail trade *small* Finnish domestic firms seem to have a strong position in the labour market. This may also be the case for larger domestic Belgian and UK firms. Another interpretation may be that retail MNEs with larger establishments resort to wage pressure, following our evidence notably in Belgium, Finland, and the UK. MNEs with smaller establishments seem to exert such pressure especially in Poland. The well-known, structural difficulties in organizing the retail workforce[46] pile up here, as the very low union density rates (Table 20) emphasize.

[46] Cf. Heiner Dribbusch (2003) *Gewerkschaftliche Mitgliedergewinnung im Dienstleistungssektor. Ein Drei-Laender-Vergleich im Einzelhandel.* Berlin: Ed. Sigma; Heiner Dribbusch (2004) *Structural Obstacles to Organising in the Private Service Sector: Evidence from the British, Dutch and German retail industries.* Paper 22nd Annual International Labour Process Conference, 5-7 April 2004, Amsterdam.

In our last comparison of wage levels we go into the gender pay gap, the difference between median male and female gross hourly wages (divided by the male wage) at the cost of women, in MNEs respectively non-MNE firms: Table 8e.

Table 8e ***Median gross hourly wages of workers in MNE and non-MNE firms, in retail by country and gender (in Euros, current exchange rates av. 2007-1st half 2008)***

		BE	FI	DE	NL	PL	ES	UK
MNE	male	12.98	14.43	13.55	12.50	5.27	7.11	15.50
MNE	female	12.81	12.60	11.37	9.72	3.37	5.86	11.81
MNE	difference ((m-f):m)	1.1%	12.7%	16.1%	22.2%	36.0%	17.6%	23.8%
No MNE	male	13.23	13.13	10.97	11.27	4.62	5.77	11.73
No MNE	female	11.56	13.24	9.35	9.54	3.25	5.28	10.11
No MNE	difference ((m-f):m)	12.6%	-0.9%	14.8%	15.4%	29.7%	8.6%	13.8%
Total	male	13.22	13.86	12.02	11.71	4.95	6.30	12.69
Total	female	12.15	13.15	9.90	9.62	3.27	5.39	10.49
Total	difference ((m-f):m)	8.1%	5.1%	17.7%	17.8%	33.9%	14.4%	17.3%

Only cells with more than 8 observations are included

In MNEs six of seven countries show a considerable gender pay gap, from 13% in Finland to even 36% in Poland. In Belgium this gap is quite small. That country is the only one with a larger gap in domestic firms. Finnish domestic firms show a reverse picture, with median female wages slightly higher than male. In the other five countries the gender pay gaps in the MNEs exceed those in non-MNE firms with 1.3%-points (Germany) to 10.0%-pts (the UK), though the latter are rather substantial too. A breakdown of male and female wages by firm size (not shown) reveals that in Finland, Germany, the Netherlands and Spain the gaps are largest in the larger firms, and of about the same size in both MNEs and domestic firms. In Belgium, the UK and Poland they are largest in small firms; in Belgium and the UK the gaps in small domestic firms exceed those in small MNE establishments. The Polish picture is the opposite, with women earning a very low median hourly wage (Euro 2.30) in small MNE establishments, resulting in a record 51% gender pay gap. Especially here it is difficult to avoid the suggestion of wage dumping.

So far our results seem to be in line with the majority of empirical studies on the subject, that have established that MNEs pay higher wages than domestic firms for comparable jobs, also in developed countries, though with some reservations: investments of these MNEs or cross-border take-overs mostly also contribute to wage inequality; positive effects on average wages may be short-term, and for EU member states recent studies anyway find rather small individual wage premia.[47] The mainstream reasoning is that MNEs have ample opportunities

[47] It has to be noted that most evidence on the effects of FDI on host countries relates to manufacturing and to a lesser extent to mining, and much less to services, including retail; this also applies to wage effects. Cf. in general: Robert E. Lipsey (2002) *Host and home country effects of FDI.* Cambridge, MA: National Bureau of Economic Research, NBER Working Paper 9669; OECD (2008) Policy Brief. The Social Impact of Foreign Direct Investment, *OECD Observer*, July;

to create 'high quality' jobs, given their size, their level of production technology, their better management techniques, their HRM abilities, and their more intensive use of intermediate products. Indeed there seems to be a tendency that the so-called wage premium that they tend to pay is higher for high-skilled staff.[48] Yet, one can cast serious doubts whether most shop-floor retail jobs deserve the denomination 'high quality', be it in domestic firms or in MNEs.[49]

We already compared wages in MNEs and non-MNEs taking into account working hours, firm size and gender. Moreover, to make a more "honest" comparison one needs to take into account the educational levels and tenure (years of work experience) of the workforce in MNEs respectively non-MNEs, as these two factors mostly exert the largest influence on wage levels. In order to undertake a comparison that includes the relevant factors, we carried out a regression analysis to control for the influence of five factors: work experience, gender, working hours, education, and firm size. We did so per country: Table 8f.

Table 8f Results of regression analysis in retail by country

	BE		FI		DE		NL		PL		ES		UK	
Constant	2.606	***	2.214	***	1.870	***	1.247	***	1.406	***	1.473	***	1.980	***
Work experience	0.045	**	0.042	***	0.023	***	0.068	***	0.049	**	0.024	*	0.032	***
Work experience SQ	-0.001	*	-0.001	***	0.000	**	-0.001	***	-0.001		-0.001	*	-0.001	**
Female	-0.021		-0.116		-0.151	***	-0.083	***	-0.348	***	-0.129	*	-0.082	
Working hours p.w. > 40	0.155		0.047		0.044		0.135	***	-0.179		-0.002		0.101	
Educ (1=low,…, 5=high)	0.098	*	0.047	*	0.084	***	0.120	***	0.285	***	0.083	***	0.015	
MNE	0.015		0.002		0.141	***	0.045	*	0.070		0.037		0.098	
Company > 100 empl.	-0.156		0.241	***	0.191	***	0.121	***	0.433	***	0.158	*	0.266	***
N	418		401		2014		3634		188		606		801	
R square	0.040		0.152		0.141		0.325		0.336		0.067		0.050	

The results of our analysis show that in five of seven countries there is a wage premium for working in MNEs if controlled for the five factors. While for the Netherlands the influence is

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Paolo Figini, Holger Görg (2006) *Does Foreign Investment Affect Wage Inequality? An Empirical Investigation.* Bonn: IZA. Discussion Paper No. 2336; for the UK: Karl Taylor, Nigel Driffield (2005) Wage inequality and the role of multinationals: evidence from UK panel data, *Labour Economics*, 12(2): 223-249; Alexander Hijzen (2007) International Outsourcing, Technological Change, and Wage Inequality, *Review of International Economics*, 15(1): 188-205; for Germany: Ingo Geishecker, Holger Görg (2004) *International outsourcing and wages: Winners and losers.* DIW Berlin: paper; for Denmark: Nikolaj Malchow-Møller, James R. Markusen, Bertel Schjerning (2007) *Foreign Firms, Domestic Workers.* Cambridge, MA: National Bureau of Economic Research, NBER Working Paper 13001 (small positive effect); for Finland: Kristiina Huttunen (2007) The Effect of Foreign Acquisition on Employment and Wages: Evidence from Finnish Establishments, *The Review of Economics and Statistics*, 89(3): 497-509 (small positive effect); for Hungary: John S. Earle, Almos Telegdy (2007) *Ownership and Wages: Estimating Public-Private and Foreign-Domestic Differentials with LEED from Hungary, 1986-2003.* Cambridge, MA: National Bureau of Economic Research, NBER Working Paper 12997. By exception, for Sweden recent research found lower individual wages in foreign firms relative to their counterparts in domestic firms: Fredrik Heyman, Fredrik Sjöholm, Patrik Gustavsson Tingvall (2007) Is there really a foreign ownership wage premium? Evidence from matched employer – employee data, *Journal of International Economics,* 73: 355-376.

48 Taylor & Driffield, *op. cit*.; Hijzen, *op. cit.;* not confirmed by Sourafel Girma, Holger Görg (2007) Evaluating the foreign ownership wage premium using a differences-in-differences matching approach, *Journal of International Economics,* 72(1): 97-112. While in the 1990s related to FDI the position of unskilled labour in highly developed countries like the UK and Sweden was already deteriorating, in the last decade this trend became visible in Central and East European Countries (CEECs) too, notably in Hungary, Poland and the Czech Republic. Cf. Peter Egger, Robert Stehrer (2003) International Outsourcing and the Skill-specific Wage Bill in Eastern Europe, *The World Economy*, 26(1): 61-72; Rosario Crino (2007) *Offshoring, Multinationals and the Labour Market: A Review of the Empirical Literature*. Milano: CESPRI, Working Paper 196.

49 Carré *et al, op.cit.,* forthcoming. Moreover, especially in food retail a considerable part of FDI in developed countries is through hard discounters at the low end of the market. Here, low job quality corresponds by and large with low-end market position and related 'low road' market and HRM strategies. Cf. Van Klaveren, 2009, *op. cit.*, 35-36.

significant but rather weak (see row 'MNE'), there are no significant differences for Belgium and Finland. The influence of working in a MNE is highest for Poland, followed by the UK and Germany.

If controlled this way, Belgium and Finland do not show wage premia for the other four industries as well, while the UK in three industries does not show wage premia and in two shows rather weak influences. Germany is the only country clearly showing a wage premium for all five industries, followed by the Netherlands with three of five, Poland (two industries) and Spain with one industry.

8.2. Overtime compensation

The *WageIndicator* web-survey includes questions about overtime compensation in pay, in time, or no overtime compensation at all. Here we compare workers in MNE and non-MNE firms with regard to the percentages receiving overtime compensation in pay. At this point the picture deviates clearly from that concerning hourly wage levels. As Table 9 shows, except for Finland and Spain in retail receiving overtime in pay is more common in non-MNE firms than in MNEs.

Table 9 Percentage of workers receiving overtime compensation in pay in MNE and non-MNE firms in retail by country

	BE	FI	DE	NL	PL	ES	UK
MNE	16%	52%	15%	30%	21%	34%	43%
No MNE	26%	33%	16%	40%	33%	30%	47%
Total	22%	36%	15%	37%	29%	31%	45%

If, as the working hours' figures we will present (in Tables 17 and 18) suggest, in most countries the incidence of overtime is in retailing higher in MNEs than in non-MNEs, this implies that working for an MNE is paired with less compensation for overtime. This is in accordance with detailed findings for the Netherlands that were also based on *WageIndicator* outcomes.[50] It means that the wage premium calculated over weekly wages for considerable groups of workers in MNE establishments which often work overtime is smaller than that presented earlier for hourly wages. We calculated that if so, for the Netherlands the average weekly wage difference goes down 2%-points to 18.4%, for Finland 0.8%-pts to 9.1%, while for Belgium, Germany, Poland and the UK it diminishes with 0.2-0.3%-pts.

[50] Fabienne Fortanier (2008) *Multinational Enterprises, Institutions and Sustainable Development*. Diss. Erasmus University Rotterdam, 178.

8.3. Performance-based pay

The *WageIndicator* includes a number of questions on the incidence of performance-based pay. Here, we define performance-based pay as any bonus based on individual, group, team or departmental performance in addition to monthly payments. It also includes any annual performance allowance or commission, but it does not include skill bonuses or labour market shortage bonuses.

Table 10 (next page) reveals that workers in retailing MNEs more often receive performance-based pay than their colleagues in non-MNEs, except for Sweden. In this respect particularly in Germany, the Netherlands and Spain substantial differences show up. In absolute figures Spain and Finland are on top. One has to realize that, especially at low levels of payment as in retail, these forms of pay tend to contribute to income insecurity.

Table 10 Percentage of workers receiving performance-based pay in MNE and non-MNE firms in retail by country

	BE	FI	DE	NL	ES	SW	UK
MNE	8%	20%	17%	10%	27%	6%	9%
No MNE	5%	17%	11%	4%	13%	18%	6%
Total	6%	18%	13%	5%	17%	10%	7%

9. Job quality and working conditions

The *WageIndicator* web-survey includes several questions about job quality and working conditions. We will treat six issues here: working in dangerous conditions; the incidence of work-related stress; whether the job level matches the educational level of the worker; internal promotion (opportunities for careering); the incidence of reorganizations, and finally job satisfaction and job security.

We will first treat the incidence of working in dangerous conditions. As the related question was only asked in the *WageIndicator* survey in four countries, we have to limit ourselves to these four. Table 11 shows the average scores, based on answers ranging from never (=1) to daily working in dangerous conditions (=5).

Table 11 Average score on working in dangerous conditions, ranked on a scale from 1 = Never to 5=Daily, in MNE and non-MNE firms in retail by country

	BE	NL	PL	ES
MNE	1.9	1.8	1.7	1.9
No MNE	1.7	1.8	1.6	1.9
Total	1.8	1.8	1.6	1.9

The outcomes indicate that working conditions are perceived as slightly more dangerous in MNE firms in Belgium and Poland, while the results for the Netherlands and Spain show no differences. In the other industries it is predominantly the other way around, with working in

dangerous conditions clearly scoring a higher (perceived) incidence in non-MNE firms. It has to be noted that the retail figures on the (perceived) incidence of dangerous work are on average rather low, especially if compared to those for transport and telecom and for metal and electronics manufacturing.

Second, we go into the incidence of four indicators of work-related stress. Here we have got information for six countries: Belgium, Germany, Hungary, the Netherlands, Poland, and Spain. On all four indicators, the respondents are asked to give their opinions on a five-point scale, ranging from never (=1) to daily (1=5), or from fully disagree (=1) to fully agree (=5).
Table 12 clarifies that for the first indicator, 'finds job stressful', the average scores are higher for MNEs in four out of five countries for which we have adequate information; in Poland the scores are equal for both categories. 'Work physically exhausting' also tends to a higher incidence in MNEs, be it less manifest: its scores are higher in three countries, while in the three others (Belgium, Germany and Spain) the score are equal. However, this is somewhat surprising, as at this point in the other industries higher scores in non-MNEs prevail. For the third indicator, 'work mentally exhausting' retail results are in line with those of the other industries: in five out of six countries the scores in MNEs are higher, with Spain as the exception. Finally, for 'finds job boring' the outcomes are inconclusive: higher scores for MNEs in Hungary and Poland, lower in Belgium and Spain, and equal scores in Germany and the Netherlands.

Table 12 Average score on four work-stress related issues, ranked on a scale from 1 = Never to 5=Daily in MNE and non-MNE firms in retail by country

		BE	DE	HU	NL	PL	ES
MNE	Finds job stressful	3.7	3.7	-	3.6	3.6	3.7
No MNE	Finds job stressful	3.5	3.5	-	3.3	3.6	3.5
Total	Finds job stressful	3.6	3.6	-	3.4	3.6	3.6
MNE	Work physically exhausting	3.0	3.3	3.7	2.9	3.3	3.6
No MNE	Work physically exhausting	3.0	3.3	2.0	2.8	3.1	3.6
Total	Work physically exhausting	3.0	3.3	3.3	2.8	3.1	3.6
MNE	Work mentally exhausting	3.3	3.4	4.3	2.7	3.5	3.9
No MNE	Work mentally exhausting	3.1	3.3	3.0	2.5	3.4	4.0
Total	Work mentally exhausting	3.2	3.3	4.0	2.6	3.4	3.9
MNE	Finds job boring	2.3	2.2	2.7	2.3	2.2	2.8
No MNE	Finds job boring	2.4	2.2	2.0	2.3	2.0	2.9
Total	Finds job boring	2.4	2.2	2.5	2.3	2.1	2.9

Summarizing, in a small majority of comparisons (13 of 25) the stress-related scores are higher in MNEs than in non-MNEs; this most clearly is the case for Hungary, the Netherlands and Poland, while Spain shows a different picture, with only 'finds job stressful' scoring

higher in MNEs. Thus, our results support the assumption that inward FDI i.e. working for a MNE generates more stress, but not very convincing.[51]

Our third job quality issue is that concerning the possible gap between the level of the job performed and the educational level of a worker. Such a gap can indicate whether workers are over-skilled or overeducated (which is most likely) or under-skilled or undereducated (which mostly may be the case for smaller groups). If continued, both situations of mismatch can well be detrimental for workers' mental health, and over-skilling is generally also rather disadvantageous for one's earnings.[52] Here we have data available for six countries, be it that for Hungary a division between MNEs and non-MNEs was not possible.

Table 13 Percentage of workers reporting that job level matches educational level, in MNE and non-MNE firms in retail by country

		BE	HU	NL	PL	ES	SW
MNE	Job level matches education level	56%		50%	98%	53%	75%
No MNE	Job level matches education level	58%		55%	97%	62%	64%
Total	Job level matches education level	57%	70%	54%	97%	60%	72%

Table 13 reveals for four countries in retail 'match'-levels between 54% (the Netherlands, a by any means low share) and 72% (Sweden), with Poland as an exception with the very high score of 97%. In Poland and Sweden (but mind the small numbers of respondents!) the scores in MNEs are higher, but in Belgium, the Netherlands and Spain the non-MNEs do better in this respect. Though the differences between MNEs and non-MNEs are not that large, this is somewhat surprising, as in other industries (notably in metal and electronics and in transport and telecom) the results were univocally in favour of the MNEs

The fourth job quality issue concerns internal promotion. Table 14 shows that in all seven countries for which we have adequate information, the share of those reporting to have been promoted in the current firm is higher in MNEs than in non-MNE firms. The differences vary from 2%-points in Poland till 14%-points in Belgium and even 18%-pts in Germany, suggesting that retail MNEs in these countries are offering better career opportunities. The larger scale of MNE establishments may well favour promotion opportunities.

Table 14 Percentage of workers reporting to have been promoted in the current firm, in MNE and non-MNE firms in retail by country

		BE	FI	DE	HU	NL	PL	ES	UK
MNE	Has been promoted in current firm	45%	41%	32%		44%	46%	31%	52%
No MNE	Has been promoted in current firm	31%	37%	14%		36%	44%	27%	40%
Total	Has been promoted in current firm	36%	38%	20%	28%	38%	44%	28%	44%

[51] Fortanier, *op.cit*., 173 and 178, concluded for the Netherlands to higher (perceived) stress levels in MNEs compared with domestic firms, especially among lower educated employees.

[52] Cf. Joop Hartog (2000) Over-education and earnings: where are we, where should we go?, *Economics of Education Review*, 19: 131-147.

A minor but striking observation is that the share of workers stating to have been promoted in the current firm is smaller in Germany than in all other countries. This applies especially for non-MNEs, with a by any means very low 14%. These low promotion rates may well be related to the widespread use of teamwork in German retailing, including the delegation of responsibilities for certain segments of the product range.[53]

Our fifth job quality issue regards experiences with the incidence of reorganisations and expectations on this subject. The two relevant questions in the *WageIndicator* survey were whether the organization where the respondent works faced a reorganisation in the last 12 months, and whether he/she expects a reorganisation to happen in the next 12 months.

The upper half of table 15 shows the experiences and indicates that in three countries (Germany, the Netherlands and the UK) workers in MNE retailers more often faced reorganizations in the past year, while in Belgium the outcomes were at par and in Poland the non-MNE workforce faced more reorganizations. The outcomes presented in the lower half of the table reveal that the expectations concerning coming reorganizations do not fully match with experiences. In all five countries the shares expecting reorganizations in the year to come are much higher in MNEs, varying from 6%-points in Poland to even 20%-pts in Belgium. These figures are much higher than seem to be justified by recent experience.

Table 15 ***Percentage reporting that organisation faced reorganisation, and percentage reporting to expect a reorganisation in the next 12 months, in MNE and non-MNE firms in retail by country***

		BE	DE	HU	NL	PL	SW	UK
MNE	Organisation faced reorganisation	28%	41%		28%	29%		49%
No MNE	Organisation faced reorganisation	28%	33%		24%	35%		39%
Total	Organisation faced reorganisation	28%	36%	38%	25%	33%		42%
MNE	Reorganisation exp. in 12 months	59%	55%			61%	78%	65%
No MNE	Reorganisation exp. in 12 months	39%	46%			55%	67%	52%
Total	Reorganisation exp. in 12 months	46%	49%	52%		57%	73%	56%

Our last issue related to job quality is job satisfaction and job insecurity (although of course job satisfaction is wider than job quality and is also related to wages and other aspects of working life). The respondents were asked to give their opinions on a five-point scale, ranging from 1=Not satisfied to 5= Satisfied. The same holds for the question whether one worries about his/her job security. Here the opinions range from 1=Wholly disagree to 5=Wholly agree.

[53] Voss-Dahm, *op. cit.,* 279-280.

Tabel 16a (next page) reveals that in four out of the eight countries for which the data enables comparisons between categories of firms, the job satisfaction scores are higher for MNEs, in three they are at par, and for the UK the results are reverse. Yet, note that the differences are small, except for Sweden (but keep the small Swedish sample in mind!). Looking at the totals, it can be noted that the outcomes for Germany, Spain, Hungary, and the UK (in the 2.7-3.0 range) are low, also compared to the outcomes for these countries in other industries.

Table 16a Average score on job satisfaction, ranging from 1=Not satisfied to 5= Satisfied, in MNE and non-MNE firms in retail by country

		BE	FI	DE	HU	NL	PL	ES	SW	UK
MNE	Satisfaction with job	3.3	3.6	3.2		3.4	3.4	2.8	3.5	2.9
No MNE	Satisfaction with job	3.3	3.4	3.1		3.4	3.4	2.7	2.6	3.0
Total	Satisfaction with job	3.3	3.5	3.1	2.9	3.4	3.4	2.7	3.2	3.0

We can present data for job security only for three countries, Germany, the Netherlands and Poland. Table 16b indicates that in all three countries feelings of job insecurity are lower in MNEs than in non-MNEs, most clearly in Poland.

Table 16b Average score on job security, ranging from 1= Wholly disagree with worries to 5= Wholly agree with worries, in MNE and non-MNE firms in retail by country

		DE	NL	PL
MNE	Security in job	2.7	2.3	2.3
No MNE	Security in job	2.8	2.4	2.6
Total	Security in job	2.7	2.4	2.5

It is interesting to observe, based on the results presented above, possible relations between three aspects: the incidence of reorganisations, job insecurity and job satisfaction. Even if job insecurity in MNEs is enlarged through more reorganisations, that insecurity may not be higher than in domestic firms and also obviously does not automatically translate into lower levels of job satisfaction. Other aspects of working in a MNE, like the comparatively high wage levels and/or better career prospects, may form compensating elements.[54]

10. Working hours

Under this heading we will discuss three working hours' issues: the length of the working week; the incidence of overtime, and the incidence of irregular hours (including shift work). Overtime is defined as usually working more hours than agreed. It has to be noted that the

[54] Not often discussed as it concerns the relationship between insecurity and job satisfaction. Cf. Kenneth Scheve, Matthew J. Slaughter (2004) Economic Insecurity and the Globalization of Production, *American Journal of Political Science*, 48(4): 662-674.

survey question about shift work was not asked during the full one-and-a-half year of the survey period.

As Table 17 reveals, the length of the average usual working week varies widely in retail, most likely depending first and foremost on the incidence of part-time jobs. This indeed explains largely the average number of working hours of around 30 hours in the Netherlands (37% small part-time jobs: 20 hours per week or less) and Finland (25% 20 hours or less) and 35 hours in Belgium (16%) and the UK (20%). On the other hand, except for Belgium, Finland and the Netherlands a considerable part of all respondents fills out that they usually work over 48 hours per week: 12% in Spain, 15% in Germany and the UK, 19% in Hungary and even 25% in Poland. For Germany, Poland and the UK these figures are much higher than those we gathered earlier based on the *WageIndicator* for retail and wholesale jointly.[55]

Table 17 Distribution over three categories of usual working hours and average usual working hours in MNE and non-MNE firms in retail by country

		BE	FI	DE	HU	NL	PL	ES	SW	UK
MNE	0-20 hrs (col %)	12	26	14		31	3	15		19
MNE	>20-40 hrs (col %)	68	68	44		52	59	57	83	47
MNE	>40-48 hrs (col %)	11	3	24		11	19	17	7	19
MNE	>48-80 hrs (col %)	9	3	18		6	19	11	10	15
MNE	Total (col %)	100	100	100		100	100	100	100	100
No MNE	0-20 hrs (col %)	19	24	16		41	8	14		22
No MNE	>20-40 hrs (col %)	64	69	48		46	39	49	77	45
No MNE	>40-48 hrs (col %)	11	5	24		9	26	25	23	20
No MNE	>48-80 hrs (col %)	6	2	12		4	28	12		13
No MNE	Total (col %)	100	100	100		100	100	100	100	100
Total	0-20 hrs (col %)	16	25	16		37	7	14		20
Total	>20-40 hrs (col %)	64	68	46	56	48	44	51	81	46
Total	>40-48 hrs (col %)	12	5	23	26	9	24	23	12	19
Total	>48-80 hrs (col %)	8	3	15	19	6	25	12	7	15
Total	Total (col %)	100	100	100	100	100	100	100	100	100
MNE	Usual working hours	34.3	30.4	37.5		29.6	41.8	34.8	40.5	35.6
No MNE	Usual working hours	32.8	29.7	35.9		26.9	42.9	36.9	40.2	34.3
Total	Usual working hours	33.9	30.0	36.5	44.1	28.2	42.3	36.6	40.4	35.2

In six of eight countries for which we have adequate information, the average usual working hours per week are longer in MNEs than in non-MNEs, in Belgium, Germany and the Netherlands even 1.5 hours or more. In these six countries, also including Finland, Sweden and the UK, the share of those working over 48 hours per week is also higher in MNEs than in domestic firms. Poland and Spain are the exceptions here, with both a longer average working week and a higher incidence of long weeks in domestic retail firms.

[55] Van Klaveren & Tijdens, *op. cit.,* 31-37.

On the other side of the spectrum, the share of small part-time jobs (20 hours per week or less) mostly proves to be higher in domestic retail firms, most clearly in the Netherlands (10%-points higher). In Finland and Spain, on the contrary, this share is slightly higher in MNEs.

The answers concerning overtime, grouped in Table 18, allow indications in the same direction as those concerning the length of the working week. Large majorities of the retail workers have agreed working hours. Yet, contrary to the results for other industries this share is mostly i.e. in five countries higher in non-MNEs; only in the Netherlands and Spain the MNEs show higher scores, while in the UK there is no difference.

Table 18 Percentage having agreed working hours with employer, of these the percentage working usually more hours than agreed, and percentage working shifts or irregular hours, in MNE and non-MNE firms in retail by country

		BE	FI	DE	HU	NL	PL	ES	SW	UK
MNE	Working hours agreed	75%	95%	93%		97%	92%	89%	77%	95%
No MNE	Working hours agreed	84%	96%	95%		95%	95%	85%	93%	95%
Total	Working hours agreed	83%	96%	94%	100%	95%	94%	87%	82%	95%
MNE	Usual more working hours	49%	27%	66%		47%	40%	36%	35%	50%
No MNE	Usual more working hours	35%	22%	54%		37%	44%	35%	56%	41%
Total	Usual more working hours	40%	24%	57%	33%	39%	42%	36%	42%	44%
MNE	Shifts or irregular hours	50%	-	-		60%	-	48%	27%	-
No MNE	Shifts or irregular hours	38%	-	-		54%	-	24%	29%	-
Total	Shifts or irregular hours	48%	-	-	60%	55%	-	32%	28%	-

In a number of countries the percentages usually working more hours than those agreed are high. Germany scores overall a disquieting 57%, while the outcomes for Belgium, the Netherlands, Poland, Sweden and the UK are all in the 39-44% range. In six of eight countries for which we have sufficient data, the incidence of overtime is higher in MNEs than in non-MNEs, in Belgium, Germany, the Netherlands and the UK even substantially higher. Poland and Sweden show a reverse picture here.

In only four countries we gathered information on shift or irregular work, to be compared between MNEs and non-MNEs. In three countries the incidence of such work was higher in MNEs than in non-MNEs, in Belgium and the Netherlands considerably and in Spain even double.

11. Training

Training, or the acquisition of human capital, can be related to the MNE wage premium issue. One explanation for the fact that MNEs pay higher wages than domestic firms may be

that, though starting wages in MNEs may not be higher than in domestic firms, workers in MNEs receive more and/or more efficient on-the-job training and experience higher wage growth. There is some empirical support for such an explanation of firm-specific human capital acquisition, be it that the wage effect of training is most likely stronger in developing than in developed countries.[56]

We will discuss three training-related issues here. The first relates to the incidence and duration of employer-paid or provided training, and is based on the question: "Over the past 12 months, how much training have you received, paid for or provided by your *employer*, in order to improve your skills?". The second issue relates to the incidence and duration of self-paid training, based on the question: "Over the past 12 months, how much training have you paid for *yourself* in order to improve your skills?". The third issue is the assessment of the importance that the respondents attach to training, which goes back to the question: "How often do you find training for your job would be worthwhile?". The latter is measured on a five-point scale, ranging from 1=Never to 5=Daily.

Table 19 Incidence and duration of employer-received and self-paid training and opinion over training, ranging from 1=Never to 5=Daily in M&E, in MNE and non-MNE firms in retail by country

		BE	DE	HU	NL	PL	ES	SW	UK
MNE	Received training from employer (Y/N)	65%	45%		56%	85%	51%	53%	67%
No MNE	Received training from employer (Y/N)	34%	33%		39%	55%	24%	53%	52%
Total	Received training from employer (Y/N)	45%	36%	44%	43%	66%	31%	53%	57%
MNE	No of days training received from employer in last year	6.1	3.1		4.9	5.8	6.3	5.8	11.5
No MNE	No of days training received from employer in last year	2.5	1.8		3.1	4.4	2.7	3.8	6.6
Total	No of days training received from employer in last year	3.8	2.2	8.4	3.6	4.8	3.7	5.1	8.2
MNE	Self-paid training (Y/N)	14%	15%		11%	44%	13%	19%	20%
No MNE	Self-paid training (Y/N)	13%	15%		12%	33%	16%	19%	19%
Total	Self-paid training (Y/N)	14%	16%	25%	12%	38%	16%	19%	20%
MNE	No of days self-paid training in last year	2.2	2.3		2.4	9.9	4.2	4.3	4.6
No MNE	No of days self-paid training in last year	2.5	2.5		2.8	4.3	5.8	2.1	3.1
Total	No of days self-paid training in last year	2.5	2.5	9.1	2.8	6.1	5.4	3.5	3.9
MNE	Finds training would be worthwhile	2.8			2.4	3.5	3.2		
No MNE	Finds training would be worthwhile	2.6			2.2	3.2	2.9		
Total	Finds training would be worthwhile	2.7			2.3	3.3	3.0		

[56] Holger Görg , Eric Strobl, Frank Walsh (2007) Why Do Foreign-Owned Firms Pay More? The Role of On-the-Job Training, *Review of World Economics*, 143(3): 464-482; OEC/ILO, 2008, *op. cit.*

As Table 19 shows, in six of seven countries for which we gathered reliable data the incidence of employer-received/paid training is considerably higher in MNEs than in non-MNEs, varying from 12%-points in Germany to 30%-pts in Poland and 31%-pts in Belgium. For Sweden the scores are at par. For duration (number of days received in last year) the results are univocally in favour of the MNEs, also in Sweden. Except for that country, the ratios MNEs : non-MNEs are more or less similar for both yardsticks. Somewhat surprisingly, in MNEs both incidence and duration are least generously provided in Germany; in non-MNEs only the Spanish incidence scores worse. After all these results seem to confirm the evidence concerning on-the-job training we just cited.

Obviously the incidence and duration of self-paid training is not closely related to those of employer-provided training, neither in MNEs nor in non-MNEs. In three countries the incidence of self-paid training is higher in MNEs, in Belgium and the UK slightly and Poland substantially, while in the other countries it is slightly lower or at par. In retail the conclusion that the propensity (or pressure?) to follow training courses is much higher in MNEs than in domestic firms, holds less than in the other industries under scrutiny: Poland remains as an example of this propensity and/or pressure: for this country retail gives the same picture as other industries.
Yet, the respondents' assessment of the importance of training turns is clearly higher in MNEs than in their domestic counterparts. As the lower part of the table shows, this is the case in all four countries for which we have data available (Belgium, the Netherlands, Poland, and Spain).

12. Industrial relations

Our research covers three core issues in industrial relations. The first is the incidence of trade union membership (union density). The second relates to whether the respondent is covered by a collective bargaining agreement (collective bargaining coverage). The third concerns the incidence of workplace employee representation (works council, staff council, trade union representatives, shop stewards, or alike).

The results concerning trade union membership, presented in the upper third of Table 20 (next page), show that except for Belgium and Finland union density in the retail sector is quite low: under 20%, in Poland even 2%. Union density is higher in MNEs than in non-MNE firms in four out of seven countries, at par in two and lower in one country (Finland, even with 16%-points difference). In general there does not seem to be a case (anymore) against

unionization in MNEs, though some firms can form nasty exceptions. It may be interesting to note that the outcomes in three of the four other industries show the same picture; the exception is the transport and telecom sector, where the situation in MNEs from a union viewpoint turns out to be worse.

Table 20 Percentage covered by a collective agreement, with employee representation and member of a trade union, in MNE and non-MNE firms in retail by country

		BE	FI	DE	HU	NL	PL	ES	UK
MNE	Member of trade union	57%	55%	16%		15%	2%	24%	14%
No MNE	Member of trade union	57%	71%	13%		13%	2%	18%	7%
Total	Member of trade union	54%	68%	14%	15%	13%	2%	19%	10%
MNE	Covered by collective agreement	90%		65%		87%		80%	20%
No MNE	Covered by collective agreement	54%		34%		85%		55%	15%
Total	Covered by collective agreement	70%		44%	36%	85%		63%	17%
MNE	In workplace empl. representation	59%		56%		69%	20%	68%	34%
No MNE	In workplace empl. representation	22%		25%		37%	16%	31%	19%
Total	In workplace empl. representation	35%		35%	40%	45%	18%	41%	25%

The outcomes concerning collective bargaining coverage and workplace employee representation, covered by Table 20 too, are remarkable. In the five countries for which we are able to analyze and compare collective bargaining coverage, MNEs turn up with a much higher coverage than non-MNEs in three countries (Belgium, Germany, Spain) and in two countries (the Netherlands and the UK) a slightly higher coverage.[57] The four other industries show the same picture.

For workplace employee representation the results, presented in the lower third of the table, are even more clearly univocally in favour of the MNEs. In all six countries for which we can compare data, the incidence of such representation is much higher in MNEs than in non-MNE firms, in Belgium, Germany, the Netherlands and Spain about double. With some rare exceptions, the other industries show this picture too. Most likely the larger average scale of MNE establishments works out favourably for both collective bargaining coverage and workplace employee representation. For employee representation the EU directives dealing with information, consultation and participation of workers can be explanatory as well.

13. Conclusions

Concerning FDI and internationalization in retail, the following picture emerges:

[57] For the Netherlands Fortanier, *op.cit*., 185, found a lower collective bargaining coverage in establishments of US and Japanese firms.

- The retail MNEs included in our database are modestly diversified, owning on average 2.8 subsidiaries.
- Retail is less internationalized than the other four industries: subsidiaries have on average 2.6 establishments, implying that an average subsidiary is involved in between two to three countries out of 12.
- Germany, France and the Netherlands prevail as home countries of retail MNEs; 17% of retail MNE establishments in the 12 countries are owned by MNEs from outside the EU.

Concerning the social effects of FDI in retail, our main conclusions are:

- In six of seven countries, median hourly wages in MNEs are higher than in domestic retail firms, though these premiums vary widely across countries (4 - 24%); in Finland medium-sized non-MNE retailers pay slightly more. This picture remains intact for the various working hours' categories.
- Hourly female wages lag considerably behind males in retail, and in five of seven countries this gender pay gap is even larger in MNEs than in domestic firms.
- Relying on their pay levels, Finnish, Belgian and UK firms seem to have a strong position in the labour market, though it may (also) be that retail MNEs in notably Belgium, Finland, Poland and the UK resort to wage pressure.
- Based on a regression analysis in which we controlled for experience, gender, working hours, education, and firm size results, we show that in five of seven countries there is a wage premium. While for the Netherlands the influence is significant but rather weak, there are no significant differences for Belgium and Finland. The influence of working in a MNE is highest for Poland, followed by the UK and Germany.
- Except for Finland and Poland, MNE pay less overtime compensation while workers in MNEs more often perform more working hours than agreed; this means that in five countries the weekly and monthly wage premiums in MNEs are smaller than the hourly ones.
- Scores on work-stress related issues are higher in retail MNEs than in non-MNEs in a small majority of cases.
- In all seven countries, workers in MNEs report to have been promoted more often than in domestic firms.
- In three of five countries workers report that they faced reorganizations in the past year more often in MNEs; the shares of workers expecting reorganizations in the year to come are also much higher in MNEs.

- Except for the UK, job satisfaction in retail MNEs is at par or slightly higher than in domestic retailers.
- In six of eight countries, the average usual working week is longer in MNEs. Notably the share of small part-time jobs is mostly higher in domestic firms.
- In six of seven countries, the incidence of employer-received/paid training is higher in MNEs than in non-MNEs; concerning the number of training days, the results are univocally in favour of MNEs.
- In four of seven countries, union density is higher in MNEs, while in Belgium and Poland it is at par and in Finland higher in domestic firms.
- In all five countries for which we have adequate data collective bargaining coverage is higher in MNEs, in three even much higher.
- In all six countries with adequate data the incidence of workplace representation is much higher in MNEs, in five even (nearly) double.

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ANNEX. TABLES

Table 21 50 largest (total sales 2007) and most internationalized (threshold: in 3 of 12 countries) MNEs in 12 countries in retail, March 2008

MNE	no.subs	NACE	BE	DK	FI	FR	DE	HU	IT	NL	PL	ES	SW	UK	Total
Ahold	7	5210								**x**	x		x		3
Aldi	2	5210	x	x		x	**x**	x		x	x	x		x	9
Auchan	8	5210				**x**		x	x		x	x		x	6
Carrefour	15	5210	x			**x**	x	x	x		x	x			7
Casino	5	5210				**x**				x	x				3
Coop	12	5210		**x**			x	x					x		4
Co-op	3	5210				x			x	x				**x**	4
Delhaize	5	5210	**x**			x	x	x							4
Edeka	4	5210					**x**				x		x	x	4
ITM Entreprises	5	5210	x			**x**	x		x		x	x			6
Maxeda	9	5210	x	x		x	x			**x**		x		x	7
Metro Gruppe	10	5210	x	x		x	**x**	x	x	x	x	x	x	x	11
Rewe Group	5	5210					**x**	x	x		x				4
Schwarz U (Lidl)	3	5210	x	x	x	x	**x**	x	x	x	x	x	x	x	12
Spar	4	5210	x	x	x	x	**x**	x		x		x	x	x	10
Tengelmann	4	5210		x			**x**	x			x	x			5
Tesco	3	5210				x		x			x			**x**	4
Nicolas	1	5220	x			**x**	x				x			x	5
Douglas	1	5230				x	**x**	x	x	x	x				6
l'Oreal	2	5230	x	x	x	**x**	x	x	x	x	x	x		x	11
LVMH Group	6	5230	x	x	x	**x**	x	x	x	x	x	x	x	x	12
PPR (Pinault-P-R)	4	5230	x	x		**x**	x	x	x	x		x	x	x	10
Schlecker	1	5230	x	x		x	**x**	x	x	x	x	x			9
Benetton	1	5241	x	x	x	x	x	x	**x**	x	x	x	x	x	12
C&A	1	5241	x			x	**x**	x		x	x	x			7
Gap (US)	1	5241	x	x	x	x	x	x	x	x	x	x	x	x	12
Groupe Etam	1	5241	x	x	x	**x**	x		x	x		x	x	x	10
Hennes&Mauritz	1	5241	x	x	x	x	x	x	x	x	x	x	**x**	x	12
Inditex	4	5241	x	x	x	x	x	x	x	x	x	**x**	x	x	12
Levi Strauss (US)	1	5241	x	x	x	x	x	x	x	x	x	x	x	x	12
Liz Claiborne (US)	2	5241	x	x	x	x	x	x	x	x	x		x	x	11
Mango	1	5241	x	x	x	x	x	x	x	x	x	**x**	x	x	12
Marks & Spencer	1	5241						x			x			**x**	3
Peek&Cloppenbg.	1	5241	x				**x**			x	x				4
Pimkie	1	5241	x			**x**	x	x	x	x	x	x			8
Deichmann	2	5243		x			**x**	x		x	x			x	6
Blokker Holding	9	5244	x			x	x			**x**					4
IKEA	2	5244	x	x	x	x	x	x	x	x	x	x	**x**	x	12
Conrad Electron.	1	5245	x			x	**x**			x			x	x	6
DSG Int'l	9	5245		x	x	x	x	x	x	x	x	x	x	**x**	11
Euronics Int'l	10	5245	x	x	x	x	**x**	x	x	x	x	x	x	x	12
Expert	1	5245	x	x	x	x	**x**		x	x		x	x	x	10
Kesa	5	5245	x			x			x	x				**x**	5
Matsushita (JP)	2	5245	x	x	x	x	x	x	x	x	x	x	x	x	12
Foot Locker (US)	1	5248	x	x		x	x	x	x	x		x	x	x	10
Oxylane	2	5248	x			**x**	x	x	x	x	x	x		x	9
Pearle (US)	1	5248		x	x		x		x	x	x				6
Specsavers	1	5248		x	x					x		x	x	**x**	6
Toys R Us (US)	1	5249		x	x	x	x			x		x	x	x	8
CVC Capital (LU)	7	67121	x	x			x	x	x	x		x		x	8
	189		**BE**	**DK**	**FI**	**FR**	**DE**	**HU**	**IT**	**NL**	**PL**	**ES**	**SW**	**UK**	
No. comp/home c.		misc. 8	1	1	0	11	15	0	1	3	0	2	2	6	42
Tot. companies															**50**
No. subsidiaries															**189**
No. establishm./1			34	30	20	39	42	34	31	39	35	32	25	35	**396**
No. establishm./2			**45**	**31**	**20**	**48**	**52**	**35**	**33**	**53**	**39**	**35**	**27**	**39**	**457**

Table 22 50 largest firms by sales in retail, worldwide, 2007

		Country	Sales (bil. USD)	Ranking employment x)	Employment (employees, 31-12-2007)
1	Wal-Mart	US	378.80	1	2,100,000
2	Carrefour Group	FR	112.40	2	490,042
3	Tesco	UK	83.61	9	273,000
4	Metro AG	DE	79.00	8	281,500
5	Home Depot	US	77.35	5	331,000
6	CVS Caremark	US	76.33	21	160,000
7	Kroger	US	69.86	6	323,000
8	Aldi	DE	68.96	13	200,000*)
9	Costco Wholesale	US	67.91	36	75,000
10	Target	US	63.37	3	366,000
11	Lidl (Schwarz Gr.)	DE	62.88	18	170,000*)
12	Rewe Group	DE	61.73	7	290,421
13	Ahold	NL	59.20	20	163,866
14	Walgreen	US	55.08	11	237,000
15	Edeka	DE	52.06	10	253,600
16	Sears Holdings	US	50.70	4	337,000
17	Auchan	FR	50.29	15	186,000
18	Lowe's Co's	US	48.28	21	160,000
19	Seven & I Holdings	JP	45.10	40	55,185
20	Supervalu	US	43.96	14	192,000
21	Safeway	US	42.29	12	201,000
22	AEon	JP	40.77	34	76,138
23	Best Buy	US	39.50	25	150,000
24	Sysco	US	36.45	43	50,000
25	Woolworths	AU	36.09	17	175,000
26	Groupe Casino	FR	34.21	23	159,946
27	J. Sainsbury	UK	33.76	25	150,000
28	Tengelmann	DE	33.12	19	167,447
29	George Weston	CA	33.08	28	148,000
30	Arcandor	DE	27.28	38	70,637
31	IKEA	SE	27.13	32	118,000
32	PPR	FR	27.07	49	19,370
33	Macy's	US	26.31	16	182,000
34	Delhaize Group	BE	25.36	29	144,000
35	Wm Morrison	UK	24.43	31	118,880
36	l'Oreal	FR	23.30	42	52,080
37	LVMH	FR	22.51	37	72,100
38	Rite Aid	US	22.14	39	60,912
39	J.C. Penney	US	19.86	24	155,000
40	Staples	US	19.37	45	43,048
41	TJX Co's	US	18.65	30	129,000
42	AutoNation	US	17.69	48	25,000
43	Euronics Int'l	DE	17.26	41	52,500
44	Kingfisher	UK	17.01	33	80,000
45	Marks & Spencer	UK	16.91	35	75,871
46	Kohl's	US	16.47	47	26,000
47	DSG International	DE	15.86	46	40,730
48	Gap	US	15.76	25	150,000
49	Office Depot	US	15.53	44	49,000
50	Amazon.com	US	14.84	50	17,000
	TOTAL		2,366.88		9,402,273

x) = only in this table *) external estimate (German ver.di trade union)

Sources: *Forbes Global 2000*, 2008; company Annual Reports; various news reports