

Big-box retail work has its benefits

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With the rise of the big-box retailer in the past four decades, many are concerned that U.S. middle-class jobs in manufacturing have been replaced by minimum-wage jobs in retail.

Francine Lafontaine, a business economics and public policy professor at the University of Michigan, found the growth of modern retailers has meant [higher wages](#) for workers.

"Our results contradict the image of the modern retail sector as offering the lowest paying [jobs](#) in the economy," said Lafontaine, who is also a senior associate dean for faculty and research at the Ross School of Business. "Although retail pay is considerably below manufacturing pay, it is above that found in service jobs such as food service and day care workers."

Lafontaine and co-authors Brianna Cardiff-Hicks of Cornerstone Research in Menlo Park, Calif., and Kathryn Shaw of Stanford University found that large retailers provide access to management jobs. First-line supervisors are a large fraction of the retail labor force and earn about 20 percent more than other workers.

The study also found that:

- Wage rates were 26 percent higher for large establishments (more than 500 workers) than in small retailers (fewer than 10 workers) for those with a [high school education](#) and 36 percent higher for those with some college education or a degree.

- When workers move from a small establishment to a large one, the pay rises by 19 percent for high school educated workers and by 28 percent for those with some college education.
- The results imply that higher-quality workers are sorted into larger firms and are paid more.

"An alternative to policies aimed at building up manufacturing exists—preparing [workers](#) to be managers in modern retail firms where they'll make more per hour than an operative in [manufacturing](#)," Lafontaine said.

More information: B. Cardiff-Hicks et al. Do Large Modern Retailers Pay Premium Wages?, *ILR Review* (2015). [DOI: 10.1177/0019793915570877](#)

Provided by University of Michigan

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