

Study: Walmart Does Not Boost Employment or Retail Sales

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(PhysOrg.com) -- The opening of a Walmart store in Chicago's Austin neighborhood in 2006 has not increased retail activity or employment opportunities, according to a study by researchers at the University of Illinois at Chicago and Loyola University Chicago.

The study found that stores near Walmart were more likely to go out of business, eliminating the equivalent of about 300 full-time jobs -- about as many as Walmart initially added to the area.

The findings support the contention that urban Walmart stores absorb sales from other city stores without significantly expanding the market, said study co-author David Merriman, head of the UIC department of economics and professor of public administration.

"What we're seeing here is that placing a Walmart in an urban setting is basically a wash in terms of sales revenue for the city and jobs for local residents," Merriman said. "This means that communities around the city shouldn't see Walmart or other big-box retailers as a panacea for local economic problems."

Walmart's expansion into larger cities across the country has stirred debate about its potentially negative impact on local jobs, wages and consumer prices, but such impacts had not been rigorously evaluated until this study, Merriman said.

The researchers collected data once before, and twice after, Walmart's

opening.

Telephone surveys from March to August 2006 -- before the opening -- yielded baseline information on hours worked, salary ranges, and employee benefits of workers in 306 nearby discount stores, drugstores, apparel stores, toy stores, shoe stores and hardware stores.

Six months after Walmart opened, from March through November 2007, the researchers surveyed the same stores to find out whether any had closed or adjusted wages, employment or prices due to the opening of Walmart. The group was able to re-survey about 56 percent of the original stores. The study found that those businesses that competed with [Walmart](#) and remained in business showed little change in prices, wages or employment.

A third survey, from March to November 2008, found that of the 306 businesses originally surveyed, 82 had gone out of business during the study period.

The researchers also assessed sales tax data from the Illinois Department of Revenue and employment data from the Illinois Department of [Employment](#) Security.

"Our hope is that this evaluation aids policy makers, scholars, and community activists as they consider the full range of economic development strategies, and not just big-box developments, in their respective neighborhoods," said Phil Nyden, director of Loyola's Center for Urban Research and Learning.

The study was supported by a grant from the Woods Fund. The survey report is available at LUC.edu/curl.

Provided by University of Illinois at Chicago

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