



Inequality for Sale

A Survey of Major Retailers' Wage and Benefit Practices

By Ryan Erickson June 2016

Introduction and summary

Since 2014, a number of major American retailers that employ significant numbers of low-wage workers—including Wal-Mart, T.J.Maxx, Target, Gap, Ikea, and Costco—have announced their plans to raise wages.¹ These announcements have received positive attention in the media and among advocates for increasing the minimum wage. Many observers, however, were quick to ask: Would other companies follow suit?

These companies' announcements have come in the midst of record corporate profits. Since rebounding during the Great Recession, corporate profits have soared, peaking at \$1.8 trillion in the second quarter of 2015.² Retail-sector profits have risen substantially above their prerecession highs, hitting \$160.8 billion at the start of 2014.³ This robust corporate profit growth, however, has not translated into major gains for workers. Workers' wages have remained comparatively flat, significantly trailing corporate profit growth.⁴ The retailers' announcements signaled an important shift: After years of sluggish wage growth, retail workers would finally enjoy the benefits of this record profit run.

The retail companies' moves to raise wages hardly have been acts of charity. The companies have framed their decisions as prudent business moves that would benefit their workers, customers, and businesses overall, reasoning that happier, more financially secure workers would reduce employee turnover and improve customers' experiences.⁵ In announcing his company's decision to raise wages for the second time in two years, Ikea U.S. President Lars Petersson said, "This latest wage increase is just the most recent in a series of investments grounded in our commitment to have a positive impact on our co-workers (sic) lives."⁶ Too often, retailers see raising wages and maintaining profitability as an either/or choice rather than as two sides of the same coin. In fact, research indicates that investing in employees and offering good wages and benefits can improve retailers' performance.⁷ Although wage growth in the broader economy has remained flat over the long term, very recently, employers have been boosting wages to attract more prospective workers to open jobs at their firms. With more jobs available following the recovery from the recession, workers can be more selective and seek jobs that offer better wages.⁸

Except for highly compensated executives, very little information on companies' wage and benefit practices is publicly available. To gain a clearer understanding of whether other major retailers that have not announced moves to boost wages or strengthen benefits are improving their pay and benefits, the Center for American Progress Action Fund partnered with ThinkProgress to send media inquiries to all Fortune 500 retailers that employ workers in retail stores. The Fortune 500 represents the largest U.S. companies by revenue. Retailers from this list generally represent the largest U.S.-headquartered retailers by revenue, and thus the leaders in the retail industry. In the inquiry, companies were asked about their wage and benefit practices in five key areas: the lowest wage they pay to their employees; whether they provide paid sick time to workers; whether they provide paid family and medical leave; whether they have scheduling policies that guarantee workers both stability and flexibility when assigning shifts; and what actions they take to ensure that men and women are being paid equally for equal work. Company policies must address these five areas in order for workers to have a strong shot at economic security.

Responses to the survey, combined with publicly available information, provide strong evidence that large retailers are increasing wages for their retail workers and that doing so is good for companies. Nonetheless, most companies surveyed did not respond, and four companies formally declined, demonstrating an overall reticence on the part of major retailers to make public the wages and benefits they offer to their store employees.

Understanding the wages and benefits of retail workers, however, is key to understanding the economic security of a major segment of low-wage workers in the United States today. As of 2014, more than 4.8 million Americans—or about 5.8 percent of the U.S. workforce—were employed as retail salespeople—more people than in any other comparable category of occupation.⁹ However, retail jobs pay significantly less than jobs overall. The average wage for retail salespeople was 49 percent lower than the average wage for all workers in 2014, and the average wage for a cashier was 57 percent lower.¹⁰ In addition, of all workers paid at the statutory federal minimum wage of \$7.25 per hour, 25.4 percent are employed in retail trade, second only to workers employed in the leisure and hospitality industry.¹¹ Determining the minimum benefits that major retailers offer their retail workers gives us a key baseline for understanding the economic challenges facing retail workers and the basic level of economic security that their jobs guarantee—and how these wages and benefits improve upon the minimum offered by law.

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However, with the exception of companies that responded to the CAP Action survey or have otherwise publicly committed to wage and benefit improvements, the only detailed wage information available to the public on major retailers' pay is the compensation these retailers give to their executives. And here, we find another suggestion of growing inequality between workers and executives. In this report, we provide an analysis of Fortune 500 retailers' executive compensation in relation to both retail cashiers and minimum wage workers, and we show that this growth in major retailers' executive compensation is dramatically outpacing growth in compensation for a key subset of retail workers—cashiers—as well as outpacing a stagnant minimum wage. As leaders in their industry, these Fortune 500 retailers make plain a story playing out in our broader economy: While the economic recovery has been very good for those at the top of the income spectrum, many workers at the bottom are struggling more than ever to stay afloat.

All the same, the patchwork approach of raises for workers at some companies but not for workers at others proves that there is no substitute for strong national, state, and local policies that enhance workers' economic security. And while leading companies' actions to improve wages and benefits are laudable, these actions still may be insufficient to guarantee their workers a basic level of economic security. Here, strong policies can ensure that retail workers are guaranteed access to pay and benefits that ensure a greater level of economic security regardless of where they work. Relatedly, the patchwork nature of corporate actions in support of workers' economic security also demonstrates why it is crucial to strengthen and protect the ability of retail workers to unionize: When companies will not provide their workers' wages and benefits that guarantee basic economic security, their workers must be able to bargain for a better deal.

Our Mission

The Center for American Progress Action Fund is an independent, nonpartisan policy institute and advocacy organization that is dedicated to improving the lives of all Americans, through bold, progressive ideas, as well as strong leadership and concerted action. Our aim is not just to change the conversation, but to change the country.

Our Values

As progressives, we believe America should be a land of boundless opportunity, where people can climb the ladder of economic mobility. We believe we owe it to future generations to protect the planet and promote peace and shared global prosperity.

And we believe an effective government can earn the trust of the American people, champion the common good over narrow self-interest, and harness the strength of our diversity.

Our Approach

We develop new policy ideas, challenge the media to cover the issues that truly matter, and shape the national debate. With policy teams in major issue areas, The Center for American Progress Action Fund can think creatively at the cross-section of traditional boundaries to develop ideas for policymakers that lead to real change. By employing an extensive communications and outreach effort that we adapt to a rapidly changing media landscape, we move our ideas aggressively in the national policy debate.

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